

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE FIRST QUARTER
ENDED MARCH 31, 2014**

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

(Unaudited) March 31, 2014 ------(US Dollars in '000)-----	(Audited) December 31, 2013		(Unaudited) March 31, 2014 ------(Rupees in '000)-----	(Audited) December 31, 2013
ASSETS				
817	792	Cash and balances with treasury banks	80,469	78,034
2,299	2,304	Balances with other banks	226,535	227,034
7,359	12,245	Lendings to financial institutions	725,086	1,206,521
99,410	77,662	Investments -net	9,794,866	7,652,050
71,039	76,055	Advances -net	6,999,453	7,493,690
607	534	Operating fixed assets	59,790	52,642
4,735	5,000	Deferred tax assets -net	466,512	492,682
5,416	5,563	Other assets	533,715	547,998
191,682	180,155		18,886,426	17,750,651
LIABILITIES				
-	-	Bills payable	-	-
66,753	58,072	Borrowings	6,577,197	5,721,831
45,613	45,000	Deposits and other accounts	4,494,254	4,433,848
-	-	Sub-ordinated loans	-	-
8	57	Liabilities against assets subject to finance lease	798	5,605
-	-	Deferred tax liabilities	-	-
7,525	3,797	Other liabilities	741,418	374,125
119,899	106,926		11,813,667	10,535,409
71,783	73,229	NET ASSETS	7,072,759	7,215,242
REPRESENTED BY				
62,418	62,418	Share capital	6,150,000	6,150,000
6,735	6,557	Reserves	663,622	646,091
3,111	4,896	Unappropriated profit	306,567	482,442
72,264	73,871		7,120,189	7,278,533
226	226	Non controlling interest	22,221	22,221
72,490	74,097		7,142,410	7,300,754
(707)	(868)	Deficit on revaluation of assets - net of deferred tax	(69,651)	(85,512)
71,783	73,229		7,072,759	7,215,242
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 FIRST QUARTER ENDED MARCH 31, 2014

March 31, 2014	March 31, 2013		Note	March 31, 2014	March 31, 2013
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
4,650	4,023	Mark-up/return/interest earned		458,117	396,423
2,814	2,292	Mark-up/return/interest expensed		277,247	225,796
1,836	1,731	Net mark-up/ interest income		180,870	170,627
51	(7)	Provision / (reversal) against non - performing advances		4,982	(677)
79	63	Provision for diminution in the value of investments		7,832	6,242
-	-	Bad debts written off directly		-	-
130	56			12,814	5,565
1,706	1,675	Net mark-up/ interest income after provisions		168,056	165,062
NON MARK-UP/INTEREST INCOME					
69	18	Fee, commission and brokerage income		6,838	1,739
53	61	Dividend income		5,234	5,963
347	179	Gain on sale of securities		34,186	17,623
71	33	Unrealised gain on revaluation of investments classified as 'held-for-trading' securities		7,002	3,278
2	2	Other income		234	156
542	293	Total non-mark up/interest income		53,494	28,759
2,248	1,968			221,550	193,821
NON MARK-UP/INTEREST EXPENSES					
872	775	Administrative expenses		85,941	76,344
57	38	Other write off / provisions		5,664	3,698
56	16	Other charges		5,540	1,613
985	829	Total non-mark up/interest expenses		97,145	81,655
1,263	1,139			124,405	112,166
-	-	(1) Share of results of associates - net of tax		-	(110)
-	-	Extra ordinary /unusual items		-	-
1,263	1,138	PROFIT BEFORE TAXATION		124,405	112,056
328	466	Taxation - current		32,329	45,910
-	-	- prior		-	-
45	(110)	- deferred		4,420	(10,821)
373	356			36,749	35,089
890	782	PROFIT AFTER TAXATION		87,656	76,967
PROFIT ATTRIBUTABLE TO:					
890	782	Shareholders of the holding company		87,656	76,967
-	-	Non-controlling interest		-	-
890	782			87,656	76,967
----- US Dollar -----					
US \$ 0.0014	US \$ 0.0013	Basic and diluted earnings per share	15	0.14	0.13

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 FIRST QUARTER ENDED MARCH 31, 2014

March 31, 2014 ------(US Dollars in '000)-----	March 31, 2013		March 31, 2014 ------(Rupees in '000)-----	March 31, 2013
890	782	Profit after taxation	87,656	76,967
-	-	Other comprehensive income	-	-
<u>890</u>	<u>782</u>	Total comprehensive income for the period	<u>87,656</u>	<u>76,967</u>
		Total comprehensive income attributable to:		
890	782	Shareholders of the holding company	87,656	76,967
-	-	Non-controlling interest	-	-
<u>890</u>	<u>782</u>		<u>87,656</u>	<u>76,967</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 FIRST QUARTER ENDED MARCH 31, 2014

March 31, 2014	March 31, 2013		Note	March 31, 2014	March 31, 2013
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
1,263	1,138	Profit before taxation		124,405	112,056
<u>53</u>	<u>61</u>	Less: Dividend income		<u>5,234</u>	<u>5,963</u>
1,210	1,077			119,171	106,093
Adjustments for non-cash charges					
37	38	Depreciation		3,690	3,775
2	3	Amortisation of intangible assets		186	315
(71)	(33)	Unrealised gain on revaluation of investments classified as 'held-for-trading'		(7,002)	(3,278)
(2)	(1)	Gain on sale of fixed assets		(234)	(84)
-	1	Share of loss from associates - net of tax		-	110
51	(7)	Provision / (reversal) against non-performing advances		4,982	(677)
79	63	Provision for diminution in the value of investments		7,832	6,242
1	3	Financial charges on leased assets		92	299
<u>97</u>	<u>67</u>			<u>9,546</u>	<u>6,702</u>
1,307	1,144			128,717	112,795
(Increase)/decrease in operating assets					
4,115	1,162	Lendings to financial institutions		405,435	114,532
(5,605)	13,174	Net investments in held-for-trading securities		(552,228)	1,298,012
4,966	10,025	Advances		489,255	987,757
357	335	Other assets		35,145	32,963
<u>3,833</u>	<u>24,696</u>			<u>377,607</u>	<u>2,433,264</u>
Increase/(decrease) in operating liabilities					
-	-	Bills payable		-	-
8,681	(27,678)	Borrowings		855,366	(2,727,090)
613	(863)	Deposits and other accounts		60,406	(85,048)
1,232	23	Other liabilities		121,341	2,280
<u>10,526</u>	<u>(28,518)</u>			<u>1,037,113</u>	<u>(2,809,858)</u>
15,666	(2,678)			1,543,437	(263,799)
(1)	(3)	Financial charges on leased assets paid		(140)	(329)
(522)	(710)	Income tax paid		(51,428)	(69,976)
<u>15,143</u>	<u>(3,391)</u>	Net cash from / (used in) operating activities		<u>1,491,869</u>	<u>(334,104)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
(15,770)	2,557	Net (Investments in)/proceeds from available-for-sale securities		(1,553,807)	251,930
-	14	Net proceeds from investments in held-to-maturity		-	1,331
35	43	Dividend received		3,471	4,197
(112)	(12)	Investments in operating fixed assets		(11,024)	(1,134)
2	10	Sale proceeds of property and equipment disposed-off		234	1,005
<u>(15,845)</u>	<u>2,612</u>	Net cash (used in) / from investing activities		<u>(1,561,126)</u>	<u>257,329</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(49)	(16)	Payment of lease obligation		(4,807)	(1,557)
<u>(751)</u>	<u>(795)</u>	Decrease in cash and cash equivalents		<u>(74,064)</u>	<u>(78,332)</u>
5,897	2,659	Cash and cash equivalents at the beginning of the period		581,068	261,954
<u>5,146</u>	<u>1,864</u>	Cash and cash equivalents at the end of the period	17	<u>507,004</u>	<u>183,622</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 FIRST QUARTER ENDED MARCH 31, 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 1, 2013	6,150,000	559,353	11,630	452,759	7,173,742	37,268	7,211,010
Comprehensive income							
Net profit after tax for the first quarter ended March 31, 2013	-	-	-	76,967	76,967	-	76,967
Other comprehensive income -net of tax	-	-	-	-	-	-	-
	-	-	-	76,967	76,967	-	76,967
Transfers							
Transfer to statutory reserve	-	15,415	-	(15,415)	-	-	-
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 March 31, 2013	6,150,000	574,768	11,630	268,311	7,004,709	37,268	7,041,977
Comprehensive income							
Net profit after tax for the nine months ended December 31, 2013	-	-	-	277,183	277,183	(15,047)	262,136
Other comprehensive income -net of tax	-	-	-	(3,359)	(3,359)	-	(3,359)
	-	-	-	273,824	273,824	(15,047)	258,777
Transfers							
Transfer to statutory reserve	-	59,693	-	(59,693)	-	-	-
Balance as at December 31, 2013	6,150,000	634,461	11,630	482,442	7,278,533	22,221	7,300,754
Comprehensive income							
Net profit after tax for the first quarter ended March 31, 2014	-	-	-	87,656	87,656	-	87,656
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	87,656	87,656	-	87,656
Transfers							
Transfer to statutory reserve	-	17,531	-	(17,531)	-	-	-
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 March 31, 2014	6,150,000	651,992	11,630	306,567	7,120,189	22,221	7,142,410

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 FIRST QUARTER ENDED MARCH 31, 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 %	
			31-Mar-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.	60.85	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.	99.42	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.	99.99	84.36
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 first quarter ended March 31, 2014 and the unaudited financial statements of POAMCL for the six months ended December 31, 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)	Unaudited financial statements for the six months ended December 31, 2013
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the year ended December 31, 2013
Pak Oman Advantage Fund	Unaudited financial statements for the six months ended December 31, 2013
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the six months ended December 31, 2013
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the six months ended December 31, 2013
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the six months ended December 31, 2013
Pak Oman Government Securities Fund	Unaudited financial statements for the six months ended December 31, 2013

3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the first quarter ended March 31, 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.

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.

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 98.5297 = US dollar 1 for the first quarter ended March 31, 2014 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, 2013.

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, 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	March 31, 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

Pakistan investment bonds	623,784	184,720	808,504	30,659	252,088	282,747
Market treasury bills (T-Bills)	785,658	70,699	856,357	726,187	197,369	923,556
Listed ordinary shares	111,142	-	111,142	17,472	-	17,472
Sukuk Certificates	1,017	-	1,017	1,017	-	1,017
	1,521,601	255,419	1,777,020	775,335	449,457	1,224,792

Available-for-sale securities

Pakistan investment bonds	1,130,504	2,928,923	4,059,427	402,615	2,351,998	2,754,613
Listed ordinary shares	398,037	-	398,037	207,890	-	207,890
Unlisted ordinary shares	131,333	226,000	357,333	131,333	226,000	357,333
Mutual funds units	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	600,317	-	600,317	605,074	-	605,074
Term finance certificates (TFCs)	2,414,975	-	2,414,975	2,351,722	-	2,351,722
	4,689,503	3,154,923	7,844,426	3,712,971	2,577,998	6,290,969

Associates

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	296,570	-	296,570	296,570	-	296,570
Pak Oman Advantage Islamic Income Fund	105,034	-	105,034	105,034	-	105,034
Pak Oman Islamic Asset Allocation Fund	114,721	-	114,721	114,721	-	114,721
Pak Oman Advantage Asset Allocation Fund	110,540	-	110,540	110,540	-	110,540
Pak Oman Microfinance Bank Limited	271,056	-	271,056	271,056	-	271,056
	897,921	-	897,921	897,921	-	897,921

Investments at cost

	7,109,025	3,410,342	10,519,367	5,386,227	3,027,455	8,413,682
Less: Provision for diminution in the value of investments	637,003	-	637,003	629,521	-	629,521
Investments - net of provisions	6,472,022	3,410,342	9,882,364	4,756,706	3,027,455	7,784,161

Gain on revaluation of held-for-trading securities

8,128 2,780 10,908 193 3,713 3,906

Deficit on revaluation of available-for-sale securities

13 (74,921) (23,485) (98,406) (54,758) (81,259) (136,017)

Total investments at carrying value

6,405,229 3,389,637 9,794,866 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)/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. The holding company has maintained 60% (December 31, 2013: 53.56%) provision on credit exposure and 100% (December 31, 2013: 100%) impairment on mark-to-market loss on shares in this consolidated condensed interim financial information.

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----		
8. ADVANCES - net		
Loans in Pakistan	6,602,000	7,225,533
Net investment in finance lease in Pakistan	1,341,302	1,207,024
Advances - gross	7,943,302	8,432,557
Less: Provision for non-performing advances	(943,849)	(938,867)
Advances - net of provision	6,999,453	7,493,690

- 8.1 Advances include amount aggregating Rs. 1,108.439 million (December 31, 2013: Rs. 1,132.366 million), which have been placed under the non-performing status as detailed below:

March 31, 2014 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----					
Substandard	-	-	-	-	-
Doubtful	53,563	-	53,563	-	-
Loss	1,054,876	-	1,054,876	943,849	943,849
	1,108,439	-	1,108,439	943,849	943,849

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 March 31, 2014, the holding company has availed total accumulated FSV benefit amounting to Rs. 287.533 million (net of tax Rs. 186.897 million). Accordingly, accumulated profit of Rs. 186.897 million (net of transfer to statutory reserves Rs. 149.517 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)	
	First quarter ended	
	March 31, 2014	March 31, 2013
----- (Rupees in '000) -----		
During the period additions to operating fixed assets were as follows:		
Owned		
Office equipment	580	21
Computer equipment	1,010	463
Furniture and fixture	-	650
Vehicles	3,355	-
Capital work in progress	6,079	-
	11,024	1,134

During the period disposals from operating fixed assets were as follows:		
Owned		
Vehicles	234	921

(Un-Audited) (Audited)
March 31, 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	185,683	182,941
Other provision	1,294	1,294
Amortisation of premium on federal government securities	871	778
Assets subject to finance leases	81	(1,170)
Revaluation on investments classified as available-for-sale	30,909	52,659
Provision against non-performing loans and advances	330,347	328,603
	549,185	565,105

Taxable temporary differences arising for:

Accelerated tax depreciation allowances	(300)	601
Revaluation on investments classified as held-for-trading	(4,139)	(1,402)
Dividend receivable	(176)	-
Net investment in finance leases	(78,058)	(71,622)
	(82,673)	(72,423)
	466,512	492,682

11 DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	857,747	607,747
Others	3,636,507	3,826,101
	4,494,254	4,433,848

11.1 The rate of return on deposits maturing April 2014 to February 2017 (2013: January 2014 to July 2015) is 8.60% to 12.30% (2013: 8.6% to 12.30%) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) March 31, 2014	(Audited) December 31, 2013		(Un-Audited) March 31, 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
--------------------	-------------	---------------------------------	------------------	-----------

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) March 31, 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	(42,417)	(84,640)
Shares-listed	(18,948)	6,422
Term Finance Certificates		
-Listed	(67,536)	(71,004)
-Unlisted	23,041	6,401
	(44,495)	(64,603)
Sukuk certificates	(1,398)	(1,210)
Investment in Mutual Funds	8,852	8,014
	(98,406)	(136,017)
Deferred tax asset recognized	30,909	52,659
	(67,497)	(83,358)
Associate's share of deficit of revaluation of available-for-sale securities	(2,154)	(2,154)
	(69,651)	(85,512)

14 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:		
- guarantees	20,000	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	148,425	496,945
Purchase of government securities	147,367	-
Commitments for loans and advances and net investment in finance leases	3,142,623	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 and 2012, 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)**

	First quarter ended	
	March 31, 2014	March 31, 2013
Profit attributable to shareholders (Rupees in '000)	<u>87,656</u>	<u>76,967</u>
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share (Rupee)	<u>0.14</u>	<u>0.13</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)' -----				
First quarter ended March 31, 2014 (Un-Audited)					
Total income	450	298,394	212,767	-	511,611
Total expense	<u>14,997</u>	<u>205,534</u>	<u>166,675</u>	-	<u>387,206</u>
Net income	<u>(14,547)</u>	<u>92,860</u>	<u>46,092</u>	-	<u>124,405</u>
First quarter ended March 31, 2013 (Un-Audited)					
Total income	-	245,898	179,174	-	425,072
Total expense	<u>17,217</u>	<u>163,883</u>	<u>131,916</u>	-	<u>313,016</u>
Net income	<u>(17,217)</u>	<u>82,015</u>	<u>47,258</u>	-	<u>112,056</u>

17 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	March 31, 2014	March 31, 2013
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	<u>80,469</u>	<u>70,546</u>
Balances with other banks	<u>226,535</u>	<u>113,076</u>
Placements	<u>200,000</u>	<u>-</u>
	<u>507,004</u>	<u>183,622</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

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 April 14, 2014 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman