

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

**FOR THE NINE MONTHS  
ENDED SEPTEMBER 30, 2013**

**PAK OMAN INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2013**

(Unaudited) September 30, 2013 ------(US Dollars in '000)-----	(Audited) December 31, 2012		(Unaudited) September 30, 2013 ------(Rupees in '000)-----	(Audited) December 31, 2012
<b>ASSETS</b>				
466	961	Cash and balances with treasury banks	49,416	101,974
1,455	1,508	Balances with other banks	154,355	159,980
22,137	7,855	Lendings to financial institutions	2,347,941	833,119
66,015	97,076	Investments -net	7,001,727	10,296,148
63,702	59,842	Advances -net	6,756,388	6,347,059
533	578	Operating fixed assets	56,522	61,298
4,697	4,055	Deferred tax assets -net	498,220	430,070
3,504	3,666	Other assets	371,695	388,729
<b>162,509</b>	<b>175,541</b>		<b>17,236,264</b>	<b>18,618,377</b>
<b>LIABILITIES</b>				
-	-	Bills payable	-	-
50,464	61,722	Borrowings	5,352,395	6,546,367
41,469	41,023	Deposits and other accounts	4,398,299	4,351,000
-	-	Sub-ordinated loans	-	-
64	102	Liabilities against assets subject to finance lease	6,753	10,802
-	-	Deferred tax liabilities	-	-
3,124	4,695	Other liabilities	331,411	497,955
<b>95,121</b>	<b>107,542</b>		<b>10,088,858</b>	<b>11,406,124</b>
<b>67,388</b>	<b>67,999</b>	<b>NET ASSETS</b>	<b>7,147,406</b>	<b>7,212,253</b>
<b>REPRESENTED BY</b>				
57,984	57,984	Share capital	6,150,000	6,150,000
5,951	5,383	Reserves	631,133	570,983
4,503	4,269	Unappropriated profit	477,561	452,759
68,438	67,636		7,258,694	7,173,742
288	351	Non controlling interest	30,572	37,268
68,726	67,987		7,289,266	7,211,010
(1,338)	12	(Deficit) / surplus on revaluation of assets - net of deferred tax	(141,860)	1,243
<b>67,388</b>	<b>67,999</b>		<b>7,147,406</b>	<b>7,212,253</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
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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, 2013

Nine months ended			Quarter ended		Nine months ended	
September 30, 2013	September 30, 2012	Note	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
10,891	15,103		384,587	534,095	1,155,138	1,601,848
6,214	9,848		217,594	339,241	659,078	1,044,518
4,677	5,255		166,993	194,854	496,060	557,330
(8)	(82)		(38,594)	(5,775)	(888)	(8,646)
415	704		33,031	28,284	44,018	74,649
-	-		-	-	-	-
407	622		(5,563)	22,509	43,130	66,003
4,270	4,633		172,556	172,345	452,930	491,327
<b>NON MARK-UP/INTEREST INCOME</b>						
215	239		2,322	3,185	22,752	25,309
869	307		69,461	24,651	92,149	32,533
1,192	1,806		15,159	104,483	126,448	191,528
(194)	456		-	31,532	(20,525)	48,332
6	20		(27,961)	1,480	594	2,231
2,088	2,828		59,224	165,331	221,418	299,933
6,358	7,461		231,780	337,676	674,348	791,260
<b>NON MARK-UP/INTEREST EXPENSES</b>						
2,435	2,401		74,344	72,465	258,312	254,676
35	-		-	(11,129)	3,698	-
66	104		2,346	3,282	7,002	10,894
2,536	2,505		76,690	64,618	269,012	265,570
3,822	4,956		155,090	273,058	405,336	525,690
368	470		-	-	39,015	49,808
-	-		-	-	-	-
4,190	5,426		155,090	273,058	444,351	575,498
1,225	1,802		23,725	96,011	129,835	191,043
-	-		-	-	-	-
(92)	(347)		10,601	(7,639)	(9,740)	(36,751)
1,133	1,455		34,326	88,372	120,095	154,292
3,057	3,971		120,764	184,686	324,256	421,206
<b>PROFIT / (LOSS) ATTRIBUTABLE TO:</b>						
3,120	4,006		120,764	184,448	330,952	424,903
(63)	(35)		-	238	(6,696)	(3,697)
3,057	3,971		120,764	184,686	324,256	421,206
----- US Dollar -----			----- (Rupee) -----			
US \$ 0.0051	US \$ 0.0065	15	0.20	0.30	0.54	0.69

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, 2013

Nine months ended			Quarter ended		Nine months ended	
September 30, 2013	September 30, 2012		September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
3,057	3,971	<b>Profit after taxation</b>	<b>120,764</b>	184,686	<b>324,256</b>	421,206
		<b>Other comprehensive income for the period</b>				
		Items that will not be reclassified subsequently to profit and loss account				
		Actuarial gain / loss	4.1	-	-	-
<u>3,057</u>	<u>3,971</u>	<b>Total comprehensive income for the period</b>	<u>120,764</u>	<u>184,686</u>	<u>324,256</u>	<u>421,206</u>
		<b>Total comprehensive income attributable to:</b>				
3,120	4,006	Shareholders of the holding company	120,764	184,448	330,952	424,903
(63)	(35)	Non-controlling interest	-	238	(6,696)	(3,697)
<u>3,057</u>	<u>3,971</u>		<u>120,764</u>	<u>184,686</u>	<u>324,256</u>	<u>421,206</u>

(Deficit) / surplus on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

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, 2013**

September 30, 2013	September 30, 2012		September 30, 2013	September 30, 2012
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
4,190	5,426	Profit before taxation	444,351	575,498
<u>869</u>	<u>307</u>	Less: Dividend income	<u>92,149</u>	<u>32,533</u>
<b>3,321</b>	<b>5,119</b>		<b>352,202</b>	<b>542,965</b>
<b>Adjustments for non-cash charges</b>				
115	126	Depreciation	12,241	13,391
8	16	Amortisation of intangible assets	812	1,737
194	(456)	Unrealised loss / (gain) on revaluation of investments classified as 'held-for-trading'	20,525	(48,332)
(3)	(6)	(Gain) on sale of fixed assets	(279)	(622)
(368)	(470)	Share of (gain) from associates - net of tax	(39,015)	(49,808)
(8)	(82)	(Reversal) of provision against non -performing advances	(888)	(8,646)
415	704	Provision for diminution in the value of investments	44,018	74,649
(10,891)	(15,103)	Financial income	(1,155,138)	(1,601,848)
6,214	9,848	Financial charges	659,078	1,044,518
<u>(4,324)</u>	<u>(5,423)</u>		<u>(458,646)</u>	<u>(574,961)</u>
<b>(1,003)</b>	<b>(304)</b>		<b>(106,444)</b>	<b>(31,996)</b>
<b>(Increase)/decrease in operating assets</b>				
(14,282)	(723)	Lendings to financial institutions	(1,514,822)	(76,728)
8,115	4,929	Net investments in held-for-trading securities	860,742	522,825
(3,851)	(6,096)	Advances	(408,441)	(646,580)
66	(6)	Other assets	7,104	(695)
<u>(9,952)</u>	<u>(1,896)</u>		<u>(1,055,417)</u>	<u>(201,178)</u>
<b>Increase/(decrease) in operating liabilities</b>				
-	-	Bills payable	-	-
(11,257)	(1,300)	Borrowings	(1,193,972)	(137,907)
446	4,218	Deposits and other accounts	47,299	447,364
(261)	(146)	Other liabilities	(27,496)	(15,646)
<u>(11,072)</u>	<u>2,772</u>		<u>(1,174,169)</u>	<u>293,811</u>
<b>(22,027)</b>	<b>572</b>		<b>(2,336,030)</b>	<b>60,637</b>
10,985	14,730	Financial income received	1,165,068	1,562,339
(6,432)	(9,989)	Financial charges paid	(682,240)	(1,059,448)
(2,317)	(1,830)	Income tax paid	(245,721)	(194,137)
<u>(19,791)</u>	<u>3,483</u>	Net cash (used in) / from operating activities	<u>(2,098,923)</u>	<u>369,391</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
18,432	(2,886)	Net (Investments in)/proceeds from available-for-sale securities	1,954,975	(306,097)
1,910	35	Net proceeds from investments in held-to-maturity	202,576	3,694
463	138	Investments in associates	49,087	14,630
869	429	Dividend received	92,149	45,499
(90)	(133)	Investments in operating fixed assets	(9,563)	(14,079)
15	28	Sale proceeds of property and equipment disposed-off	1,565	2,969
<u>21,599</u>	<u>(2,389)</u>	Net cash from / (used in) investing activities	<u>2,290,789</u>	<u>(253,384)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
(38)	(71)	Payment of lease obligation	(4,049)	(7,502)
(2,319)	(2,029)	Dividend paid	(246,000)	(215,250)
<u>(2,357)</u>	<u>(2,100)</u>	Net cash used in financing activities	<u>(250,049)</u>	<u>(222,752)</u>
(549)	(1,006)	Decrease in cash and cash equivalents	(58,183)	(106,745)
2,470	2,604	Cash and cash equivalents at the beginning of the period	261,954	276,210
<u>1,921</u>	<u>1,598</u>	<b>Cash and cash equivalents at the end of the period</b>	<u>203,771</u>	<u>169,465</u>

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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, 2013

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve				
------(Rupees in '000)-----							
<b>Balance as at January 1, 2012</b>	<b>6,150,000</b>	<b>473,682</b>	<b>11,630</b>	<b>296,512</b>	<b>6,931,824</b>	<b>47,850</b>	<b>6,979,674</b>
<b>Comprehensive income</b>							
Net profit after tax for the nine months ended September 30, 2012	-	-	-	424,903	424,903	(3,697)	421,206
Other comprehensive income -net of tax	-	-	-	-	-	-	-
	-	-	-	424,903	424,903	(3,697)	421,206
<b>Transfers</b>							
Transfer to statutory reserve	-	77,870	-	(77,870)	-	-	-
<b>Transactions with owners recognised directly in equity</b>							
Dividend for the year ended December 31, 2011 (Re 0.35 per share)	-	-	-	(215,250)	(215,250)	-	(215,250)
<b>Balance as at September 30, 2012</b>	<b>6,150,000</b>	<b>551,552</b>	<b>11,630</b>	<b>428,295</b>	<b>7,141,477</b>	<b>44,153</b>	<b>7,185,630</b>
<b>Comprehensive income</b>							
Net profit after tax for the quarter ended December 31, 2012	-	-	-	32,265	32,265	(6,885)	25,380
Other comprehensive income -net of tax	-	-	-	-	-	-	-
	-	-	-	32,265	32,265	(6,885)	25,380
<b>Transfers</b>							
Transfer to statutory reserve	-	7,801	-	(7,801)	-	-	-
<b>Balance as at December 31, 2012</b>	<b>6,150,000</b>	<b>559,353</b>	<b>11,630</b>	<b>452,759</b>	<b>7,173,742</b>	<b>37,268</b>	<b>7,211,010</b>
<b>Comprehensive income</b>							
Net profit after tax for the nine months ended September 30, 2013	-	-	-	330,952	330,952	(6,696)	324,256
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	330,952	330,952	(6,696)	324,256
<b>Transfers</b>							
Transfer to statutory reserve	-	60,150	-	(60,150)	-	-	-
<b>Transaction with owners recognised directly in equity</b>							
Dividend for the year ended December 31, 2012 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
<b>Balance as at September 30, 2013</b>	<b>6,150,000</b>	<b>619,503</b>	<b>11,630</b>	<b>477,561</b>	<b>7,258,694</b>	<b>30,572</b>	<b>7,289,266</b>

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, 2013**

**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-13	31-Dec-12
Pak Oman Advantage Fund	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	<b>27.36</b>	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.	<b>41.59</b>	35.36
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.	<b>96.02</b>	64.97
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.	<b>82.07</b>	94.27
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.	<b>33.40</b>	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.	<b>19.59</b>	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, 2013 and the unaudited financial statements of POAMCL for the year ended June 30, 2013. 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, 2013
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the six months ended June 30, 2013
Pak Oman Advantage Fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Government Securities Fund	Unaudited financial statements for the year ended June 30, 2013

## 3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the nine months ended September 30, 2013 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 NBFIs. 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.

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, 2012.

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 106.0629 = US dollar 1 for the nine months ended September 30, 2013 and the corresponding period.

## 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, 2012, except as disclosed in note 4.1.

### 4.1 Change in accounting policy

During the current period, the Company has changed its accounting policy in respect of post-retirement defined benefit plan as required under IAS 19, 'Employee Benefits'. According to the new policy, all actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gain or loss on settlement and net interest income or expense. All other changes in the net defined benefit obligation are recognized directly in OCI with no subsequent recycling through profit and loss account. Previously, the Company was recognizing all actuarial gains / losses in the profit and loss account.

The effect of such change is considered immaterial to this unconsolidated condensed interim financial information as whole.

## 5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this condensed interim consolidated 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, 2012, except as disclosed in note 4.1.

## 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, 2012.

## 7 INVESTMENTS - net

Note	September 30, 2013 (Un-audited)			December 31, 2012 (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

Pakistan investment bonds	448,579	-	448,579	13,366	612,226	625,592
Market treasury bills (T-Bills)	-	-	-	50,812	648,145	698,957
Listed ordinary shares	16,397	-	16,397	-	-	-
Sukuk Certificates	2,274	-	2,274	3,443	-	3,443
	467,250	-	467,250	67,621	1,260,371	1,327,992

#### Available-for-sale securities

Pakistan investment bonds	744,426	1,878,848	2,623,274	154,242	2,647,324	2,801,566
Market treasury bills (T-Bills)	-	-	-	485,026	653,294	1,138,320
Listed ordinary shares	275,021	-	275,021	213,693	-	213,693
Unlisted ordinary shares	131,333	226,000	357,333	131,333	226,000	357,333
Unlisted preference shares	-	-	-	231,744	-	231,744
Mutual funds units	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	648,489	-	648,489	724,373	-	724,373
National saving bonds	-	-	-	9,999	-	9,999
Term finance certificates (TFCs)	2,371,819	145,946	2,517,765	2,772,238	177,691	2,949,929
	4,185,425	2,250,794	6,436,219	4,736,985	3,704,309	8,441,294

#### Held-to-maturity securities

Pakistan investment bonds	-	-	-	202,576	-	202,576
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#### Associates

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	307,789	-	307,789	298,760	-	298,760
Pak Oman Advantage Islamic Income Fund	104,224	-	104,224	105,451	-	105,451
Pak Oman Islamic Asset Allocation Fund	126,581	-	126,581	112,441	-	112,441
Pak Oman Advantage Asset Allocation Fund	132,100	-	132,100	155,015	-	155,015
Pak Oman Government Securities Fund	-	-	-	-	-	-
Pak Oman Microfinance Bank Limited	274,528	-	274,528	233,761	-	233,761
	945,222	-	945,222	905,428	-	905,428

#### Investments at cost

	5,597,897	2,250,794	7,848,691	5,912,610	4,964,680	10,877,290
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Less: Provision for diminution in the value of investments

	617,517	-	617,517	573,499	-	573,499
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#### Investments - net of provisions

	4,980,380	2,250,794	7,231,174	5,339,111	4,964,680	10,303,791
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(Loss) on revaluation of held-for-trading securities

	(22,853)	-	(22,853)	(119)	(2,209)	(2,328)
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(Deficit) / surplus on revaluation of available-for-sale securities

13	(117,931)	(88,663)	(206,594)	(40,896)	35,581	(5,315)
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#### Total investments at carrying value

	4,839,596	2,162,131	7,001,727	5,298,096	4,998,052	10,296,148
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### 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)/2013-11339 dated July 25, 2013 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 30%, 40%, 50%, 60%, 75%, 85% and 100% by June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 respectively calculated under Prudential Regulations. While the SBP has maintained relaxation provided in respect of exposure of Azgard Nine Limited as per their earlier letter number BPRD/BRD-(Policy)/2013-1857 dated February 15, 2013 (fully disclosed in note 9.6.4.4 of annual financial statements). The holding Company has maintained 53% on Agritech Limited and 75% on Azgard Nine Limited (December 31, 2012: 50%) provision on credit exposure and 100% impairment on mark-to-market loss on shares in this consolidated financial information.

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
----- (Rupees in '000) -----		
<b>8. ADVANCES - net</b>		
Loans in Pakistan	6,573,832	6,352,491
Net investment in finance lease in Pakistan	1,115,482	928,382
<b>Advances - gross</b>	<b>7,689,314</b>	<b>7,280,873</b>
Less: Provision for non-performing advances	(932,926)	(933,814)
<b>Advances - net of provision</b>	<b>6,756,388</b>	<b>6,347,059</b>

- 8.1 Advances include amount aggregating Rs. 1,157.053 million (December 31, 2012: Rs. 1,182.906 million), which have been placed under the non-performing status as detailed below:

September 30, 2013 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	-	-	-	-	-
Doubtful	105,778	-	105,778	-	-
Loss	1,051,275	-	1,051,275	932,926	932,926
	<b>1,157,053</b>	-	<b>1,157,053</b>	<b>932,926</b>	<b>932,926</b>

  

December 31, 2012 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	94,878	-	94,878	-	-
Doubtful	128,266	-	128,266	63,061	63,061
Loss	959,762	-	959,762	870,753	870,753
	<b>1,182,906</b>	-	<b>1,182,906</b>	<b>933,814</b>	<b>933,814</b>

- 8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the holding Company has further availed the benefit of FSV against the non-performing advances and term finance certificates. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances and term finance certificates would have been higher by Rs. 56.64 million (net of tax Rs. 40.32 million) and profit before taxation for the nine months ended September 30, 2013 would have been reduced by the same amount. As of September 30, 2013, the holding Company has availed total accumulated FSV benefit amounting to Rs. 350.11 million (net of tax Rs. 231.07 million). Accordingly, accumulated profit of Rs. 231.07 (net of transfer to statutory reserves Rs. 184.86 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.

9 OPERATING FIXED ASSETS	(Un-Audited)	
	Nine months ended	
	September 30, 2013	September 30, 2012
----- (Rupees in '000) -----		
During the period additions to operating fixed assets were as follows:		
<b>Owned</b>		
Office equipment	336	144
Computer equipment	1,236	1,591
Furniture and fixture	961	100
Vehicles	4,602	8,313
Capital work in progress	2,428	3,931
	<b>9,563</b>	<b>14,079</b>
During the period disposals from operating fixed assets were as follows:		
<b>Owned</b>		
Office equipment	44	-
Computer equipment	-	79
Furniture and fixture	-	104
Vehicles	1,242	1,646
<b>Assets subject to finance lease</b>		
Vehicles	-	518
	<b>1,286</b>	<b>2,347</b>

(Un-Audited)                      (Audited)  
September 30, 2013              December 31, 2012  
------(Rupees in '000)-----

**10 DEFERRED TAX ASSETS - net**

**Deductible temporary differences arising for:**

Provision for diminution in the value of investments	175,523	165,791
Other provision	1,257	-
Revaluation on investments classified as held-for-trading	7,462	815
Revaluation on investments classified as available-for-sale	66,773	8,363
Amortisation of premium on federal government securities	556	17,121
Accelerated tax depreciation allowances	535	814
Provision against non-performing loans and advances	317,195	326,835
	<b>569,301</b>	<b>519,739</b>

**Taxable temporary differences arising for:**

Assets subject to finance leases	(1,331)	(1,930)
Dividend receivable	(110)	-
Net investment in finance leases	(69,640)	(87,739)
	<b>(71,081)</b>	<b>(89,669)</b>
	<b>498,220</b>	<b>430,070</b>

**11 DEPOSITS AND OTHER ACCOUNTS**

Certificate of investments - remunerative (in local currency)		
Financial institutions	663,747	731,747
Others	3,734,552	3,619,253
	<b>4,398,299</b>	<b>4,351,000</b>

**11.1** The rate of return on deposits maturing October 2013 to July 2015 (2012: January 2013 to May 2014) is 8.50% to 12.50% (2012: 9% to 13.75%) per annum.

**12 SHARE CAPITAL**

**12.1 Authorized capital**

(Un-Audited) September 30, 2013 ------(Number of shares)-----	(Audited) December 31, 2012		(Un-Audited) September 30, 2013 ------(Rupees in '000)-----	(Audited) December 31, 2012
<b>1,000,000,000</b>	1,000,000,000	Ordinary shares of Rs. 10 each.	<b>10,000,000</b>	10,000,000

**12.2 Issued, subscribed and paid - up capital**

<b>615,000,000</b>	615,000,000	Ordinary shares of Rs. 10 each.	<b>6,150,000</b>	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 (2012: 307,495,900) ordinary shares of the Company, while 4,100 (2012: 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, 2013	(Audited) December 31, 2012
	------(Rupees in '000)-----	
<b>13 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - net of deferred tax</b>		
<b>(Deficit) / surplus on revaluation of available-for-sale securities - net of tax</b>		
Federal Government Securities		
- Market Treasury Bills	-	873
- Pakistan Investment Bonds	<u>(118,990)</u>	<u>31,508</u>
	<b>(118,990)</b>	<b>32,381</b>
Shares-listed	<b>(13,412)</b>	17,727
Term Finance Certificates		
-Listed	<u>(79,340)</u>	<u>(44,772)</u>
-Unlisted	<u>2,908</u>	<u>(9,827)</u>
	<b>(76,432)</b>	<b>(54,599)</b>
Sukuk certificates	<b>(967)</b>	(1,076)
National Saving Bonds	-	(599)
Investment in Mutual Funds	<u>3,207</u>	<u>851</u>
	<b>(206,594)</b>	<b>(5,315)</b>
Deferred tax asset recognized	<b>66,773</b>	8,363
	<u>(139,821)</u>	<u>3,048</u>
Associate's share of deficit of revaluation of available-for-sale securities	<b>(2,039)</b>	(1,805)
	<u><b>(141,860)</b></u>	<u><b>1,243</b></u>

#### 14 CONTINGENCIES AND COMMITMENTS

Pledge of shares on behalf of JPGL - note 14.1	<b>70,726</b>	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 14.2	<b>226,000</b>	226,000
Commitments for:		
Sale of government securities	-	235,657
Purchase of government securities	<b>50,072</b>	-
Commitments for loans and advances and net investment in finance leases	<b>1,977,693</b>	1,016,982
Commitments for the acquisition of operating fixed assets	-	709
<b>14.1</b> Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2012: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2012: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.		
<b>14.2</b> Shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 (December 31, 2012: 22,600,000) having a cost of Rs.226 million (December 31, 2012: 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).		
<b>14.3</b> There is no change in respect of tax contingency as disclosed in note 29.3 of the financial statements for the year ended December 31, 2012 except as disclosed in note 14.4 of this consolidated financial information.		
<b>14.4</b> During the period, the Income Tax Department has amended the deemed assessment orders for the tax years 2010, 2011 and 2012. The holding company has filed appeals against the said orders. The effect of the amendments amounts to Rs. 167 million. No provision has been made against the amendments based on the opinion of the holding company's tax consultant who expects a favorable outcome of the appeals.		

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

	Quarter ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Profit attributable to shareholders (Rupees in '000)	<u>120,764</u>	<u>184,448</u>	<u>330,952</u>	<u>424,903</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>0.20</u>	<u>0.30</u>	<u>0.54</u>	<u>0.69</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, 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, 2012 (Un-Audited)					
Total income	5,154	1,295,721	619,868	30,846	1,951,589
Total expense	34,375	849,355	454,745	37,616	1,376,091
Net income	<u>(29,221)</u>	<u>446,366</u>	<u>165,123</u>	<u>(6,770)</u>	<u>575,498</u>

17 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	Nine month ended	
	September 30, 2013	September 30, 2012
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	49,416	60,797
Balances with other banks	<u>154,355</u>	<u>108,668</u>
	<u>203,771</u>	<u>169,465</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.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the consolidated condensed interim financial information are as follows:

**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, 2013			(Audited) December 31, 2012				
	As at 01-Jan-13	Given during the year	Repaid during the year	As at 30-Sep-13	As at 01-Jan-12	Given during the year	Repaid during the year	As at 31-Dec-12
(Rupees in '000)								
<b>Investments</b>								
Associates	905,428	110,301	(70,507)	945,222	886,236	1,010,318	(991,126)	905,428
Other related parties	457,744	-	(4,533)	453,211	495,744	-	(38,000)	457,744
	<b>1,363,172</b>	<b>110,301</b>	<b>(75,040)</b>	<b>1,398,433</b>	<b>1,381,980</b>	<b>1,010,318</b>	<b>(1,029,126)</b>	<b>1,363,172</b>
<b>Advances</b>								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	68,907	9,206	(11,885)	66,228	65,877	16,947	(13,917)	68,907
Other related parties	256,713	-	(15,961)	240,752	275,723	-	(19,010)	256,713
	<b>393,820</b>	<b>9,206</b>	<b>(27,846)</b>	<b>375,180</b>	<b>409,800</b>	<b>16,947</b>	<b>(32,927)</b>	<b>393,820</b>
<b>Deposits</b>								
Associates	441,747	137,000	(11,000)	567,747	353,819	383,888	(295,960)	441,747
Key Management personnel	13,941	37,323	(39,252)	12,012	10,021	44,396	(40,476)	13,941
Other related parties	39,289	26,381	(46,725)	18,945	13,500	101,291	(75,502)	39,289
	<b>494,977</b>	<b>200,704</b>	<b>(96,977)</b>	<b>598,704</b>	<b>377,340</b>	<b>529,575</b>	<b>(411,938)</b>	<b>494,977</b>
<b>Borrowings</b>								
Associates	-	-	-	-	100,000	-	(100,000)	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>
							(Un-Audited) September 30, 2013	(Audited) December 31, 2012
							----- (Rupees in '000) -----	
<b>Other receivables from</b>								
Associates							-	12
<b>Other payable</b>								
Gratuity fund							683	2,121
Provident fund							120	-
<b>Formation cost receivable from associates</b>							1,219	3,300
<b>Management fee receivable from associates</b>							4,287	3,067
<b>Formation cost received from associates</b>							2,081	3,251
<b>Management fee received from associates</b>							30,657	33,610
							(Un-Audited)	(Audited)
							Nine months ended	
							September 30, 2013	September 30, 2012
							----- (Rupees in '000) -----	
<b>Mark-up income</b>								
Key Management personnel							2,269	2,215
Other related parties							21,657	30,312
<b>Dividend income</b>								
Associates							55,561	18,356
Other related parties							27,961	6,341
<b>Other income</b>								
Other related parties							304	543
<b>Mark-up expense on Deposits</b>								
Associates							42,498	40,552
Key Management personnel							860	1,031
Other related parties							3,230	3,047
<b>Mark-up expense on Borrowing</b>								
Associates							-	441
<b>Expenses for the period</b>								
Remuneration to key management personnel							87,001	75,179
Non-executive director's fee / remuneration							10,357	9,086
Charge for defined contribution plan							8,814	7,936
Charge for defined benefit plan							6,234	5,783
<b>Outright sale of Government Securities</b>								
Other related parties							79,931	15,375
<b>Outright purchase of Government Securities</b>								
Other related parties							-	40,079

**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 were authorised on October 05, 2013 by the board of directors of the holding Company.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**