

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

**FOR THE PERIOD  
ENDED 30 SEPTEMBER 2015**

Pak Oman Investment Company Limited  
Unconsolidated Condensed Interim Statement of Financial Position  
As at 30 September 2015

30 September 2015 ------(US Dollars in '000)-----	31 December 2014		Note	(Un-audited) 30 September 2015 ------(Rupees in '000)-----	(Audited) 31 December 2014
<b>ASSETS</b>					
653	956	Cash and balances with treasury banks		68,284	99,912
5,799	2,576	Balances with other banks		606,031	269,173
23,881	5,877	Lendings to financial institutions		2,495,811	614,177
108,429	116,537	Investments - net	7	11,332,054	12,179,521
100,455	86,788	Advances - net	8	10,498,671	9,070,314
737	657	Operating fixed assets	9	77,022	68,669
3,295	3,636	Deferred tax assets -net	10	344,416	380,028
3,997	6,543	Other assets		417,845	683,829
<b>247,246</b>	<b>223,570</b>			<b>25,840,134</b>	<b>23,365,623</b>
<b>LIABILITIES</b>					
-	-	Bills payable		-	-
105,001	84,859	Borrowings	11	10,973,864	8,868,730
57,336	60,242	Deposits and other accounts	12	5,992,269	6,295,986
-	-	Sub-ordinated loans		-	-
2	5	Liabilities against assets subject to finance lease		205	488
-	-	Deferred tax liabilities		-	-
6,438	4,672	Other liabilities		672,766	488,248
<b>168,777</b>	<b>149,778</b>			<b>17,639,104</b>	<b>15,653,452</b>
<b>78,469</b>	<b>73,792</b>			<b>8,201,030</b>	<b>7,712,171</b>
<b>NET ASSETS</b>					
<b>REPRESENTED BY</b>					
58,845	58,845	Share capital	13	6,150,000	6,150,000
8,162	6,916	Reserves		853,048	722,810
7,854	5,223	Unappropriated profit		820,866	545,915
<b>74,861</b>	<b>70,984</b>			<b>7,823,914</b>	<b>7,418,725</b>
3,608	2,808	Surplus on revaluation of assets - net of deferred tax	14	377,116	293,446
<b>78,469</b>	<b>73,792</b>			<b>8,201,030</b>	<b>7,712,171</b>
<b>CONTINGENCIES AND COMMITMENTS</b>					
			15		

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

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

Pak Oman Investment Company Limited  
 Unconsolidated Condensed Interim Profit and Loss Account (Un-Audited)  
 For the nine months ended 30 September 2015

Nine months ended			Quarter ended		Nine months ended	
30 September 2015	30 September 2014		30 September 2015	30 September 2014	30 September 2015	30 September 2014
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
16,267	14,581	Mark-up/return/interest earned	536,549	554,927	1,700,063	1,523,907
9,932	9,152	Mark-up/return/interest expensed	310,759	359,495	1,037,973	956,472
6,335	5,429	<b>Net mark-up/ interest income</b>	225,790	195,432	662,090	567,435
(652)	(398)	(Reversal) of provision against non -performing advances	(13,029)	(23,083)	(68,170)	(41,629)
853	987	Provision for diminution in the value of investments	109,277	5,993	89,122	103,172
-	-	Bad debts written off directly	-	-	-	-
201	589		96,248	(17,090)	20,952	61,543
6,134	4,840	<b>Net mark-up/ interest income after provisions</b>	129,542	212,522	641,138	505,892
<b>NON MARK-UP/INTEREST INCOME</b>						
276	237	Fee, commission and brokerage income	4,029	7,404	28,796	24,768
1,277	489	Dividend income	82,732	6,865	133,423	51,118
-	-	Income from dealing in foreign currency	-	-	-	-
5,538	568	Gain on sale of securities	156,343	1,354	578,758	59,370
(116)	(45)	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	10,690	(5,416)	(12,128)	(4,734)
(20)	7	Other income	(3,989)	255	(2,100)	702
6,955	1,256	<b>Total non -mark up/interest income</b>	249,805	10,462	726,749	131,224
13,089	6,096		379,347	222,984	1,367,887	637,116
<b>NON MARK-UP/INTEREST EXPENSES</b>						
3,041	2,428	Administrative expenses	123,543	84,877	317,839	253,724
-	19	Other write offs / provisions	-	(1,888)	-	1,966
225	107	Other charges	5,476	2,552	23,406	11,216
3,266	2,554	<b>Total non-mark up/interest expenses</b>	129,019	85,541	341,245	266,906
9,823	3,542		250,328	137,443	1,026,642	370,210
-	-	Extra ordinary /unusual items	-	-	-	-
9,823	3,542	<b>PROFIT BEFORE TAXATION</b>	250,328	137,443	1,026,642	370,210
3,106	1,252	Taxation - current	80,152	51,648	324,619	130,921
227	-	- prior	-	-	23,718	-
259	127	- deferred	(30,515)	(5,649)	27,116	13,275
3,592	1,379		49,637	45,999	375,453	144,196
6,231	2,163	<b>PROFIT AFTER TAXATION</b>	200,691	91,444	651,189	226,014
----- US Dollar -----			----- Rupees -----			
0.0101	0.0035	Basic and diluted earnings per share	0.33	0.15	1.06	0.37

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 2015

Nine months ended			Quarter ended		Nine months ended	
30 September 2015	30 September 2014		30 September 2015	30 September 2014	30 September 2015	30 September 2014
------(US Dollars in '000)-----			------(Rupees in '000)-----			
6,231	2,163	<b>PROFIT AFTER TAXATION</b>	200,691	91,444	651,189	226,014
		<b>Other comprehensive income</b>				
-	-	Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<u>6,231</u>	<u>2,163</u>	<b>Comprehensive income transferred to equity</b>	<u>200,691</u>	<u>91,444</u>	<u>651,189</u>	<u>226,014</u>
		<b>Component of comprehensive income not transferred to equity</b>				
882	(546)	Surplus / (deficit) on revaluation of 'available for sale' investments	9,474	(954)	92,166	(57,016)
(81)	35	Related tax impact	(25,036)	(2,525)	(8,496)	3,696
801	(511)		(15,562)	(3,479)	83,670	(53,320)
<u>7,032</u>	<u>1,652</u>	<b>Total comprehensive income</b>	<u>185,129</u>	<u>87,965</u>	<u>734,859</u>	<u>172,694</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 2015

30 September 2015 ------(US Dollars in '000)-----	30 September 2014		Note	30 September 2015 ------(Rupees in '000)-----	30 September 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
9,823	3,542	Profit before taxation		1,026,642	370,210
1,277	489	Less: Dividend income		133,423	51,118
<u>8,546</u>	<u>3,053</u>			<u>893,219</u>	<u>319,092</u>
<b>Adjustments for non-cash charges</b>					
135	117	Depreciation		14,103	12,223
1	5	Amortisation of intangible assets		150	494
116	45	Unrealised loss on revaluation of investments classified as 'held-for-trading' securities		12,128	4,734
20	(7)	Loss / (gain) on sale of fixed assets		2,100	(702)
(652)	(398)	(Reversal) of provision against non -performing advances		(68,170)	(41,629)
853	987	Provision for diminution in the value of investments		89,122	103,172
473	749			49,433	78,292
<u>9,019</u>	<u>3,802</u>			<u>942,652</u>	<u>397,384</u>
<b>(Increase) / decrease in operating assets</b>					
(18,243)	(1,321)	Lendings to financial institutions		(1,906,634)	(138,088)
(9,875)	(464)	Net Investments in held-for-trading securities		(1,032,103)	(48,457)
(13,015)	(10,393)	Advances		(1,360,187)	(1,086,159)
1,901	(209)	Other assets		198,634	(21,804)
<u>(39,232)</u>	<u>(12,387)</u>			<u>(4,100,290)</u>	<u>(1,294,508)</u>
<b>Increase / (decrease) in operating liabilities</b>					
-	-	Bills payable		-	-
20,143	43,076	Borrowings		2,105,134	4,501,964
(2,906)	10,165	Deposits and other accounts		(303,717)	1,062,311
1,765	2,774	Other liabilities		184,518	289,829
19,002	56,015			1,985,935	5,854,104
<u>(11,211)</u>	<u>47,430</u>			<u>(1,171,703)</u>	<u>4,956,980</u>
(2,893)	(1,684)	Income tax paid		(302,372)	(176,029)
<u>(14,104)</u>	<u>45,746</u>	Net cash (used in ) / from operating activities		<u>(1,474,075)</u>	<u>4,780,951</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
17,692	(42,746)	Net proceeds from / (Investments in) available-for-sale securities		1,849,016	(4,467,405)
205	(1,373)	Investment in Subsidiaries		21,470	(143,500)
1,481	445	Dividend income received		154,808	46,481
(311)	(267)	Investments in operating fixed assets		(32,552)	(27,926)
75	15	Sale proceeds on sale of fixed assets disposed off		7,846	1,532
19,142	(43,926)	Net cash from / (used in) investing activities		2,000,588	(4,590,818)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
(3)	(48)	Payment of lease obligation		(283)	(4,978)
(2,354)	(2,354)	Dividend paid		(246,000)	(246,000)
(2,357)	(2,402)			(246,283)	(250,978)
2,681	(582)	Increase / (decrease) in cash and cash equivalents		280,230	(60,845)
3,771	5,364	Cash and cash equivalents as at beginning of the period		394,085	560,645
<u>6,452</u>	<u>4,782</u>	<b>Cash and cash equivalents at the end of the period</b>	20	<u>674,315</u>	<u>499,800</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 2015

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Total
		Statutory reserve	General reserve		
------(Rupees in '000)-----					
<b>Balance as at 01 January 2014</b>	<b>6,150,000</b>	<b>634,461</b>	<b>11,630</b>	<b>488,112</b>	<b>7,284,203</b>
<b>Total comprehensive income</b>					
Net profit after tax for the nine months ended 30 September 2014	-	-	-	226,014	226,014
<i>Other comprehensive income:</i>	-	-	-	-	-
Total comprehensive income	-	-	-	226,014	226,014
<b>Transfers</b>					
Transfer to statutory reserve	-	45,203	-	(45,203)	-
<b>Transaction with owners recognised directly in equity</b>					
Dividend for the year ended 31 December 2013 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)
<b>Balance as at 30 September 2014</b>	<b>6,150,000</b>	<b>679,664</b>	<b>11,630</b>	<b>422,923</b>	<b>7,264,217</b>
<b>Balance as at 01 January 2015</b>	<b>6,150,000</b>	<b>711,180</b>	<b>11,630</b>	<b>545,915</b>	<b>7,418,725</b>
<b>Total comprehensive income</b>					
Net profit after tax for the nine months ended 30 September 2015	-	-	-	651,189	651,189
<i>Other comprehensive income:</i>	-	-	-	-	-
Total comprehensive income	-	-	-	651,189	651,189
<b>Transfers</b>					
Transfer to statutory reserve	-	130,238	-	(130,238)	-
<b>Transaction with owners recognised directly in equity</b>					
Dividend for the year ended 31 December 2014 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)
<b>Balance as at 30 September 2015</b>	<b>6,150,000</b>	<b>841,418</b>	<b>11,630</b>	<b>820,866</b>	<b>7,823,914</b>

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**  
**Notes to the Unconsolidated Condensed Interim Financial Information (Un-Audited)**  
*For the nine months ended 30 September 2015*

**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 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 2014.

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 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 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 2014. Standards which became effective during the period and related to financial statements of the Company 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 Company 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 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 2014.

#### **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 2014.

## 7. INVESTMENTS - net

Note	30 September 2015 (Un-audited)			31 December 2014 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
------(Rupees in '000)-----						
<b>7.1 Investments by types</b>						
<b>Held-for-trading securities</b>						
Pakistan investment bonds	154,911	1,070,847	1,225,758	132,289	7,815	140,104
Market treasury bills (T-Bills)	392,871	-	392,871	514,762	-	514,762
Listed ordinary shares	123,269	-	123,269	54,929	-	54,929
	<b>671,051</b>	<b>1,070,847</b>	<b>1,741,898</b>	<b>701,980</b>	<b>7,815</b>	<b>709,795</b>
<b>Available-for-sale securities</b>						
Pakistan investment bonds	737,214	4,128,579	4,865,793	760,494	5,861,428	6,621,922
Listed ordinary shares	544,815	-	544,815	608,691	-	608,691
Unlisted ordinary shares	121,333	226,000	347,333	131,333	226,000	357,333
Sukuk certificates	980,769	-	980,769	1,158,039	-	1,158,039
Term finance certificates (TFCs)	2,236,493	-	2,236,493	2,119,506	-	2,119,506
	<b>4,620,624</b>	<b>4,354,579</b>	<b>8,975,203</b>	<b>4,778,063</b>	<b>6,087,428</b>	<b>10,865,491</b>
<b>Associates</b>						
Japan Power Generation Limited	51,921	70,726	122,647	51,921	70,726	122,647
<b>Subsidiaries</b>						
Pak Oman Asset Management Company Limited	398,300	-	398,300	168,300	-	168,300
Pak Oman Microfinance Bank Limited	384,708	-	384,708	384,708	-	384,708
Pak Oman Advantage Fund	-	-	-	262,828	-	262,828
Pak Oman Advantage Islamic Income Fund	65,025	-	65,025	92,667	-	92,667
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	99,000	-	99,000	60,000	-	60,000
	<b>1,123,525</b>	<b>-</b>	<b>1,123,525</b>	<b>1,144,995</b>	<b>-</b>	<b>1,144,995</b>
<b>Investments at cost</b>	<b>6,467,121</b>	<b>5,496,152</b>	<b>11,963,273</b>	<b>6,676,959</b>	<b>6,165,969</b>	<b>12,842,928</b>
Less: Provision for diminution in the value of investments	1,114,569	59,271	1,173,840	1,066,719	59,271	1,125,990
<b>Investments - net of provisions</b>	<b>5,352,552</b>	<b>5,436,881</b>	<b>10,789,433</b>	<b>5,610,240</b>	<b>6,106,698</b>	<b>11,716,938</b>
(loss) / gain on revaluation of held-for-trading securities	(9,239)	1,219	(8,020)	3,948	160	4,108
Surplus on revaluation of available-for-sale securities	99,660	450,981	550,641	16,384	442,091	458,475
<b>Total investments at carrying value</b>	<b>5,442,973</b>	<b>5,889,081</b>	<b>11,332,054</b>	<b>5,630,572</b>	<b>6,548,949</b>	<b>12,179,521</b>

7.2 In respect of term finance certificates and shares of Agritech Limited, the State Bank of Pakistan (SBP) vide their letter number BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014 has provided further relaxation and advised to record provision and impairment on existing credit exposure and mark-to-market loss on shares in a phased manner upto 65%, 70%, 75%, 80%, 85%, 90% and 100% by 30 June 2014, 30 September 2014, 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015 and 31 December 2015 respectively calculated under Prudential Regulations. The Company has maintained 90% (31 December 2014: 75%) provision on credit exposure and 91% (31 December 2014: 86.90%) impairment on mark-to-market loss on shares in this unconsolidated condensed interim financial information.

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 name 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.

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

<b>8. ADVANCES - net</b>	<b>(Un-audited) 30 September 2015</b>	<b>(Audited) 31 December 2014</b>
	----- (Rupees in '000) -----	
Loans in Pakistan	<b>9,656,689</b>	8,689,030
Net investment in finance lease in Pakistan	<b>1,667,726</b>	1,275,198
<b>Advances - gross</b>	<b>11,324,415</b>	9,964,228
Less: Provision for non-performing advances	<b>(825,744)</b>	(893,914)
<b>Advances - net of provision</b>	<b>10,498,671</b>	9,070,314

**8.1** Advances include amount aggregating Rs. 927.152 million (31 December 2014: Rs. 1,037.908 million), which have been placed under the non-performing status as detailed below:

<b>30 September 2015 (Un-audited)</b>					
<b>Category of classification</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	----- (Rupees in '000) -----				
Substandard	65,483	-	65,483	11,815	11,815
Doubtful	-	-	-	-	-
Loss	861,669	-	861,669	813,929	813,929
	<b>927,152</b>	<b>-</b>	<b>927,152</b>	<b>825,744</b>	<b>825,744</b>

  

<b>31 December 2014 (Audited)</b>					
<b>Category of classification</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	----- (Rupees in '000) -----				
Substandard	57,950	-	57,950	8,090	8,090
Doubtful	-	-	-	-	-
Loss	979,958	-	979,958	885,824	885,824
	<b>1,037,908</b>	<b>-</b>	<b>1,037,908</b>	<b>893,914</b>	<b>893,914</b>

**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 2015, the 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 Company as required by the aforementioned SBP directives.

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

## 9. OPERATING FIXED ASSETS

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

### Owned

Office equipment	66	850
Computer equipment	3,811	1,171
Furniture and fixture	300	100
Vehicles	12,654	19,764
Intangibles	-	244
Capital work in progress	15,721	5,797
	<u>32,552</u>	<u>27,926</u>

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

### Owned

Improvements	-	1
Office equipment	223	90
Computer equipment	9	-
Furniture and fixture	325	-
Vehicles	9,389	739
	<u>9,946</u>	<u>830</u>

<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>30 September 2015</b>	<b>31 December 2014</b>
------(Rupees in '000)-----	

## 10. DEFERRED TAX ASSETS - net

### Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	303,678	311,670
Amortisation of premium on federal government securities	3,955	573
Assets subject to finance leases	55	70
Accelerated tax depreciation allowances	167	(21)
Revaluation on investments classified as held-for-trading	426	(1,394)
Provision against non-performing loans and advances	255,981	312,870
	<u>564,262</u>	<u>623,768</u>

### Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	(173,525)	(165,029)
Dividend receivable	(217)	(2,312)
Net investment in finance leases	(46,104)	(76,399)
	<u>(219,846)</u>	<u>(243,740)</u>
	<u>344,416</u>	<u>380,028</u>

	<b>(Un-Audited)</b>	(Audited)
	<b>30 September</b>	31 December
	<b>2015</b>	2014
Note	----- (Rupees in '000) -----	

## 11. BORROWINGS

### Secured

Borrowings from the State Bank of Pakistan:

- Long term financing for export oriented projects (LTF - EOP)	11.1	<b>201</b>	14,904
- Long term financing facility (LTFF)	11.1	<b>368,613</b>	777,096
- Financing facility for storage of agricultural produce (FFSAP)	11.1	<b>10,867</b>	13,375
Repurchase agreement borrowings	11.2	<b>7,563,919</b>	5,979,208
Long term borrowings	11.3	<b>1,708,333</b>	516,667
Short term running finance	11.4	<b>191,931</b>	112,980
		<b>9,843,864</b>	7,414,230
<b>Unsecured</b>			
Placements	11.5	<b>430,000</b>	1,454,500
Murabaha financing	11.6	<b>700,000</b>	-
		<b>10,973,864</b>	8,868,730

- 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 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 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 facility are secured against loan and advances receivable.
- 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) 30 September 2015	(Audited) 31 December 2014
--------------------------------------	----------------------------------

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

## 12. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	1,475,926	2,888,748
Others	4,516,343	3,407,238
	<u>5,992,269</u>	<u>6,295,986</u>

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

### 13.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,150,000</u>	<u>6,150,000</u>
--------------------	--------------------	-----------------------------------	------------------	------------------

- 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.

## 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	573,831	491,538
Shares-listed	(16,468)	(13,036)
Term Finance Certificates		
- Listed	(3,948)	(30,734)
- Unlisted	10,479	10,669
	6,531	(20,065)
Sukuk certificates	(13,253)	38
	550,641	458,475
Deferred tax asset recognized	(173,525)	(165,029)
	<u>377,116</u>	<u>293,446</u>

<b>(Un-Audited)</b>	(Audited)
<b>30 September</b>	31 December
<b>2015</b>	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	<b>70,726</b>	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 15.2	<b>226,000</b>	226,000

Commitments for:

Purchase of Government securities	<b>6,098,485</b>	823,733
Sale of government securities	<b>6,657,282</b>	379,203

Commitments for loans and 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 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.

## 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)

	<b>Quarter ended</b>		<b>Nine months ended</b>	
	<b>30 September</b> <b>2015</b>	30 September 2014	<b>30 September</b> <b>2015</b>	30 September 2014
Profit after taxation (Rupees in '000)	<b>200,691</b>	91,444	<b>651,189</b>	226,014
Weighted average number of ordinary shares (in '000)	<b>615,000</b>	615,000	<b>615,000</b>	615,000
Basic and diluted earnings per share (Rupee)	<b>0.33</b>	0.15	<b>1.06</b>	0.37

**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-----				
<b>Nine months ended 30 September 2015 (Un-Audited)</b>				
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%	-

**Nine months ended 30 September  
2014 (Un-Audited)**

Total income	2,890	989,085	663,157	1,655,132
Total expense	39,834	782,483	462,605	1,284,922
Net income	<u>(36,944)</u>	<u>206,602</u>	<u>200,552</u>	<u>370,210</u>

**Nine months ended 30 September  
2014 (Un-Audited)**

Segment assets	-	14,410,198	9,093,332	23,503,530
Segment liabilities	-	9,488,094	6,887,897	16,375,991
Segment non-performing loans	-	-	1,008,264	1,008,264
Investment provided for	-	1,326,957	-	1,326,957
Segment provisions required	-	979,012	897,238	1,876,250
Segment return on net assets %	-	5.60%	12.12%	-
Segment return on assets (ROA) %	-	1.91%	2.94%	-
Segment cost of funds %	-	6.56%	6.81%	-

**20. CASH AND CASH EQUIVALENTS**

	<b>(Un-Audited)</b>	
	<b>Nine months ended</b>	
	<b>30 September 2015</b>	<b>30 September 2014</b>
-----Rupees in '000-----		
Cash and balances with treasury banks	<b>68,284</b>	91,460
Balances with other banks	<b>606,031</b>	208,340
Placements	-	200,000
	<u><b>674,315</b></u>	<u>499,800</u>

## **21. RELATED PARTY TRANSACTIONS**

**21.1** The Company has related party relationship with its associates, subsidiaries, employee benefit plans and its key management personnel (including their associates). The details of investments in subsidiaries 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:

### **Subsidiaries**

- Pak Oman Asset Management Company Limited
- 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

### **Associates**

- Japan Power Generation Limited

### **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 2015				31 December 2014			
	As at 01-Jan-15	Given during the year	Repaid during the year	As at 30-Sep-15	As at 01-Jan-14	Given during the year	Repaid during the year	As at 31-Dec-14
	----- (Rupees in '000) -----							
<b>Investments</b>								
Subsidiaries	1,144,995	273,500	(294,970)	1,123,525	1,001,495	143,500	-	1,144,995
Associates	122,647	-	-	122,647	122,647	-	-	122,647
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	<b>1,493,642</b>	<b>273,500</b>	<b>(294,970)</b>	<b>1,472,172</b>	<b>1,350,142</b>	<b>143,500</b>	<b>-</b>	<b>1,493,642</b>
<b>Advances</b>								
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
	<b>328,513</b>	<b>19,972</b>	<b>(35,933)</b>	<b>312,552</b>	<b>366,581</b>	<b>5,246</b>	<b>(43,314)</b>	<b>328,513</b>
<b>Deposits</b>								
Subsidiaries	732,747	475,589	(702,410)	505,926	575,747	1,530,568	(1,373,568)	732,747
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)	-
	<b>737,735</b>	<b>522,713</b>	<b>(751,391)</b>	<b>509,057</b>	<b>597,076</b>	<b>1,575,935</b>	<b>(1,435,276)</b>	<b>737,735</b>
							(Un-Audited)	(Audited)
							30 September 2015	31 December 2014
							----- (Rupees in '000) -----	
<b>Dividend receivable from</b>								
Other related party							-	22,600
<b>Other payable</b>								
Gratuity fund							-	4,817
							(Un-Audited)	
							Nine months ended	
							30 September 2015	30 September 2014
							----- (Rupees in '000) -----	
<b>Mark-up income</b>								
Key Management personnel							1,924	2,029
Other related parties							16,854	21,915
<b>Dividend income</b>								
Subsidiary							71,875	30,844
Other related party							33,900	-
<b>Other income</b>								
Other related parties							-	-
<b>Mark-up expense on Deposits</b>								
Subsidiaries							41,339	45,559
Key Management personnel							330	805
Retirement benefit funds							579	364
<b>Expenses for the period</b>								
Remuneration to key management personnel							139,967	90,331
Non-executive director's fee / remuneration							11,588	10,239
Charge for defined contribution plan							10,720	9,159
Charge for defined benefit plan							9,474	8,318
<b>Outright purchase of Government Securities</b>								
Retirement benefit funds							398,576	-
<b>Outright sale of Government Securities</b>								
Retirement benefit funds							488,370	128,197
<b>Capital gain on Government Securities</b>								
Retirement benefit funds							156	11
<b>Capital gain on Mutual funds</b>								
Subsidiaries							13,120	-

**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 November 11, 2015 by the board of directors.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**