

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

**FOR THE NINE MONTHS  
ENDED SEPTEMBER 30, 2011**

**PAK OMAN INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2011**

(Unaudited) September 30, 2011 ------(US Dollars in '000)-----	(Audited) December 31, 2010		(Unaudited) September 30, 2011 ------(Rupees in '000)-----	(Audited) December 31, 2010
<b>ASSETS</b>				
799	808	Cash and balances with treasury banks	69,641	70,420
790	7,617	Balances with other banks	68,922	664,169
9,142	28,297	Lendings to financial institutions	797,180	2,467,467
121,699	104,696	Investments -net	10,612,196	9,129,453
71,820	68,177	Advances -net	6,262,728	5,945,041
854	859	Operating fixed assets	74,439	74,901
4,132	4,638	Deferred tax assets -net	360,307	404,429
5,529	5,014	Other assets	482,125	437,244
<b>214,765</b>	<b>220,106</b>		<b>18,727,538</b>	<b>19,193,124</b>
<b>LIABILITIES</b>				
-	-	Bills payable	-	-
67,882	70,474	Borrowings	5,919,290	6,145,349
59,334	63,775	Deposits and other accounts	5,173,956	5,561,165
-	-	Sub-ordinated loans	-	-
137	183	Liabilities against assets subject to finance lease	11,945	15,978
10,272	8,126	Other liabilities	895,779	708,485
-	-	Deferred tax liabilities	-	-
<b>137,625</b>	<b>142,558</b>		<b>12,000,970</b>	<b>12,430,977</b>
<b>77,140</b>	<b>77,548</b>	<b>NET ASSETS</b>	<b>6,726,568</b>	<b>6,762,147</b>
<b>REPRESENTED BY</b>				
70,528	70,528	Share capital	6,150,000	6,150,000
5,463	5,649	Reserves	476,344	492,568
2,314	1,735	Unappropriated profit	201,819	151,276
<b>78,305</b>	<b>77,912</b>		<b>6,828,163</b>	<b>6,793,844</b>
685	852	Non controlling interest	59,700	74,309
<b>78,990</b>	<b>78,764</b>		<b>6,887,863</b>	<b>6,868,153</b>
<b>(1,850)</b>	<b>(1,216)</b>	Deficit on revaluation of assets - net of tax	<b>(161,295)</b>	<b>(106,006)</b>
<b>77,140</b>	<b>77,548</b>		<b>6,726,568</b>	<b>6,762,147</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
			14	

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

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, 2011

Nine months ended			Quarter ended		Nine months ended	
September 30, 2011	September 30, 2010		September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
----- (US Dollars in '000) -----			----- Rupees in '000 -----			
20,288	19,416	Mark-up/return/interest earned	597,691	548,293	1,769,111	1,693,109
13,690	13,020	Mark-up/return/interest expensed	385,623	354,898	1,193,808	1,135,334
6,598	6,396	<b>Net mark-up/ interest income</b>	212,068	193,395	575,303	557,775
(400)	1,168	(Reversal) of / provision against non -performing advances	(10,607)	17,436	(34,917)	101,837
(243)	10	(Reversal) of diminution in the value of investments	(11,486)	3,236	(21,201)	846
-	-	Bad debts written off directly	-	-	-	-
(643)	1,178		(22,093)	20,672	(56,118)	102,683
7,241	5,218	<b>Net mark-up/ interest income after provisions</b>	234,161	172,723	631,421	455,092
<b>NON MARK-UP/INTEREST INCOME</b>						
293	523	Fee, commission and brokerage income	10,253	15,792	25,525	45,612
370	570	Dividend income	2,482	32,435	32,271	49,713
(285)	534	Gain on sale of securities	(49,115)	(8,790)	(24,818)	46,533
(13)	(97)	Unrealised deficit on revaluation of investments classified as 'held-for-trading' securities	-	-	-	(8,421)
29	32	Other income	23,339	11,793	(1,150)	2,779
394	1,562	<b>Total non -mark up/interest income</b>	783	155	2,569	2,779
7,635	6,780		(12,258)	51,385	34,397	136,216
			221,903	224,108	665,818	591,308
<b>NON MARK-UP/INTEREST EXPENSES</b>						
2,797	2,837	Administrative expenses	86,348	86,056	243,907	247,409
-	-	Other provisions/write offs	-	-	-	-
174	205	Other charges	8,708	3,505	15,135	17,916
2,971	3,042	<b>Total non-mark up/interest expenses</b>	95,056	89,561	259,042	265,325
4,664	3,738		126,847	134,547	406,776	325,983
348	290	Share of results of associates before taxation	16,745	8,982	30,384	25,306
-	-	Extra ordinary /unusual items	-	-	-	-
5,012	4,028	<b>PROFIT BEFORE TAXATION</b>	143,592	143,529	437,160	351,289
1,672	1,578	Taxation - current	53,014	35,307	145,827	137,605
-	-	- prior	-	-	-	-
294	(313)	- deferred	13,769	8,442	25,623	(27,252)
1,966	1,265		66,783	43,749	171,450	110,353
3,046	2,763	<b>PROFIT AFTER TAXATION</b>	76,809	99,780	265,710	240,936
168	234	Share of loss attributable to non controlling interest	9,337	4,367	14,609	20,396
3,214	2,997	<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	86,146	104,147	280,319	261,332
<b>US \$ 0.0052</b>	<b>US \$ 0.0049</b>	Basic and diluted earnings per share (Rupees)	<b>0.14</b>	<b>0.17</b>	<b>0.46</b>	<b>0.42</b>

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

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 NINE MONTHS ENDED SEPTEMBER 30, 2011**

Nine months ended			Quarter ended		Nine months ended	
September 30, 2011	September 30, 2010		September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
-----(US Dollars in '000)----			-----Rupees in '000-----			
3,046	2,763	<b>Profit after taxation</b>	76,809	99,780	265,710	240,936
-	-	Other comprehensive income	-	-	-	-
<u>3,046</u>	<u>2,763</u>	Total comprehensive income for the period	<u>76,809</u>	<u>99,780</u>	<u>265,710</u>	<u>240,936</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 these consolidated condensed interim financial statements.

**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, 2011

September 30, 2011	September 30, 2010		Note	September 30, 2011	September 30, 2010
-----(US Dollars in '000)----				------(Rupees in '000)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
5,012	4,028	Profit before taxation		437,160	351,289
<u>370</u>	<u>570</u>	Less: Dividend income		<u>32,271</u>	<u>49,713</u>
4,642	3,458			404,889	301,576
<b>Adjustments for non-cash charges</b>					
167	185	Depreciation		14,536	16,138
20	31	Amortisation of intangible assets		1,702	2,695
13	97	Unrealised deficit on revaluation of investments classified as 'held-for-trading'		1,150	8,421
(27)	(29)	(Gain) on sale of fixed assets		(2,337)	(2,544)
(348)	(290)	Share of (gain) from associates before taxation		(30,384)	(25,306)
(400)	1,168	(Reversal) of / provision against non-performing advances		(34,917)	101,837
(243)	10	(Reversal) of / provision for diminution in the value of investments		(21,201)	846
(20,288)	(19,416)	Financial income		(1,769,111)	(1,693,109)
13,690	13,020	Financial charges		1,193,808	1,135,334
<u>(7,416)</u>	<u>(5,224)</u>			<u>(646,754)</u>	<u>(455,688)</u>
(2,774)	(1,766)			(241,865)	(154,112)
<b>(Increase)/decrease in operating assets</b>					
19,007	2,748	Lendings to financial institutions		1,657,430	239,604
(12,885)	17,616	Net investments in held-for-trading securities		(1,123,561)	1,536,111
(3,243)	(6,483)	Advances		(282,770)	(565,342)
567	185	Other assets		49,555	16,244
3,446	14,066			300,654	1,226,617
<b>Increase/(decrease) in operating liabilities</b>					
-	-	Bills payable		-	-
(2,592)	(25,754)	Borrowings		(226,059)	(2,245,779)
(4,440)	6,538	Deposits and other accounts		(387,209)	570,114
(46)	12	Liabilities against assets subject to finance lease		(4,033)	1,033
350	13	Other liabilities		30,572	1,242
<u>(6,728)</u>	<u>(19,191)</u>			<u>(586,729)</u>	<u>(1,673,390)</u>
(6,056)	(6,891)			(527,940)	(600,885)
19,253	19,194	Financial income received		1,678,869	1,673,715
(12,281)	(12,236)	Financial charges paid		(1,070,940)	(1,066,956)
(1,284)	(1,133)	Income tax paid		(111,973)	(98,771)
<u>(368)</u>	<u>(1,066)</u>	Net cash (used in) operating activities		<u>(31,984)</u>	<u>(92,897)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
(4,588)	(6,219)	Net investments in available-for-sale securities		(400,116)	(542,304)
626	62	Net investments in held-to-maturity		54,579	5,388
322	225	Dividend received		28,077	19,602
(223)	(222)	Investments in operating fixed assets		(19,437)	(19,380)
69	60	Sale proceeds of property and equipment disposed-off		5,998	5,259
<u>(3,794)</u>	<u>(6,094)</u>	Net cash (used in) investing activities		<u>(330,899)</u>	<u>(531,435)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
(2,821)	-	Dividend paid		(246,000)	-
<u>(2,821)</u>	<u>-</u>	Net cash used in financing activities		<u>(246,000)</u>	<u>-</u>
(6,983)	(7,160)	Decrease in cash and cash equivalents		(608,883)	(624,332)
8,572	8,543	Cash and cash equivalents at the beginning of the period		747,446	744,947
<u>1,589</u>	<u>1,383</u>	<b>Cash and cash equivalents at the end of the period</b>	17	<u>138,563</u>	<u>120,615</u>

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

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, 2011

	Issued, subscribed and paid up capital	Reserve			Unappropriated profit / (Loss)	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve	Contingencies reserve				
-----Rupees in '000-----								
<b>Balance as at January 1, 2010</b>	6,150,000	348,483	66,437	-	(126,035)	6,438,885	96,469	6,535,354
<b>Comprehensive income</b>								
Net profit after tax for the nine months ended September 30, 2010	-	-	-	-	240,936	240,936	-	240,936
Other comprehensive income	-	-	-	-	240,936	240,936	-	240,936
Share of loss attributable to non-controlling interest	-	-	-	-	20,396	20,396	(20,396)	-
Transfer to statutory reserve	-	47,604	-	-	(47,604)	-	-	-
Transfer to contingencies reserve	-	-	-	14,600	(14,600)	-	-	-
<b>Balance as at September 30, 2010</b>	<b>6,150,000</b>	<b>396,087</b>	<b>66,437</b>	<b>14,600</b>	<b>73,093</b>	<b>6,700,217</b>	<b>76,073</b>	<b>6,776,290</b>
<b>Comprehensive income</b>								
Net profit after tax for the quarter ended December 31, 2010	-	-	-	-	91,863	91,863	-	91,863
Other comprehensive income	-	-	-	-	91,863	91,863	-	91,863
Transfer to statutory reserve	-	7,991	-	-	(7,991)	-	-	-
Transfer to contingencies reserve	-	-	-	7,453	(7,453)	-	-	-
Share of loss attributable to non-controlling interest	-	-	-	-	1,764	1,764	(1,764)	-
<b>Balance as at December 31, 2010</b>	<b>6,150,000</b>	<b>404,078</b>	<b>66,437</b>	<b>22,053</b>	<b>151,276</b>	<b>6,793,844</b>	<b>74,309</b>	<b>6,868,153</b>
Transfer from general reserve	-	-	(54,807)	-	54,807	-	-	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-	-	-
<b>Transaction with owners</b>								
Dividend for the year ended December 31, 2010	-	-	-	-	(246,000)	(246,000)	-	(246,000)
<b>Comprehensive income</b>								
Net profit after tax for the nine months ended September 30, 2011	-	-	-	-	265,710	265,710	-	265,710
Other comprehensive income	-	-	-	-	265,710	265,710	-	265,710
Share of loss attributable to non controlling interest	-	-	-	-	14,609	14,609	(14,609)	-
Transfer to statutory reserve	-	60,636	-	-	(60,636)	-	-	-
<b>Balance as at September 30, 2011</b>	<b>6,150,000</b>	<b>464,714</b>	<b>11,630</b>	<b>-</b>	<b>201,819</b>	<b>6,828,163</b>	<b>59,700</b>	<b>6,887,863</b>

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

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 STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

The Group comprises of Pak Oman Investment Company Limited - POICL (the holding company) and a subsidiary, Pak Oman Asset Management Company Limited (POAMCL). POAMCL is involved in investment advisory, portfolio management, equity research and corporate finance. POICL holds 51% of the share capital of POAMCL.

The Group's associates are as follows:

Entity	Country of incorporation	Nature of business	Holding percentage 30-Sep-11
Japan Power Generation Limited (JPGL)	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	19.59
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.	33.4
Pak Oman Advantage Fund	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	27.36
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	33.82
Pak Oman Islamic Asset Allocation Fund (formerly Pak Oman Advantage Islamic Fund)	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	98.88
Pak Oman Advantage Asset Allocation fund (formerly Pak Oman Advantage stock fund)	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	72.36

The holding 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. POICL's objectives interalia 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, Shahr-e-Faisal, Karachi, Pakistan. POICL operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. POICL is designated as a development financial institution (DFI) under the BPD circular No. 35 dated October 28, 2003 issued by the State Bank of Pakistan.

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 1st Floor, Tower A, Finance and Trade Center, Shahr-e-Faisal, Karachi, Pakistan. The company obtained certificate of commencement of business on October 31, 2006. The principal activities of the company include investment advisory and corporate finance.

## 2 BASIS OF PRESENTATION AND CONSOLIDATION

### 2.1 Basis of presentation

2.1.1 These consolidated condensed interim financial statements have been prepared from the information available in the unconsolidated condensed interim financial statements of the holding company for the nine months ended September 30, 2011 and the audited financial statements of POAMCL for the year ended June 30, 2011.

2.1.2 The associates have been accounted for in this consolidated condensed interim financial statements under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited (JPGL)	Audited financial statements for the year ended June 30, 2011
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the six months ended June 30, 2011
Pak Oman Advantage Fund	Audited financial statements for the year ended June 30, 2011
Pak Oman Advantage Islamic Income Fund	Audited financial statements for the year ended June 30, 2011
Pak Oman Islamic Asset Allocation Fund ( <i>formerly Pak Oman Advantage Islamic Fund</i> )	Audited financial statements for the year ended June 30, 2011
Pak Oman Advantage Asset Allocation fund ( <i>formerly Pak Oman Advantage stock fund</i> )	Audited financial statements for the year ended June 30, 2011

## 3 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the nine months ended September 30, 2011 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 and the the State Bank of Pakistan. In case where requirements differ, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the said directives have been followed.

The State Bank of Pakistan 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 consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

The disclosures made in these condensed interim consolidated financial statements 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, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2010.

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. 87.20 = US dollar 1 for the nine months ended September 30, 2011 and the corresponding period.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended December 31, 2010.

## 5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the group for the year ended December 31, 2010.

## 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, 2010.

7 INVESTMENTS

	Held by the Group	Given as collateral	Total
	----- Rupees in '000 -----		
<b>Balance as at September 30, 2011 (un-audited)</b>	<b>6,415,062</b>	<b>4,197,134</b>	<b>10,612,196</b>
Balance as at December 31, 2010 (audited)	6,985,544	2,143,909	9,129,453

September 30, 2011 (Un-audited)			December 31, 2010 (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	93,627	363,027	456,654	113,479	25,556	139,035
Market treasury bills (T-Bills)	601,493	279,223	880,716	19,097	-	19,097
Listed ordinary shares	22,862	-	22,862	27,913	-	27,913
Mutual fund units	-	-	-	25,000	-	25,000
Sukuk Certificates	9,124	-	9,124	9,124	-	9,124
Term finance certificates (TFCs)	13,232	-	13,232	51,258	-	51,258
	<b>740,338</b>	<b>642,250</b>	<b>1,382,588</b>	<b>245,871</b>	<b>25,556</b>	<b>271,427</b>

**Available-for-sale securities**

Pakistan investment bonds	16,417	768,910	785,327	48,658	472,516	521,174
Market treasury bills (T-Bills)	68,640	2,366,636	2,435,276	668,776	1,249,421	1,918,197
Listed ordinary shares	244,450	11,066	255,516	273,718	12,206	285,924
Unlisted ordinary shares	131,333	226,000	357,333	208,333	226,000	434,333
Unlisted preference shares	269,744	-	269,744	-	-	-
Mutual funds Units / Certificates	14,337	-	14,337	184,211	-	184,211
Sukuk certificates	1,075,374	-	1,075,374	1,311,891	-	1,311,891
Term finance certificates (TFCs)	3,220,962	175,616	3,396,578	3,271,840	189,887	3,461,727
	<b>5,041,257</b>	<b>3,548,228</b>	<b>8,589,485</b>	<b>5,967,427</b>	<b>2,150,030</b>	<b>8,117,457</b>

**Held-to-maturity securities**

Pakistan investment bonds	208,640	-	208,640	263,219	-	263,219
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**Associates**

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	279,824	-	279,824	286,702	-	286,702
Pak Oman Advantage Islamic Income Fund	153,866	-	153,866	103,327	-	103,327
Pak Oman Islamic Asset Allocation Fund (formerly : <i>Pak Oman Advantage Islamic Fund</i> )	104,562	-	104,562	129,786	-	129,786
Pak Oman Advantage Asset Allocation Fund (formerly: <i>Pak Oman Advantage Stock Fund</i> )	102,129	-	102,129	167,434	-	167,434
Pak Oman Microfinance Bank Limited	234,974	-	234,974	228,611	-	228,611
	<b>875,355</b>	<b>-</b>	<b>875,355</b>	<b>915,860</b>	<b>-</b>	<b>915,860</b>

**Investment at cost**

	<b>6,865,590</b>	<b>4,190,478</b>	<b>11,056,068</b>	<b>7,392,377</b>	<b>2,175,586</b>	<b>9,567,963</b>
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Less: Provision for diminution in the value of investment

	284,895	-	284,895	306,096	-	306,096
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Less: Provision for impairment in the value of investment

	7,570	-	7,570	12,850	-	12,850
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**Investments - net of provisions**

	<b>6,573,125</b>	<b>4,190,478</b>	<b>10,763,603</b>	<b>7,073,431</b>	<b>2,175,586</b>	<b>9,249,017</b>
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Surplus / (deficit) on revaluation of held-for-trading securities

	5,961	3,463	9,424	(1,656)	(170)	(1,826)
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(Deficit) / surplus on revaluation of available-for-sale securities

	(164,024)	3,193	(160,831)	(86,231)	(31,507)	(117,738)
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**Total investments at market value**

	<b>6,415,062</b>	<b>4,197,134</b>	<b>10,612,196</b>	<b>6,985,544</b>	<b>2,143,909</b>	<b>9,129,453</b>
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	(Un-audited) September 30, 2011	(Audited) December 31, 2010
----- Rupees in '000 -----		
8. <b>ADVANCES</b>		
Loans in Pakistan	6,183,882	5,863,548
Net investment in finance lease in Pakistan	1,151,558	1,189,122
<b>Advances - gross</b>	<b>7,335,440</b>	<b>7,052,670</b>
Less: Provision for non-performing advances	<b>(1,072,712)</b>	<b>(1,107,629)</b>
<b>Advances - net of provision</b>	<b>6,262,728</b>	<b>5,945,041</b>

8.1 Advances include amount aggregating Rs. 1,177.558 million (December 31, 2010: Rs. 1,221,006 million), which have been placed under the non-performing status as detailed below:

September 30, 2011 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision	Provision
				required	held
----- Rupees in '000 -----					
Substandard	-	-	-	-	-
Doubtful	15,000	-	15,000	-	-
Loss	1,162,558	-	1,162,558	1,072,712	1,072,712
	<b>1,177,558</b>	<b>-</b>	<b>1,177,558</b>	<b>1,072,712</b>	<b>1,072,712</b>

December 31, 2010 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision	Provision
				required	held
----- Rupees in '000 -----					
Substandard	20,988	-	20,988	8,125	8,125
Doubtful	23,617	-	23,617	6,949	6,949
Loss	1,176,401	-	1,176,401	1,092,555	1,092,555
	<b>1,221,006</b>	<b>-</b>	<b>1,221,006</b>	<b>1,107,629</b>	<b>1,107,629</b>

9 OPERATING FIXED ASSETS

(Un-Audited) (Un-Audited)  
September 30, 2011 September 30, 2010  
------(Rupees in '000)-----

During the period additions to operating fixed assets were as follows:

	(Un-Audited) September 30, 2011	(Un-Audited) September 30, 2010
<b>Owned</b>		
Office premises on leasehold land	-	-
Improvements	653	26
Office equipment	530	293
Computer equipment	1,014	4,682
Furniture and fixture	900	345
Vehicles	12,070	367
Intangibles	1,331	4,445
<b>Assets subject to finance lease</b>	-	-
Vehicles	2,939	9,222
<b>Additions</b>	<b>19,437</b>	<b>19,380</b>

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

	(Un-Audited) September 30, 2011	(Audited) December 31, 2010
<b>Owned</b>		
Office premises on leasehold land	-	-
Improvements	-	14
Office equipment	37	15
Computer equipment	-	54
Furniture and fixture	109	145
Vehicles	1,365	-
<b>Assets subject to finance lease</b>	-	-
Vehicles	2,150	2,487
<b>Disposals</b>	<b>3,661</b>	<b>2,715</b>

(Un-Audited) (Audited)  
September 30, 2011 December 31, 2010  
------(Rupees in '000)-----

10 DEFFERED TAX ASSETS - net

**Deductible temporary differences on:**

Assets subject to finance leases	(2,367)	2,452
Amortization of premium	36,622	53,581
Deficit on revaluation of available-for-sale government securities	(464)	11,732
Provision for diminution in the value of investments	99,713	107,134
Provision against non-performing advances	375,449	387,670
	<b>508,953</b>	<b>562,569</b>

**Taxable temporary differences on:**

Accelerated tax depreciation allowances	(459)	(860)
Net investment in finance leases	(143,649)	(163,839)
Unassessed tax losses	-	6,581
others	(4,538)	(22)
	<b>(148,646)</b>	<b>(158,140)</b>

Net deferred tax assets

**360,307** **404,429**

11 DEPOSITS AND OTHER ACCOUNTS

Certificate of investment - remunerative (in local currency)

Financial institutions	840,079	763,119
Others	4,333,877	4,798,046
	<b>5,173,956</b>	<b>5,561,165</b>

11.1 The rate of return on deposits maturing October 2011 to July 2013 (2010: January 2011 to January 2013) is 12.50 to 13.85 (2010: 12 to 18) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) September 30, 2011 ------(Number of shares)-----	(Audited) December 31, 2010	(Un-Audited) September 30, 2011 ------(Rupees in '000)-----	(Audited) December 31, 2010
<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

12.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	<u>6,150,000</u>	<u>6,150,000</u>
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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, 2010: 307,495,900) ordinary shares of the Company. While 4,100 (December 31, 2010: 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.

13 DEFICIT ON REVALUATION OF ASSETS - net

Surplus / (Deficit) on revaluation of available-for-sale securities - net of tax

Government securities - (deficit)	1,325	(33,520)
Less: Deferred tax asset	<u>(464)</u>	<u>11,732</u>
	861	(21,788)
Listed TFCs - (deficit)	<u>(122,677)</u>	<u>(69,231)</u>
Shares/Units - (deficit)	<u>(39,479)</u>	<u>(14,987)</u>
	<u>(161,295)</u>	<u>(106,006)</u>

14 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:		
- guarantees	3,500	11,301
- import letter of credits	-	13,730
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 loans and advances and net investment in finance leases	375,277	303,930

14.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2010: 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, 2010: 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).

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

	Quarter Ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Profit attributable to shareholders (Rupees in '000)	<b>86,146</b>	104,147	<b>280,319</b>	261,332
Weighted average number of ordinary shares (in '000)	<b>615,000</b>	615,000	<b>615,000</b>	615,000
Basic and diluted earnings per share (Rupees)	<b>0.14</b>	0.17	<b>0.46</b>	0.42

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

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

September 30, 2011 (Un-Audited)	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
<b>Total income</b>	<b>8,291</b>	<b>1,100,163</b>	<b>702,132</b>	<b>23,306</b>	<b>1,833,892</b>
<b>Total expense</b>	<b>31,579</b>	<b>856,326</b>	<b>463,471</b>	<b>45,356</b>	<b>1,396,732</b>
<b>Net income</b>	<b>(23,288)</b>	<b>243,837</b>	<b>238,661</b>	<b>(22,050)</b>	<b>437,160</b>
September 30, 2010 (Un-Audited)					
Total income	10,044	1,205,585	603,120	35,882	1,854,631
Total expense	30,638	858,005	541,256	73,443	1,503,342
Net income	(20,594)	347,580	61,864	(37,561)	351,289

(Un-Audited)

Nine months ended

September 30, 2011 September 30, 2010

----- Rupees in '000 -----

17 **CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	<b>69,641</b>	64,385
Balances with other banks	<b>68,922</b>	56,230
	<b>138,563</b>	120,615

18 **RELATED PARTY TRANSACTIONS**

18.1 The Group has related party relationship with its associated undertakings, employee benefit plans and its key management personnel. The details of investments in associated undertakings are disclosed in note 7 to these consolidated condensed interim financial statements. Transactions between the Company and its related parties are carried as per terms agreed.

**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 (formerly Pak Oman Advantage Islamic Fund)
- Pak Oman Advantage Asset Allocation Fund (formerly Pak Oman Advantage Stock Fund)

**Other related party**

- Orient Power Company (Private) Limited

**Key management Personnel**

- All head of departments
- Directors

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

	(Un-Audited) September 30, 2011				(Audited) December 31, 2010			
	At January 01,	Given during the year	Repaid during the year	At September 30,	At January 01,	Given during the year	Repaid during the year	At December 31
	----- (Rupees in '000) -----							
<b>Advances</b>								
Key Management Executives	46,384	31,703	(10,030)	68,057	53,630	16,199	(23,445)	46,384
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Other related party	566,748	-	(286,645)	280,103	318,314	636,497	(388,063)	566,748
	<b>681,332</b>	<b>31,703</b>	<b>(296,675)</b>	<b>416,360</b>	<b>440,144</b>	<b>652,696</b>	<b>(411,508)</b>	<b>681,332</b>

	(Un-Audited) September 30, 2011	(Audited) December 31, 2010
<b>Investments</b>		
Other related party	226,000	226,000

	(Un-Audited) September 30, 2011				(Audited) December 31, 2010			
	At January 01,	Received during the year	Repaid during the year	At September 30,	At January 01,	Received during the year	Repaid during the year	At December 31
	----- (Rupees in '000) -----							
<b>Deposits</b>								
Associates	388,119	182,960	(231,000)	340,079	211,861	388,119	(211,861)	388,119
Other Related Party	-	-	-	-	-	-	-	-
	<b>388,119</b>	<b>182,960</b>	<b>(231,000)</b>	<b>340,079</b>	<b>211,861</b>	<b>388,119</b>	<b>(211,861)</b>	<b>388,119</b>

	(Un-Audited) September 30, 2011				(Audited) December 31, 2010			
	At January 01,	Received during the year	Repaid during the year	At September 30,	At January 01,	Received during the year	Repaid during the year	At December 31
	----- (Rupees in '000) -----							
<b>Borrowings</b>								
Associates	63,520	100,000	(63,520)	100,000	-	63,520	-	63,520
Other Related Party	-	-	-	-	-	-	-	-
	<b>63,520</b>	<b>100,000</b>	<b>(63,520)</b>	<b>100,000</b>	<b>-</b>	<b>63,520</b>	<b>-</b>	<b>63,520</b>

	(Un-Audited) September 30, 2011	(Audited) December 31, 2010
	(---Rupees in '000---)	
<b>Other receivables from:</b>		
Associates		125
Other related party		15

	(Un-Audited) September 30, 2011	(Un-Audited) September 30, 2010
	(---Rupees in '000---)	
<b>Income for the period</b>		
On advances / placements with:		
Key management executives	2,087	1,725
Other related party	66,446	82,930
<b>Dividend income from the associates</b>	71,981	35,995
<b>Fee income</b>	4,750	6,370
<b>Expenses for the year</b>		
Remuneration to key management executives	60,267	42,046
Non-executive director's remuneration	128	103
Charge for defined benefit plan	4,917	5,581
Charge for defined contribution plan	7,231	6,734
<b>Mark-up expense on Deposits of:</b>		
Associates	36,458	35,851
<b>Mark-up expenses on Borrowing:</b>		
Associates	9,843	5,678

**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**

These consolidated condensed interim financial statements were authorised on November 12, 2011 by the board of directors of the holding Company.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**