

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

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

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

(Unaudited) September 30, 2011 ------(US Dollars in '000)-----	(Audited) December 31, 2010		Note	(Unaudited) September 30, 2011 ------(Rupees in '000)-----	(Audited) December 31, 2010
ASSETS					
798	807	Cash and balances with treasury banks		69,622	70,373
723	7,577	Balances with other banks		63,056	660,750
9,142	28,149	Lendings to financial institutions		797,180	2,454,610
122,044	104,859	Investments - net	6	10,642,273	9,143,686
71,843	68,210	Advances - net	7	6,264,712	5,947,929
774	746	Operating fixed assets	8	67,519	65,082
4,301	4,731	Deferred tax assets -net	9	375,033	412,574
5,355	4,816	Other assets		466,898	419,985
214,980	219,895			18,746,293	19,174,989
LIABILITIES					
-	-	Bills payable		-	-
67,882	70,474	Borrowings		5,919,290	6,145,349
59,334	63,775	Deposits and other accounts	10	5,173,956	5,561,165
-	-	Sub-ordinated loans		-	-
126	174	Liabilities against assets subject to finance lease		11,000	15,202
-	-	Deferred tax liabilities		-	-
10,358	8,214	Other liabilities		903,264	716,383
137,700	142,637			12,007,510	12,438,099
77,280	77,258	NET ASSETS		6,738,783	6,736,890
REPRESENTED BY					
70,528	70,528	Share capital	11	6,150,000	6,150,000
5,463	5,649	Reserves		476,344	492,568
3,139	2,297	Unappropriated profit		273,734	200,328
79,130	78,474			6,900,078	6,842,896
(1,850)	(1,216)	Deficit on revaluation of assets - net of tax	12	(161,295)	(106,006)
77,280	77,258			6,738,783	6,736,890

CONTINGENCIES AND COMMITMENTS 13

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

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, 2011

Nine months ended			Quarter ended		Nine months ended	
September 30,	September 30,		September 30,	September 30,	September 30,	September 30,
2011	2010		2011	2010	2011	2010
----(US Dollars in '000)----			------(Rupees in '000)-----			
20,246	19,353	Mark-up/return/interest earned	595,947	546,709	1,765,431	1,687,546
13,690	13,020	Mark-up/return/interest expensed	385,623	354,898	1,193,808	1,135,334
6,556	6,333	Net mark-up/ interest income	210,324	191,811	571,623	552,212
(400)	1,168	(Reversal) of / provision against non -performing advances	(10,607)	17,436	(34,917)	101,837
27	448	Provision / (Reversal) for diminution in the value of investments	(790)	16,682	2,330	39,046
-	-	Bad debts written off directly	-	-	-	-
(373)	1,616		(11,397)	34,118	(32,587)	140,883
6,929	4,717	Net mark-up/ interest income after provisions	221,721	157,693	604,210	411,329
NON MARK-UP/INTEREST INCOME						
120	206	Fee, commission and brokerage income	2,353	7,973	10,445	17,961
1,196	742	Dividend income	74,463	50,322	104,252	64,669
(451)	528	(loss) / gain on sale of securities	(49,856)	(7,790)	(39,355)	46,006
56	(70)	Unrealised deficit on revaluation of investments classified as 'held-for-trading' securities	22,353	5,843	4,853	(6,141)
27	26	Other income	551	8	2,355	2,273
948	1,432	Total non -mark up/interest income	49,864	56,356	82,550	124,768
7,877	6,149		271,585	214,049	686,760	536,097
NON MARK-UP/INTEREST EXPENSES						
2,361	2,128	Administrative expenses	68,179	64,312	205,878	185,530
-	-	Other provisions/write offs	-	-	-	-
90	73	Other charges	3,338	1,734	7,808	6,352
2,451	2,201	Total non-mark up/interest expenses	71,517	66,046	213,686	191,882
5,426	3,948		200,068	148,003	473,074	344,215
-	-	Extra ordinary /unusual items	-	-	-	-
5,426	3,948	PROFIT BEFORE TAXATION	200,068	148,003	473,074	344,215
1,658	1,575	Taxation - current	52,147	35,148	144,547	137,345
-	-	- prior	-	-	-	-
291	(357)	- deferred	7,188	8,442	25,345	(31,152)
1,949	1,218		59,335	43,590	169,892	106,193
3,477	2,730	PROFIT AFTER TAXATION	140,733	104,413	303,182	238,022
<u>US \$ 0.0057</u>	<u>US \$ 0.0044</u>	Basic and diluted earning per share (Rupees)	<u>0.23</u>	<u>0.17</u>	<u>0.49</u>	<u>0.39</u>

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

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 NINE MONTHS ENDED SEPTEMBER 30, 2011

Nine months ended			Quarter ended		Nine months ended	
September 30,	September 30,		September 30,	September 30,	September 30,	September 30,
2011	2010		2011	2010	2011	2010
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
3,477	2,730	PROFIT AFTER TAXATION	140,733	104,413	303,182	238,022
-	-	Other comprehensive income	-	-	-	-
<u>3,477</u>	<u>2,730</u>	Total comprehensive income for the period	<u>140,733</u>	<u>104,413</u>	<u>303,182</u>	<u>238,022</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 20 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

Managing Director
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Managing Director
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

Nine months ended		Nine months ended			Nine months ended	
September 30,	September 30,	September 30,	September 30,	Note	September 30,	September 30,
2011	2010	2011	2010		2011	2010
----- (US Dollars in '000) -----					----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES						
5,426	3,948	Profit before taxation			473,074	344,215
<u>1,196</u>	<u>742</u>	Less: Dividend income			<u>104,252</u>	<u>64,669</u>
4,230	3,206				<u>368,822</u>	<u>279,546</u>
Adjustments for non-cash charges						
135	127	Depreciation			11,756	11,047
16	14	Amortisation of intangible assets			1,393	1,237
(56)	70	Unrealised (surplus) / deficit on revaluation of investments classified as 'held-for-trading'			(4,853)	6,141
(27)	(26)	Gain on sale of fixed assets			(2,355)	(2,273)
(400)	1,168	(Reversal) of / Provision against non-performing loans and advances			(34,917)	101,837
27	448	Provision for diminution in the value of investments			2,330	39,046
(20,246)	(19,353)	Financial income			(1,765,431)	(1,687,546)
13,690	13,020	Financial charges			1,193,808	1,135,334
<u>(6,861)</u>	<u>(4,532)</u>				<u>(598,269)</u>	<u>(395,177)</u>
(2,631)	(1,326)				<u>(229,447)</u>	<u>(115,631)</u>
(Increase) / decrease in operating assets						
19,007	2,958	Lendings to financial institutions			1,657,430	257,925
(12,803)	17,145	Net Investments in Held-for-Trading securities			(1,116,428)	1,495,002
(3,232)	(6,464)	Advances			(281,866)	(563,670)
878	185	Other assets			76,685	16,136
<u>3,850</u>	<u>13,824</u>				<u>335,821</u>	<u>1,205,393</u>
Increase / (decrease) in operating liabilities						
-	-	Bills payable			-	-
(2,592)	(25,754)	Borrowings			(226,059)	(2,245,779)
(4,440)	6,538	Deposits and other accounts			(387,209)	570,114
(48)	21	Liabilities against assets subject to finance lease			(4,202)	1,796
336	100	Other liabilities			29,256	8,785
<u>(6,744)</u>	<u>(19,095)</u>				<u>(588,214)</u>	<u>(1,665,084)</u>
(5,525)	(6,597)				<u>(481,840)</u>	<u>(575,322)</u>
19,193	19,139	Finance income received			1,673,605	1,668,950
(12,281)	(12,236)	Finance charges paid			(1,070,940)	(1,066,956)
<u>(1,259)</u>	<u>(1,118)</u>	Income tax paid			<u>(109,790)</u>	<u>(97,446)</u>
128	(812)	Net cash from / (used in) operating activities			<u>11,035</u>	<u>(70,774)</u>
CASH FLOW FROM INVESTING ACTIVITIES						
(5,474)	(6,141)	Net Investments in Available-for-sale securities			(477,308)	(535,505)
626	62	Net Investments in Held-to-Maturity			54,579	5,388
831	397	Dividend income received			72,480	34,611
(220)	(212)	Investments in operating fixed assets			(19,196)	(18,499)
68	52	Sale proceeds on sale of fixed assets disposed off			5,965	4,544
<u>(4,169)</u>	<u>(5,842)</u>	Net cash used in investing activities			<u>(363,480)</u>	<u>(509,461)</u>
CASH FLOW FROM FINANCING ACTIVITIES						
(2,821)	-	Dividend paid			(246,000)	-
(2,821)	-	Net cash used in financing activities			<u>(246,000)</u>	<u>-</u>
(6,862)	(6,654)	Decrease in cash and cash equivalents			(598,445)	(580,235)
8,384	7,618	Cash and cash equivalents as at beginning of the period			731,123	664,330
<u>1,522</u>	<u>964</u>	Cash and cash equivalents at the end of the period			<u>132,678</u>	<u>84,095</u>

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

Chief Financial Officer

Managing Director
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Managing Director
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Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	Issued, subscribed and paid up capital	Reserves			Unappropriated profit	Total
		Statutory reserve	General reserve	Contingencies reserve		
-----Rupees in '000-----						
Balance as at January 1, 2010	6,150,000	348,483	66,437	-	-	6,564,920
Comprehensive Income						
Net profit after tax for the nine months ended September 30, 2010	-	-	-	-	238,022	238,022
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	238,022	238,022
Transfer to statutory reserve	-	47,604	-	-	(47,604)	-
Transfer to contingencies reserve	-	-	-	14,600	(14,600)	-
Balance as at September 30, 2010	6,150,000	396,087	66,437	14,600	175,818	6,802,942
Comprehensive Income						
Net profit after tax for the quarter ended December 31, 2010	-	-	-	-	39,954	39,954
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	39,954	39,954
Transfer to statutory reserve	-	7,991	-	-	(7,991)	-
Transfer to contingencies reserve	-	-	-	7,453	(7,453)	-
Balance as at December 31, 2010	6,150,000	404,078	66,437	22,053	200,328	6,842,896
Transfer from general reserve	-	-	(54,807)	-	54,807	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-
Transaction with owners						
Dividend for the year ended December 31, 2010	-	-	-	-	(246,000)	(246,000)
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
Transfer to statutory reserve	-	60,636	-	-	(60,636)	-
Balance as at September 30, 2011	6,150,000	464,714	11,630	-	273,734	6,900,078

The annexed notes from 1 to 20 form an integral part of these unconsolidated 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 UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited 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. 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

These unconsolidated 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 NBFIs. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on banks by the SBP and accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated 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 unconsolidated condensed interim 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 condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2010.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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, 2010.

6 INVESTMENTS

	Held by the Company	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at September 30, 2011 (un-audited)	6,428,926	4,213,347	10,642,273
Balance as at December 31, 2010 (audited)	6,969,994	2,173,692	9,143,686

September 30, 2011 (Unaudited)			December 31, 2010 (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	93,627	363,027	456,654	113,479	25,556	139,035
Market treasury bills (T-Bills)	582,356	279,223	861,579	18,121	-	18,121
Listed ordinary shares	22,862	-	22,862	4,485	-	4,485
Mutual funds units	-	-	-	25,000	-	25,000
Sukuk Certificates	-	-	-	-	-	-
Term finance certificates (TFCs)	13,232	-	13,232	51,258	-	51,258
	712,077	642,250	1,354,327	212,343	25,556	237,899

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	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
	5,041,257	3,548,228	8,589,485	5,967,427	2,150,030	8,117,457

Held-to-maturity securities

Pakistan investment bonds	208,640	-	208,640	263,219	-	263,219
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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
	92,414	-	92,414	92,414	-	92,414
Pak Oman Islamic Asset Allocation fund <i>(formerly : Pak Oman Advantage Islamic Fund)</i>	84,078	-	84,078	84,078	-	84,078
Pak Oman Advantage Asset Allocation Fund <i>(formerly: Pak Oman Advantage Stock Fund)</i>	251,108	-	251,108	251,108	-	251,108
Pak Oman Micro Finance Bank Limited	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
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Investment at cost	6,965,290	4,261,204	11,226,494	7,446,305	2,246,312	9,692,617
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Less: Provision for diminution in the value of investment	366,988	54,513	421,501	378,228	40,943	419,171
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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	6,590,732	4,206,691	10,797,423	7,055,227	2,205,369	9,260,596
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Surplus / (deficit) on revaluation of held-for-trading securities	2,218	3,463	5,681	998	(170)	828
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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	6,428,926	4,213,347	10,642,273	6,969,994	2,173,692	9,143,686
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	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	----- Rupees in '000 -----	
7. ADVANCES		
Loans in Pakistan	6,183,882	5,863,548
Net investment in finance lease in Pakistan	1,153,542	1,192,010
Advances - gross	7,337,424	7,055,558
Less: Provision for non-performing advances	(1,072,712)	(1,107,629)
Advances - net of provision	6,264,712	5,947,929

7.1 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:

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

Category of classification	December 31, 2010 (Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	-----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
	1,221,006	-	1,221,006	1,107,629	1,107,629

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

8. OPERATING FIXED ASSETS

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

Owned			
Office premises on leasehold land		-	-
Improvements		653	26
Office equipment		476	176
Computer equipment		827	4,307
Furniture and fixture		900	323
Vehicles		12,070	-
Intangibles		1,331	4,445
Assets subject to finance lease			
Vehicles		2,939	9,222
Additions		19,196	18,499

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

Owned			
Office premises on leasehold land		-	-
Improvements		-	14
Office equipment		30	15
Computer equipment		-	54
Furniture and fixture		65	135
Vehicles		1,365	-
Assets subject to finance lease			
Vehicles		2,150	2,053
Disposals		3,610	2,271

	(Un-Audited) Septemebr 30, 2011	(Audited) December 31, 2010
	------(Rupees in '000)-----	
9 DEFERRED 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	114,439	121,860
Porvision against non-performing advances	375,449	387,670
	523,679	577,295
Taxable temporary differences on:		
Accelerated tax depreciation allowances	(459)	(860)
Net investment in finance leases	(143,649)	(163,839)
others	(4,538)	(22)
	(148,646)	(164,721)
Net deffered tax assets	375,033	412,574
	(Un-Audited) September 30, 2011	(Audited) December 31, 2010
	------(Rupees in '000)-----	

10 DEPOSITS AND OTHER ACCOUNTS

Certificate of investment - remunerative (in local currency)		
Financial institutions	840,079	763,119
Others	4,333,877	4,798,046
	5,173,956	5,561,165

11.3 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.

11 SHARE CAPITAL

11.1 Authorized capital

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

11.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	Ordinary shares of Rs. 10 each.	<u>6,150,000</u>	<u>6,150,000</u>
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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, 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.

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

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

September 30, 2011 (Un-Audited)	Corporate Finance	Trading & Sales	Commercial Banking	Total
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
September 30, 2010 (Un-Audited)				
Total income	10,044	1,198,633	603,637	1,812,314
Total expense	30,638	896,205	541,256	1,468,099
Net income	(20,594)	302,428	62,381	344,215

(Un-Audited)		
Nine months ended		
September 30, 2011	September 30, 2010	
----- Rupees in '000 -----		
Cash and balances with treasury banks	69,622	64,318
Balances with other banks	63,056	19,777
	132,678	84,095

16 CASH AND CASH EQUIVALENTS

17. RELATED PARTY TRANSACTIONS

17.1 The Company has related party relationship with its associated undertakings, subsidiary company, employee benefit plans and its key management personnel. The details of investments in subsidiary company and associated undertakings are disclosed in note 6 to these unconsolidated condensed interim financial statements. Transactions between the Company and its related parties are carried as per terms agreed.

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

Other related party

Orient Power Company (Pvt) Limited

Key management Personnel

- All heads of departments
- Directors

17.2 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) -----								
Advances								
Key Management Executive	46,384	31,703	(10,030)	68,057	53,630	16,199	(23,445)	46,384
Subsidiary	2,888	-	(904)	1,984	6,063	-	(3,175)	2,888
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
	<u>684,220</u>	<u>31,703</u>	<u>(297,579)</u>	<u>418,344</u>	<u>446,207</u>	<u>652,696</u>	<u>(414,683)</u>	<u>684,220</u>
Investments								
Other related party	<u>226,000</u>	<u>269,744</u>	<u>-</u>	<u>495,744</u>	<u>-</u>	<u>226,000</u>	<u>-</u>	<u>226,000</u>

	(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) -----								
Deposits								
Associates	388,119	182,960	(231,000)	340,079	211,861	388,119	(211,861)	388,119
	<u>388,119</u>	<u>182,960</u>	<u>(231,000)</u>	<u>340,079</u>	<u>211,861</u>	<u>388,119</u>	<u>(211,861)</u>	<u>388,119</u>
Borrowings								
Associates	63,520	100,000	(63,520)	100,000	-	63,520	-	63,520
	<u>63,520</u>	<u>100,000</u>	<u>(63,520)</u>	<u>100,000</u>	<u>-</u>	<u>63,520</u>	<u>-</u>	<u>63,520</u>

	(Un-Audited) September 30, 2011	(Audited) December 31, 2010
----- (Rupees in '000) -----		
Other receivables from:		
Associates	125	-
Other related party	15	138
Lease deposit from Subsidiary	596	596
	<u>(Un-Audited)</u> <u>Nine months ended</u> <u>September 30, 2011</u>	
	<u>(Audited)</u> <u>Nine months ended</u> <u>September 30, 2010</u>	
	----- Rupees in '000 -----	
Income for the period		
On advances / placements with:		
Subsidiary	245	517
Key management executives	2,087	1,725
Other related party	66,446	82,930
Dividend income from the associates	71,981	35,995
Fee income	4,750	6,370
Expenses for the year		
Remuneration to key management executives	51,868	33,052
Non-executive director's remuneration	128	103
Charge for defined benefit plan	4,917	5,581
Charge for defined contribution plan	6,075	5,219
Mark-up expense on Deposits of:		
Associates	36,458	35,851
Mark-up expense on Borrowings		
Associates	9,843	5,678

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

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

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman