

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE PERIOD
ENDED 30 SEPTEMBER 2015**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position (Un-Audited)
As at 30 September 2015

30 September 2015 -----(US Dollars in '000)-----	31 December 2014		Note	30 September 2015 ------(Rupees in '000)-----	Restated 31 December 2014
ASSETS					
682	976	Cash and balances with treasury banks		71,237	102,021
8,412	9,386	Balances with other banks		879,186	980,986
23,881	5,877	Lendings to financial institutions		2,495,811	614,177
103,198	115,681	Investments -net	7	10,785,380	12,090,049
103,951	88,848	Advances -net	8	10,864,139	9,285,610
987	877	Operating fixed assets	9	103,179	91,694
3,125	3,485	Deferred tax assets -net	10	326,627	364,238
4,808	7,456	Other assets		502,488	779,122
249,044	232,586			26,028,047	24,307,897
LIABILITIES					
-	-	Bills payable		-	-
105,001	84,859	Borrowings	11	10,973,864	8,868,730
52,015	53,449	Deposits and other accounts	12	5,436,164	5,586,042
-	-	Sub-ordinated loans		-	-
2	5	Liabilities against assets subject to finance lease		205	488
-	-	Deferred tax liabilities		-	-
7,208	5,472	Other liabilities		753,236	571,910
164,226	143,785			17,163,469	15,027,170
84,818	88,801	NET ASSETS		8,864,578	9,280,727
REPRESENTED BY					
58,845	58,845	Share capital	13	6,150,000	6,150,000
8,162	6,916	Reserves		853,048	722,810
7,187	5,207	Unappropriated profit		751,160	544,142
74,194	70,968			7,754,208	7,416,952
7,023	15,044	Non controlling interest		733,974	1,572,266
81,217	86,012			8,488,182	8,989,218
3,601	2,789	Surplus on revaluation of assets - net of deferred tax	14	376,396	291,509
84,818	88,801			8,864,578	9,280,727
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 2015

Nine Months ended			Quarter ended		Nine Months ended	
30 September 2015	30 September 2014		30 September 2015	Restated 30 September 2014	30 September 2015	Restated 30 September 2014
-----US Dollars in '000)-----			-----Rupees in '000)-----			
17,606	15,860	Mark-up/return/interest earned	536,355	624,091	1,839,986	1,657,520
9,934	9,153	Mark-up/return/interest expensed	310,759	359,606	1,038,224	956,605
7,672	6,707	Net mark-up/ interest income	225,596	264,485	801,762	700,915
(640)	(395)	(Reversal) of provision against non - performing advances	(13,029)	(22,193)	(66,865)	(41,308)
881	973	Provision for diminution in the value of investments	109,277	2,341	92,110	101,722
-	-	Bad debts written off directly	-	-	-	-
241	578		96,248	(19,852)	25,245	60,414
7,431	6,129	Net mark-up/ interest income after provisions	129,348	284,337	776,517	640,501
NON MARK-UP/INTEREST INCOME						
440	366	Fee, commission and brokerage income	4,054	14,615	45,940	38,294
635	202	Dividend income	37,868	7,352	66,376	21,160
-	-	Income from dealing in foreign currency	-	-	-	-
5,644	586	Gain on sale of securities	148,082	1,514	589,890	61,286
(161)	10	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	11,463	(2,186)	(16,803)	1,031
(4)	9	Other income	(5,316)	459	(379)	874
6,554	1,173	Total non -mark up/interest income	196,151	21,754	685,024	122,645
13,985	7,302		325,499	306,091	1,461,541	763,146
NON MARK-UP/INTEREST EXPENSES						
4,148	3,473	Administrative expenses	134,629	139,311	433,566	362,926
-	21	Other write offs / provisions	-	(1,888)	-	2,216
289	281	Other charges	5,476	10,553	30,219	29,435
4,437	3,775	Total non-mark up/interest expenses	140,105	147,976	463,785	394,577
9,548	3,527		185,394	158,115	997,756	368,569
-	-	Extra ordinary /unusual items	-	-	-	-
9,548	3,527	PROFIT BEFORE TAXATION	185,394	158,115	997,756	368,569
3,145	1,259	Taxation - current	79,899	52,146	328,632	131,524
227	-	- prior	(2)	-	23,716	-
281	(31)	- deferred	(30,515)	(4,444)	29,355	(3,240)
3,653	1,228		49,382	47,702	381,703	128,284
5,895	2,299	PROFIT AFTER TAXATION	136,012	110,413	616,053	240,285
PROFIT ATTRIBUTABLE TO:						
5,639	2,093	Shareholders of the holding company	136,051	104,736	589,268	218,758
256	206	Non-controlling interest	(39)	5,677	26,785	21,527
5,895	2,299		136,012	110,413	616,053	240,285
US Dollar			Rupee			
US \$ 0.0092	US \$ 0.0034	Basic and diluted earnings per share	0.22	0.17	0.96	0.36

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 Comprehensive Income (Un-Audited)
For the nine months ended 30 September 2015

<u>Nine Months ended</u>			<u>Quarter ended</u>		<u>Nine Months ended</u>	
30 September 2015	30 September 2014		30 September 2015	Restated 30 September 2014	30 September 2015	Restated 30 September 2014
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
5,895	2,299	Profit after taxation	136,012	110,413	616,053	240,285
		Other comprehensive income				
		Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
5,895	2,299		136,012	110,413	616,053	240,285
		Comprehensive income transferred to equity attributable to:				
5,639	2,093	Shareholders of the holding company	136,051	104,736	589,268	218,758
256	206	Non-controlling interest	(39)	5,677	26,785	21,527
5,895	2,299	Comprehensive income transferred to equity	136,012	110,413	616,053	240,285
		Component of comprehensive income not transferred to equity				
891	(511)	Surplus / (deficit) on revaluation of 'available for sale' investments	9,474	1,982	93,144	(53,432)
(79)	35	Related tax impact	(25,036)	(2,525)	(8,257)	3,696
812	(476)		(15,562)	(543)	84,887	(49,736)
6,707	1,823	Total comprehensive income	120,450	109,870	700,940	190,549

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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 2015

30 September 2015	30 September 2014		Note	30 September 2015	30 September 2014
------(US Dollars in '000)-----		------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES					
9,548	3,527	Profit before taxation		997,756	368,569
635	202	Less: Dividend income		66,376	21,160
8,913	3,325			931,380	347,409
Adjustments for non-cash charges					
172	136	Depreciation		17,963	14,240
1	7	Amortisation of intangible assets		150	727
161	(10)	Unrealised loss / (gain) on revaluation of investments classified as 'held-for-trading'		16,803	(1,031)
21	(12)	Loss / (gain) on sale of fixed assets		2,162	(1,272)
(640)	(395)	(Reversal) of provision against non -performing advances		(66,865)	(41,308)
881	973	Provision for diminution in the value of investments		92,110	101,722
596	699			62,323	73,078
9,509	4,024			993,703	420,487
(Increase) / decrease in operating assets					
(18,243)	(1,321)	Lendings to financial institutions		(1,906,634)	(138,088)
(5,363)	4,014	Net investments in held-for-trading securities		(560,510)	419,556
(14,464)	(10,510)	Advances		(1,511,664)	(1,098,378)
2,001	(767)	Other assets		209,284	(80,236)
(36,069)	(8,584)			(3,769,524)	(897,146)
Increase / (decrease) in operating liabilities					
-	-	Bills payable		-	-
20,143	43,076	Borrowings		2,105,134	4,501,964
(1,434)	10,346	Deposits and other accounts		(149,878)	1,081,249
1,735	2,454	Other liabilities		181,326	256,401
20,444	55,876			2,136,582	5,839,614
(6,116)	51,316			(639,239)	5,362,955
(2,932)	(1,688)	Income tax paid		(306,383)	(176,433)
(9,048)	49,628	Net cash (used in) / from operating activities		(945,622)	5,186,522
CASH FLOW FROM INVESTING ACTIVITIES					
17,696	(42,854)	Net proceeds from / (investments in) available-for-sale securities		1,849,409	(4,478,737)
840	158	Dividend received		87,761	16,523
(381)	(292)	Investments in operating fixed assets		(39,836)	(30,492)
77	23	Sale proceeds of property and equipment disposed-off		8,076	2,409
18,232	(42,965)	Net cash from / (used in) investing activities		1,905,410	(4,490,297)
CASH FLOW FROM FINANCING ACTIVITIES					
(3)	(48)	Payment of lease obligation		(283)	(4,998)
(966)	(10)	Share of dividend attributable to non - controlling interest		(100,971)	(1,036)
(7,311)	(1,723)	Share of non - controlling interest		(764,106)	(180,034)
(58)	-	Payment against right issue expense		(6,012)	-
(2,354)	(2,354)	Dividend paid		(246,000)	(246,000)
(10,692)	(4,135)			(1,117,372)	(432,068)
(1,508)	2,528	(Decrease) / increase in cash and cash equivalents		(157,584)	264,157
10,602	14,031	Cash and cash equivalents at the beginning of the period		1,108,007	1,466,419
9,094	16,559	Cash and cash equivalents at the end of the period	20	950,423	1,730,576

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 2015

	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 2014 - Restated	6,150,000	634,461	11,630	482,442	7,278,533	1,736,279	9,014,812
Total Comprehensive income							
Net profit after tax for the nine months ended 30 September 2014	-	-	-	218,758	218,758	21,527	240,285
Other comprehensive income:	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	218,758	218,758	21,527	240,285
Transfers							
Transfer to statutory reserve	-	45,203	-	(45,203)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended 31 December 2013 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
Share of dividend attributable to non - controlling interest	-	-	-	-	-	(1,036)	(1,036)
Decrease in share of non - controlling interest	-	-	-	-	-	(180,034)	(180,034)
Balance as at 30 September 2014 - Restated	6,150,000	679,664	11,630	409,997	7,251,291	1,576,736	8,828,027
Balance as at 01 January 2015 - Restated	6,150,000	711,180	11,630	544,142	7,416,952	1,572,266	8,989,218
Total Comprehensive income							
Net profit after tax for the nine months ended 30 September 2015	-	-	-	589,268	589,268	26,785	616,053
Other comprehensive income:	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	589,268	589,268	26,785	616,053
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)	-	(246,000)
Share of dividend attributable to non - controlling interest	-	-	-	-	-	(100,971)	(100,971)
Decrease in share of non - controlling interest	-	-	-	-	-	(764,106)	(764,106)
Transaction cost on issue of right shares	-	-	-	(6,012)	(6,012)	-	(6,012)
Balance as at 30 September 2015	6,150,000	841,418	11,630	751,160	7,754,208	733,974	8,488,182

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

Chief Financial Officer

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Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)
For the nine months ended 30 September 2015

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, its subsidiaries and associates are 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 Letter No. 35 dated October 28, 2003 issued by the State Bank of Pakistan (SBP).

1.2 The Group's Subsidiaries are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			30 September 2015	31 December 2014
Pak Oman Asset Management Company Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 on July 28, 2006 as an unlisted public limited company. The principal activities of the company are investment advisory and asset management services.	95.66	51.00
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 Fund *	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	27.36
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.	96.50	72.48
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.	99.96	99.74
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.	99.98	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.	97.77	96.37

* During the quarter ended 30 September 30, 2015 investment in Pak Oman Advantage Fund was realized due to completion of the life of the Fund

1.3 The Group's Associate is as follows:

Japan Power Generation Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	19.59	19.59
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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 2015, unaudited financial statements of Pak Oman Microfinance Bank for the half year ended 30 June 2015 and the audited financial statements of others subsidiaries and associates for the year ended 30 June 2015. The accounting policies used by subsidiaries 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 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 2014.

2.1.3 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 Dollar at a rate of Rs 104.5117 = US dollar 1 for the nine months ended 30 September 2015 and the corresponding period.

3. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the nine months ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard 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 International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (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 standards 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.

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 2014. Standards which became effective during the period and related to financial statements of the group are summarized as below:

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IFRS 13 'Fair Value Measurements' became applicable from 1 January 2015, as notified by SECP.

IFRS 10 replaces the current guidance on consolidation in IAS 27 'Consolidated and Separate Financial Statements'. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable returns and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. In accordance with the application of provisions of IFRS 10, the Company reassessed the control conclusion for its investees at 1 January 2015. As a consequence, the group has changed its control conclusion in respect of its investment in the following subsidiaries which were previously accounted for as associates:

Pak Oman Microfinance Bank Limited
Pak Oman Advantage Fund
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation fund
Pak Oman Advantage Asset Allocation Fund
Pak Oman Government Securities Fund

In accordance with the requirements of IAS 8 the above change has been accounted for as the change in accounting policy and comparatives have also been reclassified accordingly. As the subsidiaries and associates both are stated at cost less impairment, there is no impact on these financial statements.

IFRS 11 replaces IAS 31 'Interests in Joint Ventures'. It requires all joint ventures to be equity accounted thereby removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept of jointly controlled assets. The Company does not have any interest in Joint venture.

IFRS 12 prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interests in unconsolidated structured entities. The Company will present the disclosures required by IFRS 12 in its financial statements for the year ending 31 December 2015.

IFRS 13 'Fair Value Measurement', which consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have a material impact on the financial statements of the Company.

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 2014.

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 2014.

	(Un-audited) 30 September 2015	(Un-audited) - Restated 31 December 2014
----- (Rupees in '000) -----		
8. ADVANCES - net		
Loans in Pakistan	10,026,260	8,907,436
Net investment in finance lease in Pakistan	1,667,726	1,275,198
Advances - gross	11,693,986	10,182,634
Less: Provision for non-performing advances		
General	(3,647)	(2,432)
Specific	(826,200)	(894,592)
	(829,847)	(897,024)
Advances - net of provision	10,864,139	9,285,610

8.1 Advances include amount aggregating Rs. 928.565 million (31 December 2014: Rs. 1,041.431 million), which have been placed under the non-performing status as detailed below:

30 September 2015 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
OAEM	341	-	341	-	-
Substandard	66,099	-	66,099	11,969	11,969
Doubtful	308	-	308	154	154
Loss	861,817	-	861,817	814,077	814,077
	928,565	-	928,565	826,200	826,200
31 December 2014 (Un-audited) - Restated					
Category of	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
OAEM	2,132	-	2,132	-	-
Substandard	58,421	-	58,421	8,208	8,208
Doubtful	721	-	721	361	361
Loss	980,157	-	980,157	886,023	886,023
	1,041,431	-	1,041,431	894,592	894,592

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 2015, the holding Company has availed total accumulated FSV benefit amounting to Rs. 186.131 million (net of tax Rs. 128.431 million). Accordingly, accumulated profit of Rs. 128.431 million (net of transfer to statutory reserves Rs. 102.744 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the holding company as required by the aforementioned SBP directives.

9. OPERATING FIXED ASSETS

(Un-Audited)	
Nine months ended	
30 September 2015	30 September 2014
------(Rupees in '000)-----	

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

Owned

Improvements	1,414	
Office equipment	201	1,037
Computer equipment	5,430	1,395
Furniture and fixture	311	100
Vehicles	16,714	21,919
Intangibles	45	244
Capital work in progress	15,721	5,797
	<u>39,836</u>	<u>30,492</u>

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

Owned

Improvement	-	1
Office equipment	223	90
Computer equipment	71	-
Furniture and fixture	325	-
Vehicles	9,619	1,046
	<u>10,238</u>	<u>1,137</u>

(Un-Audited)	(Un-Audited) - Restated
30 September 2015	31 December 2014
------(Rupees in '000)-----	

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	257,643	260,516
Other provision	6,571	7,251
Amortisation of premium on federal government securities	3,923	547
Assets subject to finance leases	55	70
Accelerated tax depreciation allowances	363	388
Revaluation on investments classified as held-for-trading	426	(1,394)
Provision against non-performing loans and advances	256,980	313,277
Unabsorbed depreciation and carry forward losses	20,311	27,361
	<u>546,272</u>	<u>608,016</u>

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	(173,324)	(165,067)
Dividend receivable	(217)	(2,312)
Net investment in finance leases	(46,104)	(76,399)
	<u>(219,645)</u>	<u>(243,778)</u>
	<u>326,627</u>	<u>364,238</u>

(Un-Audited) (Audited)
30 September 2015 31 December 2014

------(Rupees in '000)-----

11. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan:

- Long term financing for export oriented projects (LTF - EOP)	11.1	201	14,904
- Long term financing facility (LTFF)	11.1	368,613	777,096
- Financing facility for storage of agricultural produce (FFSAP)	11.1	10,867	13,375
Repurchase agreement borrowings	11.2	7,563,919	5,979,208
Long term borrowings	11.3	1,708,333	516,667
Short term running finance	11.4	191,931	112,980

	9,843,864	7,414,230
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Unsecured

Placements	11.5	430,000	1,454,500
Murabaha financing	11.6	700,000	-

	10,973,864	8,868,730
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- 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 5 to 10.10 percent per annum (2014: 5 to 10.10 percent per annum). These are repayable within 7 years (2014: 6 years)
- 11.2** The rate of return on these repurchase agreement borrowings, maturing in October 2015 (2014: January 2015), ranges between 6.16 to 6.60 (2014: 9.5 to 10.30) percent per annum. Securities having cost of Rs 7,149.426 million (2014: Rs 5,969.243 million) have been pledged against these borrowings.
- 11.3** The rate of return on these long-term borrowings ranges from 6.95 to 8.03 (2014: 9.98 to 10.44) percent per annum. The above facilities are secured against advances 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 facility are secured against loans and advances receivables.
- 11.5** The rates of return on these placements, maturing in October 2015 to November 2015 (2014: January to April 2015) ranges between 5.75 to 7 (2014: 9.50 to 10.15) percent per annum.
- 11.6** The rates of return on these murabaha financing, maturing in October 2015 ranges between 6.10 to 6.90 percent per annum.

(Un-Audited) (Un-audited) - Restated
30 September 2015 31 December 2014
 -----(Rupees in '000)-----

12. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)	919,821	2,178,804
Financial institutions	4,516,343	3,407,238
Others	5,436,164	5,586,042
	5,436,164	5,586,042

12.1 The rate of return on deposits maturing between October 2015 to May 2017 (2014: January 2015 to July 2017) is 6.2 to 12 (2014: 9 to 12) percent per annum.

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 September 2015 ------(Number of shares)-----	(Audited) 31 December 2014		(Un-Audited) 30 September 2015 ------(Rupees in '000)-----	(Audited) 31 December 2014
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each.	10,000,000	10,000,000
	1,000,000,000		10,000,000	10,000,000

13.2 Issued, subscribed and paid - up capital

615,000,000	615,000,000	Ordinary shares of Rs. 10 each.	6,150,000	6,150,000
	615,000,000		6,150,000	6,150,000

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 (2014: 307,495,900) ordinary shares of the Company, while 4,100 (2014: 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.

(Un-Audited) (Un-Audited) - Restated
30 September 2015 31 December 2014
 -----(Rupees in '000)-----

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	573,871	491,807
Shares-listed	(16,468)	(13,036)
Term Finance Certificates		
- Listed	(3,948)	(32,661)
- Unlisted	10,479	10,669
	6,531	(21,992)
Sukuk certificates	(13,253)	38
Investment in Mutual Funds	(961)	(241)
	549,720	456,576
Deferred tax asset recognized	(173,324)	(165,067)
	376,396	291,509

(Un-Audited) (Audited)
30 September 31 December
2015 2014
 -----(Rupees in '000)-----

15. CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:

- guarantees	-	10,000
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:		
Purchase of government securities	6,098,485	823,733
Sale of government securities	6,657,282	379,303
Commitments for loans, advances and net investment in finance leases		
	1,211,397	1,684,585
Reverse repo	198,526	-
Murabaha borrowing	1,500,000	-

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2014: 17,622,878) having a cost of Rs. 70.726 million (31 December 2014: 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 2014: 22,600,000) having a cost of Rs.226 million (31 December 2014: 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, 2005, 2008, 2009, 2010, 2011, 2012 and 2013, 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. Management estimates that sufficient provisions have been made and no further provision is required.

16. ADMINISTRATIVE EXPENSES

This includes an amount of Rs 30.998 million being compensation package to outgoing Chief Executive Officer of holding company.

17. TAXATION - PRIOR

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

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

	Quarter ended		Nine months ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Profit attributable to shareholders (Rupees in '000)	136,051	104,736	589,268	218,758
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.22	0.17	0.96	0.36

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 2015					
(Un-Audited)					
Total income	11,427	1,705,533	797,748	10,302	2,525,010
Total expense	53,994	914,519	536,111	22,630	1,527,254
Net income	<u>(42,567)</u>	<u>791,014</u>	<u>261,637</u>	<u>(12,328)</u>	<u>997,756</u>
Nine months ended 30 September 2015					
(Un-Audited)					
Segment assets -net	-	14,487,186	11,295,868	244,993	26,028,047
Segment Liabilities	-	9,410,878	7,741,508	11,083	17,163,469
Segment non performing loans	-	-	928,565	-	928,565
Investments provided for	-	1,156,541	-	-	1,156,541
Segment provision required	-	928,000	826,200	-	1,754,200
Segment return on net assets (%)	-	20.78%	9.81%	-7.03%	-
Segment return on assets (ROA) %	-	7.28%	3.09%	-6.71%	-
Segment cost of funds (%)	-	5.77%	5.91%	-	-
Nine months ended 30 September 2014 (Un-Audited)					
Total income	2,890	1,098,416	663,157	15,702	1,780,165
Total expense	39,834	878,188	462,605	30,969	1,411,596
Net income	<u>(36,944)</u>	<u>220,228</u>	<u>200,552</u>	<u>(15,267)</u>	<u>368,569</u>
Nine months ended 30 September 2014 (Un-Audited)					
Segment assets -net	-	15,351,566	9,241,696	35,863	24,629,125
Segment Liabilities	-	9,047,976	6,887,897	6,184	15,942,057
Segment non performing loans	-	-	1,012,517	-	1,012,517
Investments provided for	-	1,077,920	-	-	1,077,920
Segment provision required	-	733,913	899,915	-	1,633,828
Segment return on net assets (%)	-	4.66%	11.36%	-68.59%	-
Segment return on assets (ROA) %	-	1.91%	2.89%	-56.76%	-
Segment cost of funds (%)	-	6.56%	6.81%	-	-

	(Un-Audited)	
	Nine months ended	
	30 September 2015	30 September 2014
	----- (Rupees in '000) -----	
20. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	71,237	94,019
Balances with other banks	879,186	1,436,557
Placements	-	200,000
	<u>950,423</u>	<u>1,730,576</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

Key management Personnel

-All head of departments
-Directors

Retirement benefit fund

-Defined benefit plan
-Defined contribution plan

Other related party

-Orient Power Company (Private) Limited

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

Nature of related party transaction	(Unaudited) 30 September 2015				(Unaudited - Restated) 31 December 2014			
	As at 1 January 2015	Given during the period	Repaid during the year	As at 30 September 2015	As at 1 January 2014	Given during the period	Repaid during the period	As at 31 December 2014
------(Rupees in '000)-----								
Investments								
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	226,000	-	-	226,000	226,000	-	-	226,000
Advances								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	49,859	19,972	(15,258)	54,573	63,303	5,246	(18,690)	49,859
Other related parties	210,454	-	(20,675)	189,779	235,078	-	(24,624)	210,454
	328,513	19,972	(35,933)	312,552	366,581	5,246	(43,314)	328,513
Deposits								
Key Management personnel	4,988	15,927	(17,784)	3,131	11,311	39,469	(45,792)	4,988
Retirement benefit funds	-	31,197	(31,197)	-	10,018	5,898	(15,916)	-
	4,988	47,124	(48,981)	3,131	21,329	45,367	(61,708)	4,988

	(Un-Audited) 30 September 2015	(Unaudited-Restated) 31 December 2014
------(Rupees in '000)-----		
Dividend receivable from		
Other related party	-	22,600
Other payable		
Gratuity fund	-	4,817

	(Un-Audited) 30 September 2015	(Unaudited-Restated) 30 September 2014
------(Rupees in '000)-----		
Mark-up income		
Key Management personnel	1,924	2,029
Other related parties	16,854	21,915
Mark-up expense on Deposits		
Key Management personnel	330	805
Retirement benefit funds	579	364
Expenses for the period		
Remuneration to key management personnel	140,537	98,574
Non-executive director's fee / remuneration	11,588	10,239
Charge for defined contribution plan	10,720	10,098
Charge for defined benefit plan	9,474	8,318
Outright purchase of Government Securities		
Retirement benefit funds	398,576	-
Outright sale of Government Securities		
Retirement benefit funds	488,370	128,197
Capital gain on Government Securities		
Retirement benefit funds	156	11

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 November 11, 2015 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman