

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2012**

PAK OMAN INVESTMENT COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT SEPTEMBER 30, 2012

(Unaudited) (Audited) (Unaudited) (Audited)
 September 30, December 31, September 30, December 31,
 2012 2011 Note 2012 2011
 ----(US Dollars in '000)---- -----(Rupees in '000)-----

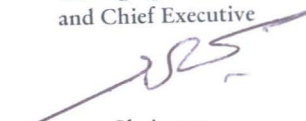
		ASSETS			
641	703	Cash and balances with treasury banks	60,797	66,679	
1,146	2,210	Balances with other banks	108,668	209,531	
14,750	13,941	Lendings to financial institutions	1,398,473	1,321,745	
111,028	112,149	Investments -net	10,526,652	10,632,874	7
67,564	60,811	Advances -net	6,405,787	5,765,561	8
684	720	Operating fixed assets	64,880	68,276	9
4,198	4,086	Deferred tax assets -net	398,005	387,350	10
4,370	4,082	Other assets	414,266	387,028	
204,381	198,702		19,377,528	18,839,044	
		LIABILITIES			
-	-	Bills payable	-	-	
68,672	70,126	Borrowings	6,510,809	6,648,716	11
54,246	49,527	Deposits and other accounts	5,143,057	4,695,693	
-	-	Sub-ordinated loans	-	-	
130	209	Liabilities against assets subject to finance lease	12,356	19,858	
-	-	Deferred tax liabilities	-	-	
5,962	6,319	Other liabilities	565,331	599,001	
129,010	126,181		12,231,553	11,963,268	
75,371	72,521	NET ASSETS	7,145,975	6,875,776	
		REPRESENTED BY			
64,866	64,866	Share capital	6,150,000	6,150,000	12
5,940	5,119	Reserves	563,182	485,312	
4,517	3,127	Unappropriated profit	428,295	296,512	
75,323	73,112		7,141,477	6,931,824	
466	505	Non controlling interest	44,153	47,850	
75,789	73,617		7,185,630	6,979,674	
(418)	(1,096)	Deficit on revaluation of assets - net of deferred tax	(39,655)	(103,898)	13
75,371	72,521		7,145,975	6,875,776	
		CONTINGENCIES AND COMMITMENTS		14	

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, 2012

Nine months ended		Note	Quarter ended		Nine months ended	
September 30, 2012	September 30, 2011		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
(US Dollars in '000)			(Rupees in '000)			
16,895	18,659	Mark-up/return/interest earned	534,095	597,691	1,601,848	1,769,111
11,017	12,592	Mark-up/return/interest expensed	339,241	385,623	1,044,518	1,193,808
5,878	6,067	Net mark-up/ interest income	194,854	212,068	557,330	575,303
(91)	(368)	Reversal of provision against non -performing advances	(5,775)	(10,607)	(8,646)	(34,917)
787	(224)	Provision / (reversal) for diminution in the value of investments	28,284	(11,486)	74,649	(21,201)
-	-	Bad debts written off directly	-	-	-	-
696	(592)		22,509	(22,093)	66,003	(56,118)
5,182	6,659	Net mark-up/ interest income after provisions	172,345	234,161	491,327	631,421
NON MARK-UP/INTEREST INCOME						
267	269	Fee, commission and brokerage income	3,185	10,253	25,309	25,525
343	340	Dividend income	24,651	2,482	32,533	32,271
2,020	(262)	Gain / (loss) on sale of securities	104,483	(49,115)	191,528	(24,818)
-	-	Unrealised gain / (loss) on revaluation of investments classified as 'held-for-trading' securities	-	-	-	(1,150)
510	(12)	Other income	31,532	23,339	48,332	2,569
24	28		1,480	783	2,231	34,397
3,164	363	Total non -mark up/interest income	165,331	(12,258)	299,933	34,397
8,346	7,022		337,676	221,903	791,260	665,818
NON MARK-UP/INTEREST EXPENSES						
2,686	2,573	Administrative expenses	72,465	86,348	254,676	243,907
-	-	Other provisions / (reversal)	(11,129)	-	-	-
115	158	Other charges	3,282	8,708	10,894	15,135
2,801	2,731	Total non-mark up/interest expenses	64,618	95,056	265,570	259,042
5,545	4,291		273,058	126,847	525,690	406,776
525	320	Share of results of associates - net of tax	-	16,745	49,808	30,384
-	-	Extra ordinary /unusual items	-	-	-	-
6,070	4,611	PROFIT BEFORE TAXATION	273,058	143,592	575,498	437,160
2,015	1,538	Taxation - current	96,011	53,014	191,043	145,827
-	-	- prior	-	-	-	-
(388)	270	- deferred	(7,639)	13,769	(36,751)	25,623
1,627	1,808		88,372	66,783	154,292	171,450
4,443	2,803	PROFIT AFTER TAXATION	184,686	76,809	421,206	265,710
PROFIT / (LOSS) ATTRIBUTABLE TO:						
4,482	2,957	Shareholders of the holding company	184,448	86,146	424,903	280,319
(39)	(154)	Non-controlling interest	238	(9,337)	(3,697)	(14,609)
4,443	2,803		184,686	76,809	421,206	265,710
US \$ 0.0073	US \$ 0.0048	Basic and diluted earnings per share (Rupees)	0.30	0.14	0.69	0.46

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, 2012

Nine months ended			Quarter ended		Nine months ended	
September 30, 2012	September 30, 2011		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
4,443	2,803	Profit after taxation	184,686	76,809	421,206	265,710
-	-	Other comprehensive income	-	-	-	-
<u>4,443</u>	<u>2,803</u>	Total comprehensive income for the period	<u>184,686</u>	<u>76,809</u>	<u>421,206</u>	<u>265,710</u>
Total comprehensive income attributable to:						
4,482	2,957	Shareholders of the holding company	184,448	86,146	424,903	280,319
(39)	(154)	Non-controlling interest	238	(9,337)	(3,697)	(14,609)
<u>4,443</u>	<u>2,803</u>		<u>184,686</u>	<u>76,809</u>	<u>421,206</u>	<u>265,710</u>

Deficit / surplus on revaluation of assets has been reported in accordance with the requirements of 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, 2012

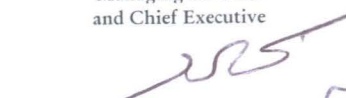
September 30, 2012	September 30, 2011		September 30, 2012	September 30, 2011
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES				
6,070	4,611	Profit before taxation	575,498	437,160
343	340	Less: Dividend income	32,533	32,271
<u>5,727</u>	<u>4,271</u>		<u>542,965</u>	<u>404,889</u>
Adjustments for non-cash charges				
141	153	Depreciation	13,391	14,536
18	18	Amortisation of intangible assets	1,737	1,702
(510)	12	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading'	(48,332)	1,150
(7)	(25)	(Gain) on sale of fixed assets	(622)	(2,337)
(525)	(320)	Share of (gain) from associates - net of tax	(49,808)	(30,384)
(91)	(368)	Reversal of provision against non-performing advances	(8,646)	(34,917)
787	(224)	Provision / (reversal) for diminution in the value of investments	74,649	(21,201)
(16,895)	(18,659)	Financial income	(1,601,848)	(1,769,111)
11,017	12,592	Financial charges	1,044,518	1,193,808
<u>(6,065)</u>	<u>(6,821)</u>		<u>(574,961)</u>	<u>(646,754)</u>
(338)	(2,550)		(31,996)	(241,865)
(Increase)/decrease in operating assets				
(809)	17,482	Lendings to financial institutions	(76,728)	1,657,430
5,514	(11,851)	Net investments in held-for-trading securities	522,825	(1,123,561)
(6,820)	(2,982)	Advances	(646,580)	(282,770)
(7)	522	Other assets	(695)	49,555
<u>(2,122)</u>	<u>3,171</u>		<u>(201,178)</u>	<u>300,654</u>
Increase/(decrease) in operating liabilities				
-	-	Bills payable	-	-
(1,455)	(2,384)	Borrowings	(137,907)	(226,059)
4,719	(4,084)	Deposits and other accounts	447,364	(387,209)
(79)	(43)	Liabilities against assets subject to finance lease	(7,502)	(4,033)
(165)	321	Other liabilities	(15,646)	30,572
<u>3,020</u>	<u>(6,190)</u>		<u>286,309</u>	<u>(586,729)</u>
560	(5,569)		53,135	(527,940)
16,479	17,708	Financial income received	1,562,339	1,678,869
(11,174)	(11,296)	Financial charges paid	(1,059,448)	(1,070,940)
(2,048)	(1,181)	Income tax paid	(194,137)	(111,973)
<u>3,817</u>	<u>(338)</u>	Net cash from / (used in) operating activities	<u>361,889</u>	<u>(31,984)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
(3,229)	(5,034)	Net (Investments in)/proceeds from available-for-sale securities	(306,097)	(477,308)
39	576	Net proceeds from investments in held-to-maturity	3,694	54,579
154	814	Investments in associates	14,630	77,192
480	296	Dividend received	45,499	28,077
(148)	(205)	Investments in operating fixed assets	(14,079)	(19,437)
31	63	Sale proceeds of property and equipment disposed-off	2,969	5,998
<u>(2,673)</u>	<u>(3,490)</u>	Net cash (used in) investing activities	<u>(253,384)</u>	<u>(330,899)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
(2,270)	(2,595)	Dividend paid	(215,250)	(246,000)
<u>(2,270)</u>	<u>(2,595)</u>	Net cash used in financing activities	<u>(215,250)</u>	<u>(246,000)</u>
(1,126)	(6,423)	Decrease in cash and cash equivalents	(106,745)	(608,883)
2,913	7,884	Cash and cash equivalents at the beginning of the period	276,210	747,446
<u>1,787</u>	<u>1,461</u>	Cash and cash equivalents at the end of the period	<u>169,465</u>	<u>138,563</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, 2012

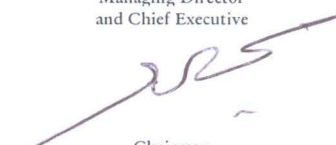
	Issued, subscribed and paid up capital	Reserves			Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve	Contingencies reserve				
------(Rupees in '000)-----								
Balance as at January 1, 2011	6,150,000	404,078	66,437	22,053	151,276	6,793,844	74,309	6,868,153
Comprehensive income								
Net profit after tax for the nine months ended September 30, 2011	-	-	-	-	280,319	280,319	(14,609)	265,710
Other comprehensive income -net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	280,319	280,319	(14,609)	265,710
Transfers								
Transfer from general reserve	-	-	(54,807)	-	54,807	-	-	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-	-	-
Transfer to statutory reserve	-	60,636	-	-	(60,636)	-	-	-
Transactions with owners recognised directly in equity								
Dividend for the year ended December 31, 2010 (Re 0.4 per share)	-	-	-	-	(246,000)	(246,000)	-	(246,000)
Balance as at September 30, 2011	6,150,000	464,714	11,630	-	201,819	6,828,163	59,700	6,887,863
Comprehensive income								
Net profit after tax for the quarter ended December 31, 2011	-	-	-	-	103,661	103,661	(11,850)	91,811
Other comprehensive income -net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	103,661	103,661	(11,850)	91,811
Transfers								
Transfer to statutory reserve	-	8,968	-	-	(8,968)	-	-	-
Balance as at December 31, 2011	6,150,000	473,682	11,630	-	296,512	6,931,824	47,850	6,979,674
Comprehensive income								
Net profit after tax for the nine months ended September 30, 2012	-	-	-	-	424,903	424,903	(3,697)	421,206
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	424,903	424,903	(3,697)	421,206
Transfers								
Transfer to statutory reserve	-	77,870	-	-	(77,870)	-	-	-
Transaction with owners recognised directly in equity								
Dividend for the year ended December 31, 2011 (Re. 0.35 per share)	-	-	-	-	(215,250)	(215,250)	-	(215,250)
Balance as at September 30, 2012	6,150,000	551,552	11,630	-	428,295	7,141,477	44,153	7,185,630

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, 2012

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, Gawadar 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-12	31-Dec-11
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.	37.98	33.63
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.	81.80	98.63
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.	72.08	83.34
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing micro finance 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

During the quarter ended September 30, 2012, the Group redeemed its investments in the units of Pak Oman Government Securities fund.

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, 2012 and the unaudited financial statements of POAMCL for the year ended June 30, 2012. 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 year ended June 30, 2012
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the six months ended June 30, 2012
Pak Oman Advantage Fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Government Securities Fund	Unaudited financial statements for the year ended June 30, 2012

3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the nine months ended September 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the said directives have been followed.

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, 2011.

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 94.8105 = US dollar 1 for the nine months ended September 30, 2012 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 financial statements of the Group for the year ended December 31, 2011.

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, 2011.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the group for the year ended December 31, 2011.

7 INVESTMENTS - net

	September 30, 2012 (Un-audited)			December 31, 2011 (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	512,834	1,271,587	1,784,421	17,293	663,597	680,890
Market treasury bills (T-Bills)	227,022	1,395,145	1,622,167	586,634	2,625,176	3,211,810
Listed ordinary shares	-	-	-	101,633	-	101,633
Term finance certificates (TFCs)	109,950	-	109,950	45,031	-	45,031
	849,806	2,666,732	3,516,538	750,591	3,288,773	4,039,364
Available-for-sale securities						
Pakistan investment bonds	668,896	161,642	830,538	97,041	212,890	309,931
Market treasury bills (T-Bills)	11,598	845,228	856,826	9,140	573,859	582,999
Listed ordinary shares	223,130	-	223,130	251,314	11,066	262,380
Unlisted ordinary shares	131,333	226,000	357,333	131,333	226,000	357,333
Unlisted preference shares	231,744	-	231,744	269,744	-	269,744
Mutual funds Units / Certificates	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	762,118	-	762,118	970,838	-	970,838
National Saving Bonds	9,999	-	9,999	-	-	-
Term finance certificates (TFCs)	2,822,069	177,906	2,999,975	3,088,510	178,469	3,266,979
	4,875,224	1,410,776	6,286,000	4,832,257	1,202,284	6,034,541
Held-to-maturity securities						
Pakistan investment bonds	203,799	-	203,799	207,493	-	207,493
Associates						
Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	312,439	-	312,439	296,899	-	296,899
Pak Oman Advantage Islamic Income Fund	110,066	-	110,066	105,332	-	105,332
Pak Oman Islamic Asset Allocation Fund	116,821	-	116,821	103,920	-	103,920
Pak Oman Advantage Asset Allocation Fund	100,140	-	100,140	89,180	-	89,180
Pak Oman Government Securities Fund	50,013	-	50,013	57,181	-	57,181
Pak Oman Microfinance Bank Limited	233,893	-	233,893	233,724	-	233,724
	923,372	-	923,372	886,236	-	886,236
Investments at cost	6,852,201	4,077,508	10,929,709	6,676,577	4,491,057	11,167,634
Less: Provision for diminution in the value of investments	378,963	-	378,963	373,952	-	373,952
Investments - net of provisions	6,473,238	4,077,508	10,550,746	6,302,625	4,491,057	10,793,682
Gain / (loss) on revaluation of held-for-trading securities	8,239	23,972	32,211	(5,267)	(10,855)	(16,122)
(Deficit) / surplus on revaluation of available-for-sale securities	(67,987)	11,682	(56,305)	(150,239)	5,553	(144,686)
Total investments at carrying value	6,413,490	4,113,162	10,526,652	6,147,119	4,485,755	10,632,874

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	6,393,779	5,770,498
Net investment in finance lease in Pakistan	992,586	969,287
Advances - gross	7,386,365	6,739,785
Less: Provision for non-performing advances	(980,578)	(974,224)
Advances - net of provision	6,405,787	5,765,561

8.1 Advances include amount aggregating Rs. 1,141.459 million (December 31, 2011: Rs. 1,199.078 million), which have been placed under the non-performing status as detailed below:

September 30, 2012 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	-	-	-	-	-
Doubtful	135,741	-	135,741	65,642	65,642
Loss	1,005,718	-	1,005,718	914,936	914,936
	<u>1,141,459</u>	<u>-</u>	<u>1,141,459</u>	<u>980,578</u>	<u>980,578</u>
December 31, 2011 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	126,121	-	126,121	31,530	31,530
Doubtful	59,595	-	59,595	22,298	22,298
Loss	1,013,362	-	1,013,362	920,396	920,396
	<u>1,199,078</u>	<u>-</u>	<u>1,199,078</u>	<u>974,224</u>	<u>974,224</u>

8.2 In accordance with BSD Circular No. 1 dated October 21, 2011 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 holding company, the specific provision against non-performing advances and term finance certificates would have been higher by Rs. 173.791 million (net of tax Rs. 112.964 million) and profit before taxation for the nine months ended September 30, 2012 would have been reduced by the same amount. As of September 30, 2012, the holding company has availed total accumulated FSV benefit amounting to Rs. 297.473 million (net of tax Rs. 193.357 million). Accordingly accumulated profit of Rs. 193.357 million will not be available for the distribution as cash or stock dividend to shareholders of the holding company as required by the aforementioned SBP directives.

9 OPERATING FIXED ASSETS	(Un-Audited) September 30, 2012	(Un-Audited) September 30, 2011
	----- (Rupees in '000) -----	
During the period additions to operating fixed assets were as follows:		
Owned		
Improvements	-	653
Office equipment	144	530
Computer equipment	1,591	1,014
Furniture and fixture	100	900
Vehicles	8,313	12,070
Intangibles	-	1,331
Assets subject to finance lease		
Vehicles	-	2,939
Capital work in progress	<u>3,931</u>	<u>-</u>
	<u>14,079</u>	<u>19,437</u>
During the period disposals from operating fixed assets were as follows:		
Owned		
Office equipment	-	37
Computer equipment	79	-
Furniture and fixture	104	109
Vehicles	1,646	1,365
Assets subject to finance lease		
Vehicles	<u>518</u>	<u>2,150</u>
	<u>2,347</u>	<u>3,661</u>

(Un-Audited) (Audited)
September 30, 2012 December 31, 2011
 -----(Rupees in '000)-----

10 DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	129,949	109,111
Amortisation of premium on federal government securities	16,219	14,445
Revaluation on investments classified as held-for-trading	(11,101)	4,154
Revaluation on investments classified as available-for-sale	19,245	45,341
Provision against non-performing loans and advances	343,202	340,978
	497,514	514,029

Less: Deferred tax (liabilities) arising in respect of:

Assets subject to finance leases	(1,983)	(2,134)
Accelerated tax depreciation allowances	567	(16)
Net investment in finance leases	(97,877)	(123,016)
Dividend receivable	(216)	(1,513)
	(99,509)	(126,679)
	398,005	387,350

11 DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	791,747	803,819
Others	4,351,310	3,891,874
	5,143,057	4,695,693

11.1 The rate of return on deposits maturing October 2012 to May 2014 (2011: January 2012 to December 2013) is 10 to 13.75 (2011: 11.40 to 13.85) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) September 30, 2012	(Audited) December 31, 2011		(Un-Audited) September 30, 2012	(Audited) December 31, 2011
----- (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 Ministry of Finance on behalf of the Government of the Sultanate of Oman each held 307,495,900 (December 31, 2011: 307,495,900) ordinary shares of the Company. While 4,100 (December 31, 2011: 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, 2012	(Audited) December 31, 2011
	------(Rupees in '000)-----	
13 DEFICIT ON REVALUATION OF ASSETS - net of deferred tax		
Surplus / (Deficit) on revaluation of available-for-sale securities - net of tax		
Federal Government Securities		
- Market Treasury Bills	340	1,659
- Pakistan Investment Bonds	32,049	(798)
	<u>32,389</u>	<u>861</u>
Shares-listed	(854)	(16,192)
Term Finance Certificates		
-Listed	(79,314)	(129,134)
-Unlisted	(7,335)	668
Sukuk-unlisted	(127)	(1,941)
National Saving Bonds	(599)	-
Investment in Mutual Funds	(465)	1,052
	<u>(56,305)</u>	<u>(144,686)</u>
Deferred tax asset recognized	19,245	45,341
	<u>(37,060)</u>	<u>(99,345)</u>
Associate's share of surplus of revaluation of available-for-sale securities	(2,595)	(4,553)
	<u>(39,655)</u>	<u>(103,898)</u>

14 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:

- guarantees - 3,500

Pledge of shares on behalf of JPGL - note 14.1 70,726 70,726

Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 14.2 226,000 226,000

Commitments for:

Sale of government securities 62,883 2,135,261

Purchase of government securities - 98,362

Commitments for loans and advances and
net investment in finance leases

794,631 299,523

14.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2011: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2010: 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 (Pvt) Ltd (related party) aggregating 22,600,000 (December 31, 2011: 22,600,000) having a cost of Rs.226 million (December 31, 2010: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Pvt) Ltd (related party) against a syndicate finance facility obtained by Orient Power Company (Pvt) Ltd (related party).

14.3 There is no change in the status of tax contingency as reported in notes 29.3 of annual consolidated financial statements for the year ended December 31, 2011. However, in respect of subsidiary company the issue of federal excise duty (FED) has now been resolved and no amount will be payable by the subsidiary company.

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

	Quarter ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Profit attributable to shareholders (Rupees in '000)	<u>184,448</u>	86,146	<u>424,903</u>	280,319
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	615,000	<u>615,000</u>	615,000
Basic and diluted earnings per share (Rupees)	<u>0.30</u>	0.14	<u>0.69</u>	0.46

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
Nine months ended September 30, 2012 (Un-Audited)					
Total income	5,154	1,295,721	619,868	30,846	1,951,589
Total expense	<u>34,375</u>	<u>849,355</u>	<u>454,745</u>	<u>37,616</u>	<u>1,376,091</u>
Net income	<u>(29,221)</u>	<u>446,366</u>	<u>165,123</u>	<u>(6,770)</u>	<u>575,498</u>
Nine months ended September 30, 2011 (Un-Audited)					
Total income	8,291	1,100,163	702,132	23,306	1,833,892
Total expense	<u>31,579</u>	<u>856,326</u>	<u>463,471</u>	<u>45,356</u>	<u>1,396,732</u>
Net income	<u>(23,288)</u>	<u>243,837</u>	<u>238,661</u>	<u>(22,050)</u>	<u>437,160</u>

17 CASH AND CASH EQUIVALENTS

	(Un-Audited) Nine months ended	
	September 30, 2012	September 30, 2011
Cash and balances with treasury banks	60,797	69,641
Balances with other banks	<u>108,668</u>	<u>68,922</u>
	<u>169,465</u>	<u>138,563</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 were authorised on October 13, 2012 by the board of directors of the holding Company.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman