

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2014**

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2014

September 30, 2014	December 31, 2013		(Unaudited) September 30, 2014	(Audited) December 31, 2013
------(US Dollars in '000)-----			------(Rupees in '000)-----	
ASSETS				
891	760	Cash and balances with treasury banks	91,461	78,034
2,064	2,212	Balances with other banks	211,864	227,034
12,361	11,756	Lendings to financial institutions	1,268,609	1,206,521
118,352	74,557	Investments -net	12,146,959	7,652,050
84,002	73,014	Advances -net	8,621,478	7,493,690
650	513	Operating fixed assets	66,688	52,642
4,710	4,800	Deferred tax assets -net	483,369	492,682
6,035	5,340	Other assets	619,406	547,998
<u>229,065</u>	<u>172,952</u>		<u>23,509,834</u>	<u>17,750,651</u>
LIABILITIES				
-	-	Bills payable	-	-
99,614	55,750	Borrowings	10,223,795	5,721,831
53,551	43,201	Deposits and other accounts	5,496,159	4,433,848
-	-	Sub-ordinated loans	-	-
6	55	Liabilities against assets subject to finance lease	607	5,605
-	-	Deferred tax liabilities	-	-
6,445	3,644	Other liabilities	661,614	374,125
<u>159,616</u>	<u>102,650</u>		<u>16,382,175</u>	<u>10,535,409</u>
<u>69,449</u>	<u>70,302</u>	NET ASSETS	<u>7,127,659</u>	<u>7,215,242</u>
REPRESENTED BY				
59,922	59,922	Share capital	6,150,000	6,150,000
6,736	6,295	Reserves	691,294	646,091
3,995	4,701	Unappropriated profit	409,997	482,442
<u>70,653</u>	<u>70,918</u>		<u>7,251,291</u>	<u>7,278,533</u>
142	217	Non controlling interest	14,542	22,221
<u>70,795</u>	<u>71,135</u>		<u>7,265,833</u>	<u>7,300,754</u>
(1,346)	(833)	Deficit on revaluation of assets - net of deferred tax	(138,174)	(85,512)
<u>69,449</u>	<u>70,302</u>		<u>7,127,659</u>	<u>7,215,242</u>
CONTINGENCIES AND COMMITMENTS				

The annexed notes from 1 to 21 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 QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2014

Nine months ended			Quarter ended		Nine months ended	
September 30, 2014	September 30, 2013	Note	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
14,879	11,255		557,800	384,587	1,527,050	1,155,138
9,319	6,422		359,495	217,594	956,472	659,078
5,560	4,833		198,305	166,993	570,578	496,060
(406)	(9)		(23,083)	(38,594)	(41,629)	(888)
927	429		2,341	33,031	95,178	44,018
-	-		-	-	-	-
521	420		(20,742)	(5,563)	53,549	43,130
5,039	4,413		219,047	172,556	517,029	452,930
NON MARK-UP/INTEREST INCOME						
351	222		13,171	2,322	36,062	22,752
198	898		6,865	69,461	20,274	92,149
-	-		-	-	-	-
582	1,232		1,399	15,159	59,711	126,448
(46)	(200)		-	-	(4,734)	(20,525)
12	6		(5,416)	(27,961)	1,268	594
1,097	2,158		424	243	112,581	221,418
6,136	6,571		16,443	59,224	629,610	674,348
NON MARK-UP/INTEREST EXPENSES						
2,762	2,518		100,092	74,344	283,438	258,312
19	36		(1,888)	-	1,966	3,698
122	68		3,162	2,346	12,471	7,002
2,903	2,622		101,366	76,690	297,875	269,012
3,233	3,949		134,124	155,090	331,735	405,536
231	380		14,805	-	23,678	39,015
-	-		-	-	-	-
3,464	4,329		148,929	155,090	355,413	444,351
PROFIT BEFORE TAXATION						
1,280	1,265		52,146	23,725	131,325	129,835
-	-		(4,444)	-	-	-
127	(95)		(4,444)	10,601	13,009	(9,740)
1,407	1,170		47,702	34,326	144,334	120,095
2,057	3,159		101,227	120,764	211,079	324,256
PROFIT AFTER TAXATION						
PROFIT ATTRIBUTABLE TO:						
2,132	3,224		104,736	120,764	218,758	330,952
(75)	(65)		(3,509)	-	(7,679)	(6,696)
2,057	3,159		101,227	120,764	211,079	324,256
----- US Dollar -----			----- (Rupee) -----			
US \$ 0.0035	US \$ 0.0052	Basic and diluted earnings per share	0.17	0.20	0.36	0.54

The annexed notes from 1 to 21 form an integral part of this consolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2014

Nine months ended			Quarter ended		Nine months ended	
September 30, 2014	September 30, 2013		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
2,057	3,159	Profit after taxation	101,227	120,764	211,079	324,256
		Other comprehensive income				
		Not to be reclassified to profit and loss account in subsequent period				
-	-	Retirement of defined benefit plan	-	-	-	-
<u>2,057</u>	<u>3,159</u>	Total comprehensive income for the period	<u>101,227</u>	<u>120,764</u>	<u>211,079</u>	<u>324,256</u>
		Total comprehensive income attributable to:				
2,132	3,224	Shareholders of the holding company	104,736	120,764	218,758	330,952
(75)	(65)	Non-controlling interest	(3,509)	-	(7,679)	(6,696)
<u>2,057</u>	<u>3,159</u>		<u>101,227</u>	<u>120,764</u>	<u>211,079</u>	<u>324,256</u>

The deficit arising on revaluation of assets is shown separately in the statement of financial position below equity, in accordance with the directives of the State Bank of Pakistan.

The annexed notes from 1 to 21 form an integral part of this consolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

September 30, 2014	September 30, 2013		September 30, 2014	September 30, 2013	
------(US Dollars in '000)-----			Note	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES					
3,464	4,329	Profit before taxation	355,413	444,351	
198	898	Less: Dividend income	20,274	92,149	
<u>3,266</u>	<u>3,431</u>		<u>335,139</u>	<u>352,202</u>	
Adjustments for non-cash charges					
122	119	Depreciation	12,514	12,241	
5	8	Amortisation of intangible assets	494	812	
46	200	Unrealised loss on revaluation of investments classified as 'held-for-trading'	4,734	20,525	
(12)	(3)	Gain on sale of fixed assets	(1,272)	(279)	
(231)	(380)	Share of loss from associates - net of tax	(23,678)	(39,015)	
(406)	(9)	(Reversal) against non -performing advances	(41,629)	(888)	
927	429	Provision for diminution in the value of investments	95,178	44,018	
<u>451</u>	<u>364</u>		<u>46,341</u>	<u>37,414</u>	
<u>3,717</u>	<u>3,795</u>		<u>381,480</u>	<u>389,616</u>	
(Increase)/decrease in operating assets					
(1,345)	(14,759)	Lendings to financial institutions	(138,088)	(1,514,822)	
(462)	8,387	Net investments in held-for-trading securities	(47,440)	860,742	
(10,583)	(3,980)	Advances	(1,086,159)	(408,441)	
(211)	166	Other assets	(21,663)	17,034	
<u>(12,601)</u>	<u>(10,186)</u>		<u>(1,293,350)</u>	<u>(1,045,487)</u>	
Increase/(decrease) in operating liabilities					
-	-	Bills payable	-	-	
43,864	(11,633)	Borrowings	4,501,964	(1,193,972)	
10,350	461	Deposits and other accounts	1,062,311	47,299	
2,801	(494)	Other liabilities	287,489	(50,658)	
<u>57,015</u>	<u>(11,666)</u>		<u>5,851,764</u>	<u>(1,197,331)</u>	
<u>48,131</u>	<u>(18,057)</u>		<u>4,939,894</u>	<u>(1,853,202)</u>	
<u>(1,719)</u>	<u>(2,394)</u>	Income tax paid	<u>(176,433)</u>	<u>(245,721)</u>	
<u>46,412</u>	<u>(20,451)</u>	Net cash from / (used in) operating activities	<u>4,763,461</u>	<u>(2,098,923)</u>	
CASH FLOW FROM INVESTING ACTIVITIES					
(44,106)	19,048	Net (Investments in)/proceeds from available-for-sale securities	(4,526,747)	1,954,975	
-	1,974	Net proceeds from investments in held-to-maturity	-	202,576	
(519)	478	Investments in associates	(53,314)	49,087	
152	898	Dividend received	15,637	92,149	
(272)	(93)	Investments in operating fixed assets	(27,926)	(9,563)	
21	15	Sale proceeds of property and equipment disposed-off	2,144	1,565	
<u>(44,724)</u>	<u>22,320</u>	Net cash (used in) / from investing activities	<u>(4,590,206)</u>	<u>2,290,789</u>	
CASH FLOW FROM FINANCING ACTIVITIES					
(49)	(39)	Payment of lease obligation	(4,998)	(4,049)	
(2,397)	(2,397)	Dividend paid	(246,000)	(246,000)	
<u>(2,446)</u>	<u>(2,436)</u>		<u>(250,998)</u>	<u>(250,049)</u>	
(758)	(567)	Decrease in cash and cash equivalents	(77,743)	(58,183)	
5,662	2,552	Cash and cash equivalents at the beginning of the period	581,068	261,954	
<u>4,904</u>	<u>1,985</u>	Cash and cash equivalents at the end of the period	<u>503,325</u>	<u>203,771</u>	

The annexed notes from 1 to 21 form an integral part of this consolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	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 January 01, 2013	6,150,000	559,353	11,630	452,759	7,173,742	37,268	7,211,010
Total Comprehensive income							
Profit for the year for the nine months ended September 30, 2013	-	-	-	330,952	330,952	(6,696)	324,256
<i>Other comprehensive income:</i>							
Actuarial loss on defined benefit plan - net	-	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	330,952	330,952	(6,696)	324,256
Transfers							
Transfer to statutory reserve	-	60,150	-	(60,150)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended December 31, 2012 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
Balance as at September 30, 2013	6,150,000	619,503	11,630	477,561	7,258,694	30,572	7,289,266
Total Comprehensive income							
Profit for the quarter ended December 31, 2013	-	-	-	23,198	23,198	(8,351)	14,847
<i>Other comprehensive income :</i>							
Actuarial loss on defined benefit plan - net	-	-	-	(3,359)	(3,359)	-	(3,359)
<i>Total comprehensive income</i>	-	-	-	19,839	19,839	(8,351)	11,488
Transfers							
Transfer to statutory reserve	-	14,958	-	(14,958)	-	-	-
Balance as at December 31, 2013	6,150,000	634,461	11,630	482,442	7,278,533	22,221	7,300,754
Balance as at January 01, 2014	6,150,000	634,461	11,630	482,442	7,278,533	22,221	7,300,754
Total Comprehensive income							
Profit for the nine months ended September 30, 2014	-	-	-	218,758	218,758	(7,679)	211,079
<i>Other comprehensive income :</i>							
Actuarial loss on defined benefit plan - net	-	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	218,758	218,758	(7,679)	211,079
Transfers							
Transfer to statutory reserve	-	45,203	-	(45,203)	-	-	-
Transaction with owners recognised directly in equity							
Dividend for the year ended December 31, 2013 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
Balance as at September 30, 2014	6,150,000	679,664	11,630	409,997	7,251,291	14,542	7,265,833

The annexed notes from 1 to 21 form an integral part of this consolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Pak Oman Investment Company Limited - POICL (the "holding company" or "parent") and a subsidiary, Pak Oman Asset Management Company Limited (POAMCL). The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and/or investment bank, asset management and investment advisory services. Brief profile of the holding company and its subsidiary is as follows:

1.1.1 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).

1.1.2 Subsidiary Company

POAMCL was incorporated in Pakistan under the Companies Ordinance, 1984 on July 28, 2006 as an unlisted public limited company having its registered office at Horizon Vista, Mezzanine Floor-2, Plot No Com-10, Scheme-5, Block 4 Clifton, Karachi, Pakistan. POAMCL obtained certificate of commencement of business on October 31, 2006. The principal activities of the company include investment advisory and corporate finance.

1.2 The Group's associates are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			30-Sep-14	31-Dec-13
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	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.	71.80	41.04
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.	99.73	88.61
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	84.36
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.	55.50	-
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
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

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 September 30, 2014 and the unaudited financial statements of POAMCL for the year ended June 30, 2014. The accounting policies used by POAMCL and associates in preparation of their respective financial statements are consistent with that of the holding company except for the accounting policy for investments.
- 2.1.2 The associates have been accounted for in this consolidated condensed interim financial information under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited (JPGL)	Audited financial statements for the year ended June 30, 2014
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the half year ended June 30, 2014
Pak Oman Advantage Fund	Unaudited financial statements for the year ended June 30, 2014
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the year ended June 30, 2014
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the year ended June 30, 2014
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the year ended June 30, 2014
Pak Oman Government Securities Fund	Unaudited financial statements for the year ended June 30, 2014

- 2.1.3 The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2013.
- 2.1.4 The US dollar amounts shown in the consolidated condensed interim statement of financial position, consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollar at a rate of Rs 102.6341 = US dollar 1 for the nine months ended September 30, 2014 and the corresponding period.

3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the nine months ended September 30, 2014 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 these 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 December 31, 2013.

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 December 31, 2013.

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 December 31, 2013.

7 INVESTMENTS - net

Note	September 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
------(Rupees in '000)-----						
7.1 Investments by types						
Held-for-trading securities						
	234,872	283,597	518,469	30,659	252,088	282,747
	738,248	-	738,248	726,187	197,369	923,556
	15,515	-	15,515	17,472	-	17,472
	-	-	-	1,017	-	1,017
	988,635	283,597	1,272,232	775,335	449,457	1,224,792
Available-for-sale securities						
	554,115	5,664,601	6,218,716	402,615	2,351,998	2,754,613
7.2	768,697	-	768,697	207,890	-	207,890
	131,333	226,000	357,333	131,333	226,000	357,333
	14,337	-	14,337	14,337	-	14,337
	1,088,435	-	1,088,435	605,074	-	605,074
7.2	2,309,222	-	2,309,222	2,351,722	-	2,351,722
	4,866,139	5,890,601	10,756,740	3,712,971	2,577,998	6,290,969
Associates						
	-	-	-	-	-	-
	307,242	-	307,242	296,570	-	296,570
	103,480	-	103,480	105,034	-	105,034
	106,441	-	106,441	114,721	-	114,721
	101,400	-	101,400	110,540	-	110,540
	60,000	-	60,000	-	-	-
	356,350	-	356,350	271,056	-	271,056
	1,034,913	-	1,034,913	897,921	-	897,921
Investments at cost						
	6,889,687	6,174,198	13,063,885	5,386,227	3,027,455	8,413,682
Less: Provision for diminution in the value of investments						
	723,065	-	723,065	629,521	-	629,521
Investments - net of provisions						
	6,166,622	6,174,198	12,340,820	4,756,706	3,027,455	7,784,161
(Loss) / gain on revaluation of held-for-trading securities						
	(325)	(503)	(828)	193	3,713	3,906
Deficit on revaluation of available-for-sale securities						
14	(87,522)	(105,511)	(193,033)	(54,758)	(81,259)	(136,017)
Total investments at carrying value						
	6,078,775	6,068,184	12,146,959	4,702,141	2,949,909	7,652,050

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 June 30, 2014, September 30, 2014, December 31, 2014, March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015 respectively calculated under Prudential Regulations. The Company has maintained 70% (December 31, 2013: 53.56%) provision on credit exposure and 88.56% (December 31, 2013: 100%) impairment on mark-to-market loss on shares in this consolidated 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 the TFC Holders who shall be the beneficial owners of the subject shares in proportion to their holdings. The Trustees for the TFC issue are authorised pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer.

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	8,146,171	7,225,533
Net investment in finance lease in Pakistan	1,372,545	1,207,024
Advances - gross	9,518,716	8,432,557
Less: Provision for non-performing advances	(897,238)	(938,867)
Advances - net of provision	8,621,478	7,493,690

- 8.1 Advances include amount aggregating Rs. 1,008.264 million (December 31, 2013: Rs. 1,132.366 million), which have been placed under the non-performing status as detailed below:

September 30, 2014 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,008,264	-	1,008,264	897,238	897,238
	1,008,264	-	1,008,264	897,238	897,238

December 31, 2013 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	54,185	-	54,185	-	-
Loss	1,078,181	-	1,078,181	938,867	938,867
	1,132,366	-	1,132,366	938,867	938,867

- 8.2 In accordance with BSD Circular No. 2 dated January 27, 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 September 30, 2014, the holding company has availed total accumulated FSV benefit amounting to Rs. 261.130 million (net of tax Rs. 174.957 million). Accordingly, accumulated profit of Rs. 174.957 million (net of transfer to statutory reserves Rs. 139.966 million) will not be available for the distribution as cash or stock dividend to the shareholders of the holding company as required by the aforementioned SBP directives.

	(Un-Audited)	
	Nine months ended	
	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
9 OPERATING FIXED ASSETS		
During the period additions to operating fixed assets were as follows:		
Owned		
Office equipment	850	336
Computer equipment	1,171	1,236
Furniture and fixture	100	961
Vehicles	19,764	4,602
Intangibles	244	-
Capital work in progress	5,797	2,428
	27,926	9,563

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

Owned		
Improvement	1	-
Office equipment	90	44
Vehicles	781	1,242
	872	1,286

(Un-Audited) (Audited)
September 30, 2014 December 31, 2013
------(Rupees in '000)-----

10 DEFERRED TAX ASSETS - net

Deductible temporary differences arising for:

Provision for diminution in the value of investments	202,230	182,941
Other provision	-	1,294
Amortisation of premium on federal government securities	1,235	778
Assets subject to finance leases	67	(1,170)
Accelerated tax depreciation allowances	936	601
Revaluation on investments classified as available-for-sale	56,355	52,659
Provision against non-performing loans and advances	296,089	328,603
	556,912	565,706

Taxable temporary differences arising for:

Revaluation on investments classified as held-for-trading	67	(1,402)
Dividend receivable	(464)	-
Net investment in finance leases	(73,146)	(71,622)
	(73,543)	(73,024)
	483,369	492,682

11 DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	2,705,747	607,747
Others	2,790,412	3,826,101
	5,496,159	4,433,848

11.1 The rate of return on deposits maturing October 2014 to July 2017 (2013: January 2014 to July 2015) is 9.00% to 12.00% (2013: 8.6% to 12.30%) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) September 30, 2014	(Audited) December 31, 2013		(Un-Audited) September 30, 2014	(Audited) December 31, 2013
------(Number of shares)-----			------(Rupees in '000)-----	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each.	10,000,000	10,000,000

12.2 Issued, subscribed and paid - up capital

615,000,000	615,000,000	Ordinary shares of Rs. 10 each.	6,150,000	6,150,000
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12.3 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 (2013: 307,495,900) ordinary shares of the Company, while 4,100 (2013: 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) September 30, 2014	(Audited) December 31, 2013
	------(Rupees in '000)-----	
13 DEFICIT ON REVALUATION OF ASSETS - net of deferred tax		
(Deficit) / surplus on revaluation of available-for-sale securities - net of deferred tax		
Federal Government Securities		
- Pakistan Investment Bonds	(110,356)	(84,640)
Shares-listed	(28,675)	6,422
Term Finance Certificates		
-Listed	(77,842)	(71,004)
-Unlisted	17,133	6,401
	(60,709)	(64,603)
Sukuk certificates	292	(1,210)
Investment in Mutual Funds	6,415	8,014
	(193,033)	(136,017)
Deferred tax asset recognized	56,355	52,659
	(136,678)	(83,358)
Associate's share of deficit of revaluation of available-for-sale securities	(1,496)	(2,154)
	(138,174)	(85,512)

14 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:		
- guarantees	30,000	20,000
Pledge of shares on behalf of Japan Power Generation Limited - note 14.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 14.2	226,000	226,000
Commitments for:		
Sale of government securities	-	496,945
Commitments for loans and advances and net investment in finance leases	2,248,741	1,762,545

14.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2013: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2013: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

14.2 Shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 (December 31, 2013: 22,600,000) having a cost of Rs.226 million (December 31, 2013: 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).

14.3 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.

15 **BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)**

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Profit attributable to shareholders (Rupees in '000)	<u>104,736</u>	<u>120,764</u>	<u>218,758</u>	<u>330,952</u>
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	<u>615,000</u>	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share (Rupee)	<u>0.17</u>	<u>0.20</u>	<u>0.36</u>	<u>0.54</u>

16 **SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES (Un-Audited)**

16.1 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 September 30, 2014 (Un-Audited)					
Total income	2,890	981,561	663,157	15,702	1,663,310
Total expense	39,834	774,489	462,605	30,969	1,307,897
Net income	<u>(36,944)</u>	<u>207,072</u>	<u>200,552</u>	<u>(15,267)</u>	<u>355,413</u>
Nine months ended September 30, 2014 (Un-Audited)					
Segment assets -net	-	14,380,639	9,093,332	35,863	23,509,834
Segment Liabilities	-	9,488,094	6,887,897	6,184	16,382,175
Nine months ended September 30, 2013 (Un-Audited)					
Total income	2,912	871,993	519,941	20,725	1,415,571
Total expense	43,557	508,315	385,404	33,944	971,220
Net income	<u>(40,645)</u>	<u>363,678</u>	<u>134,537</u>	<u>(13,219)</u>	<u>444,351</u>
Nine months ended September 30, 2013 (Un-Audited)					
Segment assets -net	-	10,006,567	7,176,896	52,801	17,236,264
Segment Liabilities	-	5,252,196	4,846,254	(9,592)	10,088,858

17 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	91,461	49,416
Balances with other banks	211,864	154,355
Placements	200,000	-
	<u>503,325</u>	<u>203,771</u>

18 **RELATED PARTY TRANSACTIONS**

18.1 The Group has related party relationship with its associates, employee benefit plans, company having common directors and 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 Company comprises of :

Associates

- Pak Oman Microfinance Bank Limited
- Japan Power Generation 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

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

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

Nature of related party transaction	(Unaudited) September 30, 2014			(Audited) December 31, 2013				
	As at 01-Jan-14	Given during the year	Repaid during the year	As at 30-Sep-14	As at 01-Jan-13	Given during the year	Repaid during the year	As at 31-Dec-13
	(Rupees in '000)							
Investments								
Associates	897,921	143,500	(6,508)	1,034,913	905,428	63,000	(70,507)	897,921
Other related parties	226,000	-	-	226,000	457,744	-	(231,744)	226,000
	1,123,921	143,500	(6,508)	1,260,913	1,363,172	63,000	(302,251)	1,123,921
Advances								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	63,303	3,946	(11,413)	55,836	68,907	10,356	(15,960)	63,303
Other related parties	235,078	-	(18,166)	216,912	256,713	-	(21,635)	235,078
	366,581	3,946	(29,579)	340,948	393,820	10,356	(37,595)	366,581
Deposits								
Associates	575,747	1,377,710	(1,185,710)	767,747	441,747	297,859	(163,859)	575,747
Key Management personnel	11,311	33,209	(35,279)	9,241	13,941	48,634	(51,264)	11,311
Retirement benefit funds	10,018	5,898	(15,916)	-	39,289	36,399	(65,670)	10,018
	597,076	1,416,817	(1,236,905)	776,988	494,977	382,892	(280,793)	597,076
							(Un-Audited) September 30, 2014	(Audited) December 31, 2013
							----- (Rupees in '000) -----	
Other payable								
Gratuity fund							-	4,876
Management fee receivable from associates							3,538	2,957
Formation cost received from associates							-	2,081
Management fee received from associates							12,180	27,280
							(Un-Audited)	
							Nine months ended	
							September 30, 2014	September 30, 2013
							----- (Rupees in '000) -----	
Mark-up income								
Key Management personnel							2,029	2,269
Other related parties							21,915	21,657
Dividend income								
Associates							30,844	55,561
Other related parties							-	27,961
Other income								
Other related parties							-	304
Mark-up expense on Deposits								
Associates							45,559	42,498
Key Management personnel							805	860
Retirement benefit funds							364	3,230
Expenses for the period								
Remuneration to key management personnel							98,574	87,001
Non-executive director's fee / remuneration							10,239	10,357
Charge for defined contribution plan							10,098	8,814
Charge for defined benefit plan							8,318	6,234
Outright sale of Government Securities								
Retirement benefit funds							128,197	79,931
Capital gain on Government Securities								
Retirement benefit funds							11	151

19 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.

20 GENERAL

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

21 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised on October 20, 2014 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman