

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE FIRST QUARTER
ENDED MARCH 31, 2012**

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

(Unaudited) March 31, 2012	(Audited) December 31, 2011		(Unaudited) March 31, 2012	(Audited) December 31, 2011
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
ASSETS				
648	735	Cash and balances with treasury banks	58,762	66,679
1,931	2,311	Balances with other banks	175,088	209,531
19,973	14,579	Lendings to financial institutions	1,810,817	1,321,745
127,613	117,281	Investments -net	11,569,628	10,632,874
70,359	63,594	Advances -net	6,378,879	5,765,561
714	753	Operating fixed assets	64,705	68,276
4,472	4,272	Deferred tax assets -net	405,439	387,350
3,680	4,270	Other assets	333,581	387,028
229,390	207,795		20,796,899	18,839,044
LIABILITIES				
-	-	Bills payable	-	-
91,947	73,336	Borrowings	8,336,096	6,648,716
53,537	51,794	Deposits and other accounts	4,853,767	4,695,693
-	-	Sub-ordinated loans	-	-
197	219	Liabilities against assets subject to finance lease	17,866	19,858
-	-	Deferred tax liabilities	-	-
5,589	6,605	Other liabilities	506,757	599,001
151,270	131,954		13,714,486	11,963,268
78,120	75,841	NET ASSETS	7,082,413	6,875,776
REPRESENTED BY				
67,835	67,835	Share capital	6,150,000	6,150,000
5,574	5,353	Reserves	505,323	485,312
4,466	3,271	Unappropriated profit	404,917	296,512
77,875	76,459		7,060,240	6,931,824
507	528	Non controlling interest	45,967	47,850
78,382	76,987		7,106,207	6,979,674
(262)	(1,146)	Deficit on revaluation of assets - net of deferred tax	(23,794)	(103,898)
78,120	75,841		7,082,413	6,875,776
CONTINGENCIES AND COMMITMENTS				
			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 FIRST QUARTER ENDED MARCH 31, 2012

March 31, 2012 ------(US Dollars in '000)-----	March 31, 2011		Note	March 31, 2012 ------(Rupees in '000)-----	March 31, 2011
5,771	6,564	Mark-up/return/interest earned		523,229	595,108
3,698	4,369	Mark-up/return/interest expensed		335,306	396,132
2,073	2,195	Net mark-up/ interest income		187,923	198,976
242	(28)	Provision / (reversal) against non -performing advances		21,913	(2,513)
159	220	Provision for diminution in the value of investments		14,458	19,971
-	-	Bad debts written off directly		-	-
401	192			36,371	17,458
1,672	2,003	Net mark-up/ interest income after provisions		151,552	181,518
NON MARK-UP/INTEREST INCOME					
122	151	Fee, commission and brokerage income		11,018	13,706
167	123	Dividend income		15,127	11,143
259	614	Gain on sale of securities		23,510	55,681
86	(113)	Unrealised deficit on revaluation of investments classified as 'held-for-trading' securities		7,812	(10,226)
-	3	Other income		-	269
634	778	Total non -mark up/interest income		57,467	70,573
2,306	2,781			209,019	252,091
NON MARK-UP/INTEREST EXPENSES					
916	976	Administrative expenses		83,058	88,519
-	-	Other provisions/write offs		-	-
26	48	Other charges		2,280	4,335
942	1,024	Total non-mark up/interest expenses		85,338	92,854
1,364	1,757			123,681	159,237
408	150	Share of results of associates - net of tax		36,993	13,639
-	-	Extra ordinary /unusual items		-	-
1,772	1,907	PROFIT BEFORE TAXATION		160,674	172,876
732	884	Taxation - current		66,403	80,186
-	-	- prior		-	-
(356)	(401)	- deferred		(32,262)	(36,387)
376	483			34,141	43,799
1,396	1,424	PROFIT AFTER TAXATION		126,533	129,077
PROFIT / (LOSS) ATTRIBUTABLE TO:					
1,417	1,482	Shareholders of the holding company		128,416	134,349
(21)	(58)	Non-controlling interest		(1,883)	(5,272)
1,396	1,424			126,533	129,077
<u>US \$ 0.0023</u>	<u>US \$ 0.0024</u>	Basic and diluted earnings per share (Rupees)	15	<u>0.21</u>	<u>0.22</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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

March 31, 2012	March 31, 2011		March 31, 2012	March 31, 2011
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
1,396	1,424	Profit after taxation	126,533	129,077
-	-	Other comprehensive income	-	-
<u>1,396</u>	<u>1,424</u>	Total comprehensive income for the period	<u>126,533</u>	<u>129,077</u>
Total comprehensive income attributable to:				
1,417	1,482	Shareholders of the holding company	128,416	134,349
<u>(21)</u>	<u>(58)</u>	Non-controlling interest	<u>(1,883)</u>	<u>(5,272)</u>
<u>1,396</u>	<u>1,424</u>		<u>126,533</u>	<u>129,077</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.

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Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

March 31, 2012	March 31, 2011		Note	March 31, 2012	March 31, 2011
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
1,772	1,907	Profit before taxation		160,674	172,876
167	123	Less: Dividend income		15,127	11,143
<u>1,605</u>	<u>1,784</u>			<u>145,547</u>	<u>161,733</u>
Adjustments for non-cash charges					
55	57	Depreciation		5,005	5,178
6	8	Amortisation of intangible assets		584	741
(86)	113	Unrealised (surplus) / deficit on revaluation of investments classified as 'held-for-trading'		(7,812)	10,226
-	(3)	(Gain) on sale of fixed assets		-	(272)
(408)	(150)	Share of (gain) from associates - net of tax		(36,993)	(13,639)
242	(28)	Provision / (reversal) of against non-performing advances		21,913	(2,513)
159	220	Provision for diminution in the value of investments		14,458	19,971
6	5	Financial charges on leased assets		581	452
<u>(26)</u>	<u>222</u>			<u>(2,264)</u>	<u>20,144</u>
<u>1,579</u>	<u>2,006</u>			<u>143,283</u>	<u>181,877</u>
(Increase)/decrease in operating assets					
(5,394)	4,221	Lendings to financial institutions		(489,072)	382,686
14,751	(16,409)	Net investments in held-for-trading securities		1,337,318	(1,487,652)
(7,007)	(1,401)	Advances		(635,231)	(126,986)
750	(276)	Other assets		68,048	(25,151)
<u>3,100</u>	<u>(13,865)</u>			<u>281,063</u>	<u>(1,257,103)</u>
Increase/(decrease) in operating liabilities					
-	-	Bills payable		-	-
18,612	883	Borrowings		1,687,380	80,080
1,744	5,768	Deposits and other accounts		158,074	522,943
(1,223)	72	Other liabilities		(110,812)	6,455
<u>19,133</u>	<u>6,723</u>			<u>1,734,642</u>	<u>609,478</u>
<u>23,812</u>	<u>(5,136)</u>			<u>2,158,988</u>	<u>(465,748)</u>
(7)	(6)	Financial charges on lease assets paid		(622)	(529)
(527)	(403)	Income tax paid		(47,794)	(36,560)
<u>23,278</u>	<u>(5,545)</u>	Net cash from / (used in) operating activities		<u>2,110,572</u>	<u>(502,837)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
(23,395)	1,775	Net investments in available-for-sale securities		(2,157,332)	160,961
14	23	Net investments in held-to-maturity		1,236	2,076
73	31	Investments in associates		6,648	2,786
6	43	Dividend received		526	3,905
(26)	(51)	Investments in operating fixed assets		(2,370)	(4,625)
4	4	Sale proceeds of property and equipment disposed-off		352	360
<u>(23,724)</u>	<u>1,825</u>	Net cash (used in) / from investing activities		<u>(2,150,940)</u>	<u>165,463</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(22)	(27)	Liabilities against assets subject to finance lease		(1,992)	(2,404)
-	-	Dividend paid		-	-
<u>(22)</u>	<u>(27)</u>	Net cash used in financing activities		<u>(1,992)</u>	<u>(2,404)</u>
(468)	(3,747)	Decrease in cash and cash equivalents		(42,360)	(339,778)
<u>3,047</u>	<u>8,244</u>	Cash and cash equivalents at the beginning of the period		<u>276,210</u>	<u>747,446</u>
<u>2,579</u>	<u>4,497</u>	Cash and cash equivalents at the end of the period	17	<u>233,850</u>	<u>407,668</u>

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Chief Financial Officer

Managing Director
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Managing Director
and Chief Executive

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 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 first quarter ended March 31, 2011	-	-	-	-	134,349	134,349	(5,272)	129,077
Other comprehensive income -net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	134,349	134,349	(5,272)	129,077
Transfers								
Transfer from general reserve	-	-	(54,807)	-	54,807	-	-	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-	-	-
Transfer to statutory reserve	-	20,708	-	-	(20,708)	-	-	-
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 March 31, 2011	6,150,000	424,786	11,630	-	95,777	6,682,193	69,037	6,751,230
Comprehensive income								
Net profit after tax for the nine months ended December 31, 2011	-	-	-	-	249,631	249,631	(21,187)	228,444
Other comprehensive income -net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	249,631	249,631	(21,187)	228,444
Transfers								
Transfer to statutory reserve	-	48,896	-	-	(48,896)	-	-	-
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 first quarter ended March 31, 2012	-	-	-	-	128,416	128,416	(1,883)	126,533
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	128,416	128,416	(1,883)	126,533
Transfers								
Transfer to statutory reserve	-	20,011	-	-	(20,011)	-	-	-
Balance as at March 31, 2012	6,150,000	493,693	11,630	-	404,917	7,060,240	45,967	7,106,207

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 FIRST QUARTER ENDED MARCH 31, 2012

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 31-Mar-12
Japan Power Generation Limited (JPGI)	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 under served 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	32.75
Pak Oman Islamic Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	96.74
Pak Oman Advantage Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	82.55
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	17.88

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 first quarter ended March 31, 2012 and the unaudited financial statements of POAMCL for the nine months ended March 31, 2012.

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)	Unaudited financial statements for the six months ended December 31, 2011
Pak Oman Microfinance Bank Limited (POMFBL)	Audited financial statements for the year ended December 31, 2011
Pak Oman Advantage Fund	Unaudited financial statements for the nine months ended March 31, 2012
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the nine months ended March 31, 2012
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the nine months ended March 31, 2012
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the nine months ended March 31, 2012
Pak Oman Government Securities Fund	Unaudited financial statements for the nine months ended March 31, 2012

3 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the first quarter ended March 31, 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 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 NBFs. 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, 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. 90.6616 = US dollar 1 for the first quarter ended March 31, 2012 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, 2011.

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, 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

	Held by the Group	Given as collateral	Total
	----- (Rupees in '000) -----		
Balance as at March 31, 2012 (un-audited)	5,666,946	5,902,682	11,569,628
Balance as at December 31, 2011 (audited)	6,147,119	4,485,755	10,632,874

March 31, 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	3,401	626,881	630,282	17,293	663,597	680,890
Market treasury bills (T-Bills)	395,167	1,675,453	2,070,620	586,634	2,625,176	3,211,810
Listed ordinary shares	-	-	-	101,633	-	101,633
Term finance certificates (TFCs)	1,144	-	1,144	45,031	-	45,031
	399,712	2,302,334	2,702,046	750,591	3,288,773	4,039,364

Available-for-sale securities

Pakistan investment bonds	4,481	328,961	333,442	97,041	212,890	309,931
Market treasury bills (T-Bills)	45,307	2,875,958	2,921,265	9,140	573,859	582,999
Listed ordinary shares	181,623	10,060	191,683	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	866,908	-	866,908	970,838	-	970,838
National Saving Bonds	9,999	-	9,999	-	-	-
Term finance certificates (TFCs)	3,032,229	178,295	3,210,524	3,088,510	178,469	3,266,979
	4,517,961	3,619,274	8,137,235	4,832,257	1,202,284	6,034,541

Held-to-maturity securities

Pakistan investment bonds	206,257	-	206,257	207,493	-	207,493
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Associates

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	306,259	-	306,259	296,899	-	296,899
Pak Oman Advantage Islamic Income Fund	104,979	-	104,979	105,332	-	105,332
Pak Oman Islamic Asset Allocation Fund	115,581	-	115,581	103,920	-	103,920
Pak Oman Advantage Asset Allocation Fund	116,710	-	116,710	89,180	-	89,180
Pak Oman Government Securities Fund	41,644	-	41,644	57,181	-	57,181
Pak Oman Microfinance Bank Limited	233,724	-	233,724	233,724	-	233,724
	918,897	-	918,897	886,236	-	886,236

Investments at cost

	6,042,827	5,921,608	11,964,435	6,676,577	4,491,057	11,167,634
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Less: Provision for diminution in the value of investments

	333,772	-	333,772	373,952	-	373,952
Investments - net of provisions	5,709,055	5,921,608	11,630,663	6,302,625	4,491,057	10,793,682

(Deficit) on revaluation of held-for-trading securities

	245	(8,555)	(8,310)	(5,267)	(10,855)	(16,122)
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(Deficit) / surplus on revaluation of available-for-sale securities

	(42,354)	(10,371)	(52,725)	(150,239)	5,553	(144,686)
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Total investments at carrying value

	5,666,946	5,902,682	11,569,628	6,147,119	4,485,755	10,632,874
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	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	6,436,918	5,770,498
Net investment in finance lease in Pakistan	938,098	969,287
Advances - gross	7,375,016	6,739,785
Less: Provision for non-performing advances	(996,137)	(974,224)
Advances - net of provision	6,378,879	5,765,561

- 8.1 Advances include amount aggregating Rs. 1,170.663 million (December 31, 2011: Rs. 1,199.078 million), which have been placed under the non-performing status as detailed below:

Category of classification	March 31, 2012 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	5,161	-	5,161	1,290	1,290
Doubtful	179,564	-	179,564	85,358	85,358
Loss	985,938	-	985,938	909,489	909,489
	1,170,663	-	1,170,663	996,137	996,137

Category of classification	December 31, 2011 (Audited)				
	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

- 8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 and 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. 39.990 million (net of tax Rs. 25.994 million) and profit before taxation for the first quarter ended March 31, 2012 would have been reduced by the same amount. As of March 31, 2012, the holding company has availed total accumulated FSV benefit amounting to Rs. 163.672 million (net of tax Rs. 106.387 million). Accordingly accumulated profit of Rs. 106.387 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.

	(Un-Audited) March 31, 2012	(Un-Audited) March 31, 2011
	----- (Rupees in '000) -----	

9 OPERATING FIXED ASSETS

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

Owned		
Office equipment	22	209
Computer equipment	871	414
Vehicles	1,477	1,000
Assets subject to finance lease		
Vehicles	-	3,002
	2,370	4,625

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

Owned		
Office equipment	-	16
Furniture and fixture	-	44
Assets subject to finance lease		
Vehicles	352	28
	352	88

(Un-Audited) (Audited)
March 31, 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	114,171	109,111
Amortisation of premium on federal government securities	15,033	14,445
Revaluation on investments classified as held-for-trading	3,157	4,154
Revaluation on investments classified as available-for-sale	31,168	45,341
Provision against non-performing loans and advances	348,648	340,978
Unassessed tax losses of subsidiary	-	-
	512,177	514,029

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

Assets subject to finance leases	(2,066)	(2,134)
Accelerated tax depreciation allowances	210	(16)
Net investment in finance leases	(101,909)	(123,016)
Dividend receivable	(2,973)	(1,513)
	(106,738)	(126,679)
	405,439	387,350

11 DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	1,286,000	803,819
Others	3,567,767	3,891,874
	4,853,767	4,695,693

11.1 The rate of return on deposits maturing April 2012 to January 2014 (2011: January 2012 to December 2013) is 11 to 13.85 (2011: 11.40 to 13.85) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) March 31, 2012	(Audited) December 31, 2011		(Un-Audited) March 31, 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
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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, 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) March 31, 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	(9,724)	1,659
- Pakistan Investment Bonds	(4,255)	(798)
	<u>(13,979)</u>	<u>861</u>
Shares-listed	37,071	(16,192)
Term Finance Certificates	(73,210)	(128,466)
Sukuk-unlisted	(1,264)	(1,941)
National Saving Bonds	(599)	-
Investment in Mutual Funds	(744)	1,052
	<u>(52,725)</u>	<u>(144,686)</u>
Deferred tax asset recognized	31,168	45,341
	<u>(21,557)</u>	<u>(99,345)</u>
Associate's share of surplus of revaluation of available-for-sale securities	(2,237)	(4,553)
	<u>(23,794)</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	9,678	2,135,261
Purchase of government securities	-	98,362
Commitments for loans and advances and net investment in finance leases	385,723	299,523
Underwriting commitment	10,000	-

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 In the Year 2011, the holding Company received an order under section 122 (1) of the Income Tax Ordinance 2001 for tax year 2005 wherein major issue raised by Deputy Commissioner Inland Revenue related to disallowance of allocation of common expenses.

The holding company has filed an appeal against the said order. The appeal has been heard on December 20, 2011 by the Commissioner Inland revenue, however the order has not been received as yet.

The effect of aforementioned matter amounts to Rs. 10.08 million. No provision has been made against the aforementioned matter based on the opinion of the holding company's tax consultants who expect favorable outcome of the case.

14.4 During the financial year ended June 30, 2011, POAMCL received the notices from the Deputy Commissioner Inland Revenue (DCIR) demanding payment of federal excise duty (FED) of Rs. 13.816 million levied on asset management services rendered by POAMCL (for the financial years ended from 2007 to 2010). However, management was of the view that FED was not applicable on asset management companies. Furthermore, MUFAP also took an advice from a professional firm of Chartered Accountants who vide its letter dated June 16, 2011 opined that services rendered by asset management companies are not subject to levy of FED under Federal Excise Duty Act, 2005. Later, POAMCL filed a petition in the High Court of Sindh (the Court) which granted the stay order to the POAMCL and also directed management to file its explanation and appear before the respective officer. The case is now pending at CIT and POAMCL has not received any date from the CIT department.

Based on the opinion taken by MUFAP from the firm of Chartered Accountants, management is confident that no amount of FED would be paid by the POAMCL.

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

	First quarter ended	
	March 31, 2012	March 31, 2011
Profit attributable to shareholders (Rupees in '000)	<u>128,416</u>	134,349
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	615,000
Basic and diluted earnings per share (Rupees)	<u>0.21</u>	0.22

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
	----- (Rupees in '000) -----				
First quarter ended March 31, 2012 (Un-Audited)					
Total income	1,182	416,350	184,105	16,549	618,186
Total expense	<u>9,312</u>	<u>270,399</u>	<u>157,522</u>	<u>20,279</u>	<u>457,512</u>
Net income	<u>(8,130)</u>	<u>145,951</u>	<u>26,583</u>	<u>(3,730)</u>	<u>160,674</u>
First quarter ended March 31, 2011 (Un-Audited)					
Total income	5,702	443,512	218,886	11,220	679,320
Total expense	<u>10,207</u>	<u>316,395</u>	<u>158,025</u>	<u>21,817</u>	<u>506,444</u>
Net income	<u>(4,505)</u>	<u>127,117</u>	<u>60,861</u>	<u>(10,597)</u>	<u>172,876</u>

17 **CASH AND CASH EQUIVALENTS**

	(Un-Audited) First quarter ended	
	March 31, 2012	March 31, 2011
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	<u>58,762</u>	90,568
Balances with other banks	<u>175,088</u>	317,100
	<u>233,850</u>	<u>407,668</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 these consolidated condensed interim financial statements.

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 statements 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

The Board of Directors of the holding company in their meeting held on March 29, 2012 have proposed 3.5% cash dividend amounting to Rs 215.250 million subject to the approval of the members at the annual general meeting.

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 April 20, 2012 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman