

**PAK OMAN INVESTMENT
COMPANY LIMITED**


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

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

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

(Unaudited) September 30, 2012 ------(US Dollars in '000)-----	(Audited) December 31, 2011		(Unaudited) September 30, 2012 ------(Rupees in '000)-----	(Audited) December 31, 2011
		Note		
ASSETS				
641	703		60,785	66,647
1,141	2,205		108,196	209,058
14,750	13,941		1,398,473	1,321,745
110,193	111,696	6	10,447,417	10,589,968
67,565	60,827	7	6,405,908	5,767,026
661	673	8	62,704	63,811
4,650	4,523	9	440,912	428,823
4,224	3,894		400,373	369,259
<u>203,825</u>	<u>198,462</u>		<u>19,324,768</u>	<u>18,816,337</u>
LIABILITIES				
-	-		-	-
68,672	70,126		6,510,809	6,648,716
54,246	49,527	10	5,143,057	4,695,693
-	-		-	-
129	204		12,243	19,378
-	-		-	-
6,083	6,402		576,701	606,977
<u>129,130</u>	<u>126,259</u>		<u>12,242,810</u>	<u>11,970,764</u>
<u>74,695</u>	<u>72,203</u>		<u>7,081,958</u>	<u>6,845,573</u>
NET ASSETS				
REPRESENTED BY				
64,866	64,866	11	6,150,000	6,150,000
5,940	5,119		563,182	485,312
4,280	3,266		405,836	309,606
75,086	73,251		7,119,018	6,944,918
(391)	(1,048)	12	(37,060)	(99,345)
<u>74,695</u>	<u>72,203</u>		<u>7,081,958</u>	<u>6,845,573</u>
CONTINGENCIES AND COMMITMENTS				
13				

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 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)				
16,883	18,621	Mark-up/return/interest earned	534,100	595,947	1,600,661	1,765,431	
11,017	12,592	Mark-up/return/interest expensed	339,241	385,623	1,044,518	1,193,808	
5,866	6,029	Net mark-up/ interest income	194,859	210,324	556,143	571,623	
(91)	(368)	Reversal of provision against non -performing advances	(5,775)	(10,607)	(8,646)	(34,917)	
831	25	Provision for diminution in the value of investments	28,284	(790)	78,745	2,330	
-	-	Bad debts written off directly	-	-	-	-	
740	(343)		22,509	(11,397)	70,099	(32,587)	
5,126	6,372	Net mark-up/ interest income after provisions	172,350	221,721	486,044	604,210	
NON MARK-UP/INTEREST INCOME							
93	110	Fee, commission and brokerage income	3,063	2,353	8,850	10,445	
398	1,100	Dividend income	24,651	74,463	37,781	104,252	
1,981	(415)	Gain / (loss) on sale of securities	104,483	(49,856)	187,792	(39,355)	
		Unrealised surplus on revaluation of	-	-	-	-	
505	51	investments classified as 'held-for-trading' securities	31,532	22,353	47,838	4,853	
12	25	Other income	464	551	1,165	2,355	
2,989	871	Total non -mark up/interest income	164,193	49,864	283,426	82,550	
8,115	7,243		336,543	271,585	769,470	686,760	
NON MARK-UP/INTEREST EXPENSES							
2,333	2,171	Administrative expenses	72,363	68,179	221,239	205,878	
-	-	Other provisions / (reversal)	(11,129)	-	-	-	
70	82	Other charges	3,282	3,338	6,715	7,808	
2,403	2,253	Total non-mark up/interest expenses	64,516	71,517	227,954	213,686	
5,712	4,990		272,027	200,068	541,516	473,074	
-	-	Extra ordinary /unusual items	-	-	-	-	
5,712	4,990	PROFIT BEFORE TAXATION	272,027	200,068	541,516	473,074	
2,008	1,525	Taxation - current	95,467	52,147	190,351	144,547	
-	-	- prior	-	-	-	-	
(403)	267	- deferred	(7,639)	7,188	(38,185)	25,345	
1,605	1,792		87,828	59,335	152,166	169,892	
4,107	3,198	PROFIT AFTER TAXATION	184,199	140,733	389,350	303,182	
US \$ 0.0067	US \$ 0.0052	Basic and diluted earning per share (Rupees)	14	0.30	0.23	0.63	0.49

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE 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) -----			
4,107	3,198	PROFIT AFTER TAXATION	184,199	140,733	389,350	303,182
-	-	Other comprehensive income	-	-	-	-
<u>4,107</u>	<u>3,198</u>	Total comprehensive income for the period	<u>184,199</u>	<u>140,733</u>	<u>389,350</u>	<u>303,182</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 20 form an integral part of this unconsolidated condensed interim financial information.


 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

September 30, 2012 ------(US Dollars in '000)-----	September 30, 2011		Note	September 30, 2012 ------(Rupees in '000)-----	September 30, 2011
CASH FLOW FROM OPERATING ACTIVITIES					
5,712	4,990	Profit before taxation		541,516	473,074
398	1,100	Less: Dividend income		37,781	104,252
5,314	3,890			503,735	368,822
Adjustments for non-cash charges					
122	124	Depreciation		11,606	11,756
18	15	Amortisation of intangible assets		1,729	1,393
(505)	(51)	Unrealised (surplus) on revaluation of investments classified as 'held-for-trading'		(47,838)	(4,853)
(7)	(25)	Gain on sale of fixed assets		(622)	(2,355)
(91)	(368)	Reversal of provision against non-performing advances		(8,646)	(34,917)
831	25	Provision for diminution in the value of investments		78,745	2,330
(16,883)	(18,621)	Financial income		(1,600,661)	(1,765,431)
11,017	12,592	Financial charges		1,044,518	1,193,808
(5,498)	(6,309)			(521,169)	(598,269)
(184)	(2,419)			(17,434)	(229,447)
(Increase) / decrease in operating assets					
(809)	17,482	Lendings to financial institutions		(76,728)	1,657,430
5,514	(11,775)	Net Investments in Held-for-Trading securities		522,826	(1,116,428)
(6,806)	(2,973)	Advances		(645,236)	(281,866)
(53)	808	Other assets		(4,943)	76,685
(2,154)	3,542			(204,081)	335,821
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)
(75)	(44)	Liabilities against assets subject to finance lease		(7,135)	(4,202)
(135)	307	Other liabilities		(12,766)	29,256
3,054	(6,205)			289,556	(588,214)
716	(5,082)			68,041	(481,840)
16,470	17,652	Financial income received		1,561,524	1,673,605
(11,174)	(11,296)	Financial charges paid		(1,059,448)	(1,070,940)
(2,035)	(1,158)	Income tax paid		(192,931)	(109,790)
3,977	116	Net cash from operating activities		377,186	11,035
CASH FLOW FROM INVESTING ACTIVITIES					
(3,285)	(5,034)	Net (Investments in)/proceeds from available-for-sale securities		(311,495)	(477,308)
39	576	Net proceeds from investments in held-to-maturity		3,694	54,579
-	-	Investments in associates		-	-
535	764	Dividend income received		50,747	72,480
(148)	(202)	Investments in operating fixed assets		(14,057)	(19,196)
26	63	Sale proceeds on sale of fixed assets disposed off		2,451	5,965
(2,833)	(3,833)	Net cash (used in) / from investing activities		(268,660)	(363,480)
CASH FLOW FROM FINANCING ACTIVITIES					
(2,270)	(2,595)	Dividend paid		(215,250)	(246,000)
(2,270)	(2,595)	Net cash used in financing activities		(215,250)	(246,000)
(1,126)	(6,312)	Decrease in cash and cash equivalents		(106,724)	(598,445)
2,908	7,711	Cash and cash equivalents as at beginning of the period		275,705	731,123
1,782	1,399	Cash and cash equivalents at the end of the period	16	168,981	132,678

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

	Issued, subscribed and paid up capital	Reserves			Unappropriated profit	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	200,328	6,842,896
Comprehensive Income						
Net profit after tax for the nine months ended September 30, 2011	-	-	-	-	303,182	303,182
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	303,182	303,182
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)	-
Transaction with owners recognised directly in equity						
Dividend for the year ended December 31, 2010 (Re. 0.40 per share)	-	-	-	-	(246,000)	(246,000)
Balance as at September 30, 2011	6,150,000	464,714	11,630	-	273,734	6,900,078
Comprehensive Income						
Net profit after tax for the quarter ended December 31, 2011	-	-	-	-	44,840	44,840
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	44,840	44,840
Transfers						
Transfer to statutory reserve	-	8,968	-	-	(8,968)	-
Balance as at December 31, 2011	6,150,000	473,682	11,630	-	309,606	6,944,918
Comprehensive Income						
Net profit after tax for the nine months ended September 30, 2012	-	-	-	-	389,350	389,350
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	389,350	389,350
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)
Balance as at September 30, 2012	6,150,000	551,552	11,630	-	405,836	7,119,018

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 2004 the Company was converted into a public limited company. It is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives inter alia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank. The registered office of the company is situated at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a development financial institution (DFI) under BPD Circular No. 35 dated October 28, 2003 issued by State Bank of Pakistan (SBP).

2. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company for the nine months ended September 30, 2012 have 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 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 these unconsolidated 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 unconsolidated condensed interim 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 condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2011.

The US dollar amounts shown in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollar at a rate of Rs. 94.8105 = US dollar 1 for the nine months ended September 30, 2012 and the corresponding period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2011.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2011.

5. FINANCIAL RISK MANAGEMENT

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

6 INVESTMENTS - net

	September 30, 2012 (Unaudited)			December 31, 2011 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
------(Rupees in '000)-----						
6.1 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	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	758,083	-	758,083	961,405	-	961,405
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
	4,871,189	1,410,776	6,281,965	4,822,824	1,202,284	6,025,108
Held-to-maturity securities						
Pakistan investment bonds	203,799	-	203,799	207,493	-	207,493
Associates						
Japan Power Generation Limited	51,921	70,726	122,647	51,921	70,726	122,647
Pak Oman Advantage Fund	262,828	-	262,828	262,828	-	262,828
Pak Oman Advantage Islamic Income Fund	92,667	-	92,667	92,667	-	92,667
Pak Oman Islamic Asset Allocation fund	92,414	-	92,414	92,414	-	92,414
Pak Oman Advantage Asset Allocation Fund	84,078	-	84,078	84,078	-	84,078
Pak Oman Microfinance Bank Limited	251,108	-	251,108	251,108	-	251,108
	835,016	70,726	905,742	835,016	70,726	905,742
Subsidiary						
Pak Oman Asset Management Company Limited	168,300	-	168,300	168,300	-	168,300
Investments at cost	6,928,110	4,148,234	11,076,344	6,784,224	4,561,783	11,346,007
Less: Provision for diminution in the value of investments	545,067	59,271	604,338	535,960	59,271	595,231
Investments - net of provisions	6,383,043	4,088,963	10,472,006	6,248,264	4,502,512	10,750,776
Gain / (loss) on revaluation of held-for-trading securities	7,744	23,972	31,716	(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	6,322,800	4,124,617	10,447,417	6,092,758	4,497,210	10,589,968

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
7. ADVANCES - net		
Loans in Pakistan	6,393,779	5,770,498
Net investment in finance lease in Pakistan	992,707	970,752
Advances - gross	7,386,486	6,741,250
Less: Provision for non-performing advances	(980,578)	(974,224)
Advances - net of provision	6,405,908	5,767,026

7.1 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
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	135,741	-	135,741	65,642	65,642
Loss	1,005,718	-	1,005,718	914,936	914,936
	1,141,459	-	1,141,459	980,578	980,578

December 31, 2011 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
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
	1,199,078	-	1,199,078	974,224	974,224

7.2 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the SBP, the 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. 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 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 Company as required by the aforementioned SBP directives.

	(Un-Audited)	
	Nine months ended	
	September 30, 2012	September 30, 2011
	----- (Rupees in '000) -----	
8. OPERATING FIXED ASSETS		
During the period additions to operating fixed assets were as follows:		
Owned		
Improvements	-	653
Office equipment	144	476
Computer equipment	1,569	827
Furniture and fixture	100	900
Vehicles	8,313	12,070
Intangibles	-	1,331
Assets subject to finance lease		
Vehicles	-	2,939
Capital work in process	3,931	-
	14,057	19,196

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

Owned		
Office equipment	-	30
Computer equipment	79	-
Furniture and fixture	104	65
Vehicles	1,646	1,365
Assets subject to finance lease		
Vehicles	-	2,150
	1,829	3,610

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

9 DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	172,856	150,584
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
	540,421	555,502

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)
	440,912	428,823

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

10 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

10.1 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.

11 SHARE CAPITAL

11.1 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

11.2 Issued, subscribed and paid - up capital

615,000,000	615,000,000	Ordinary shares of Rs. 10 each	6,150,000	6,150,000
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11.3 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.

12 DEFICIT ON REVALUATION OF ASSETS - net of deferred tax

(Deficit) / surplus 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)
	32,389	861
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
	(56,305)	(144,686)
Deferred tax asset recognized	19,245	45,341
	(37,060)	(99,345)

13 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:

- guarantees	-	3,500
Pledge of shares on behalf of JPGL - note 13.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 13.2	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

- 13.1** 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, 2011: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.
- 13.2** 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, 2011: 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).
- 13.3** There is no change in the status of tax contingency as reported in note 28.2 of annual financial statements for the year ended December 31, 2011.

14 **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 after taxation (Rupees in '000)	184,199	140,733	389,350	303,182
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupees)	0.30	0.23	0.63	0.49

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

15.1 The segment analysis with respect to business activities are as follows:

	Corporate Finance	Trading & Sales	Commercial Banking	Total
	Rupees in '000			
Nine months ended September 30, 2012 (Un-Audited)				
Total income	5,154	1,258,983	619,950	1,884,087
Total expense	34,375	853,451	454,745	1,342,571
Net income	(29,221)	405,532	165,205	541,516
Nine months ended September 30, 2011 (Un-Audited)				
Total income	8,291	1,137,313	702,377	1,847,981
Total expense	31,579	879,857	463,471	1,374,907
Net income	(23,288)	257,456	238,906	473,074

16 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	September 30, 2012	September 30, 2011
-----Rupees in '000-----		
Cash and balances with treasury banks	60,785	69,622
Balances with other banks	108,196	63,056
	168,981	132,678

17. **RELATED PARTY TRANSACTIONS**

17.1 The Company has related party relationship with its associates, subsidiary company, employee benefit plans, company having common directors and its key management personnel (including their associates). The details of investments in subsidiary company and associates are stated in note 6 to this unconsolidated condensed interim financial information.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation /terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Company's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

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

Subsidiary Company

-Pak Oman Asset Management Company Limited

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 heads of departments
 -Directors

Retirement benefit fund

-Defined benefit plan
 -Defined contribution plan

Other related party

-Orient Power Company (Pvt) Limited

18. CREDIT RATING

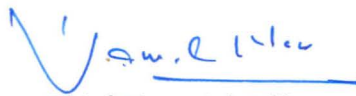
The JCR VIS Credit Rating Company Limited has maintained the company's rating of AA+ (Double AA Plus) in the long term and A-1+ (A One Plus) for the short term.

19. GENERAL

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

20. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information were authorised on October 13, 2012 by the board of directors.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman