

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

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

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

(Unaudited) March 31, 2012 ------(US Dollars in '000)-----	(Audited) December 31, 2011		Note	(Unaudited) March 31, 2012 ------(Rupees in '000)-----	(Audited) December 31, 2011
<b>ASSETS</b>					
648	735	Cash and balances with treasury banks		58,727	66,647
1,907	2,306	Balances with other banks		172,855	209,058
19,973	14,579	Lendings to financial institutions		1,810,817	1,321,745
126,812	116,808	Investments - net	6	11,496,984	10,589,968
70,367	63,610	Advances - net	7	6,379,566	5,767,026
680	704	Operating fixed assets	8	61,675	63,811
4,929	4,730	Deferred tax assets -net	9	446,912	428,823
3,530	4,074	Other assets		319,966	369,259
<u>228,846</u>	<u>207,546</u>			<u>20,747,502</u>	<u>18,816,337</u>
<b>LIABILITIES</b>					
-	-	Bills payable		-	-
91,947	73,336	Borrowings		8,336,096	6,648,716
53,537	51,794	Deposits and other accounts	10	4,853,767	4,695,693
-	-	Sub-ordinated loans		-	-
193	214	Liabilities against assets subject to finance lease		17,457	19,378
-	-	Deferred tax liabilities		-	-
5,700	6,695	Other liabilities		516,768	606,977
<u>151,377</u>	<u>132,039</u>			<u>13,724,088</u>	<u>11,970,764</u>
<u>77,469</u>	<u>75,507</u>	<b>NET ASSETS</b>		<u>7,023,414</u>	<u>6,845,573</u>
<b>REPRESENTED BY</b>					
67,835	67,835	Share capital	11	6,150,000	6,150,000
5,574	5,353	Reserves		505,323	485,312
4,298	3,415	Unappropriated profit		389,648	309,606
<u>77,707</u>	<u>76,603</u>			<u>7,044,971</u>	<u>6,944,918</u>
<u>(238)</u>	<u>(1,096)</u>	Deficit on revaluation of assets - net of deferred tax	12	<u>(21,557)</u>	<u>(99,345)</u>
<u>77,469</u>	<u>75,507</u>			<u>7,023,414</u>	<u>6,845,573</u>
<b>CONTINGENCIES AND COMMITMENTS</b>					
			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 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
5,763	6,543	Mark-up/return/interest earned		522,501	593,172
3,698	4,369	Mark-up/return/interest expensed		335,306	396,132
2,065	2,174	<b>Net mark-up/ interest income</b>		187,195	197,040
242	(28)	Provision / (reversal) against non -performing advances		21,913	(2,513)
159	352	Provision for diminution in the value of investments		14,458	31,890
-	-	Bad debts written off directly		-	-
401	324			36,371	29,377
1,664	1,850	<b>Net mark-up/ interest income after provisions</b>		150,824	167,663
<b>NON MARK-UP/INTEREST INCOME</b>					
26	72	Fee, commission and brokerage income		2,369	6,526
196	123	Dividend income		17,725	11,143
239	462	Gain on sale of securities		21,658	41,885
78	(36)	Unrealised surplus / (deficit) on revaluation of investments classified as 'held-for-trading' securities		7,101	(3,237)
-	3	Other income		-	287
539	624	<b>Total non -mark up/interest income</b>		48,853	56,604
2,203	2,474			199,677	224,267
<b>NON MARK-UP/INTEREST EXPENSES</b>					
707	757	Administrative expenses		64,107	68,659
-	-	Other provisions/write offs		-	-
17	27	Other charges		1,449	2,378
724	784	<b>Total non-mark up/interest expenses</b>		65,556	71,037
1,479	1,690			134,121	153,230
-	-	Extra ordinary /unusual items		-	-
1,479	1,690	<b>PROFIT BEFORE TAXATION</b>		134,121	153,230
732	880	Taxation - current		66,330	79,773
-	-	- prior		-	-
(357)	(332)	- deferred		(32,262)	(30,084)
375	548			34,068	49,689
1,104	1,142	<b>PROFIT AFTER TAXATION</b>		100,053	103,541
<b>US \$ 0.0018</b>	<b>US \$ 0.0019</b>	Basic and diluted earning per share (Rupees)	14	<b>0.16</b>	<b>0.17</b>

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

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Chairman

PAK OMAN INVESTMENT COMPANY LIMITED  
 UNCONSOLIDATED 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) -----			-----	
1,104	1,142	<b>PROFIT AFTER TAXATION</b>	<b>100,053</b>	103,541
-	-	Other comprehensive income	-	-
<u>1,104</u>	<u>1,142</u>	Total comprehensive income for the period	<u>100,053</u>	<u>103,541</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

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Chairman

PAK OMAN INVESTMENT COMPANY LIMITED  
UNCONSOLIDATED 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)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
1,479	1,690	Profit before taxation		134,121	153,230
196	123	Less: Dividend income		17,725	11,143
<u>1,283</u>	<u>1,567</u>			<u>116,396</u>	<u>142,087</u>
<b>Adjustments for non-cash charges</b>					
43	41	Depreciation		3,930	3,749
6	5	Amortisation of intangible assets		576	462
(78)	36	Unrealised (surplus) / deficit on revaluation of investments classified as 'held-for-trading'		(7,101)	3,237
-	(3)	Gain on sale of fixed assets		-	(287)
242	(28)	Provision / (reversal) of against non-performing loans and advances		21,913	(2,513)
159	352	Provision for diminution in the value of investments		14,458	31,890
6	5	Financial charges leased assets		559	424
<u>378</u>	<u>408</u>			<u>34,335</u>	<u>36,962</u>
<u>1,661</u>	<u>1,975</u>			<u>150,731</u>	<u>179,049</u>
<b>(Increase) / decrease in operating assets</b>					
(5,394)	4,292	Lendings to financial institutions		(489,072)	389,115
14,751	(16,232)	Net Investments in Held-for-Trading securities		1,337,318	(1,471,642)
(6,998)	(1,397)	Advances		(634,453)	(126,649)
705	(300)	Other assets		63,894	(27,182)
<u>3,064</u>	<u>(13,637)</u>			<u>277,687</u>	<u>(1,236,358)</u>
<b>Increase / (decrease) in operating liabilities</b>					
-	-	Bills payable		-	-
18,612	883	Borrowings		1,687,380	80,080
1,744	5,768	Deposits and other accounts		158,074	522,943
(1,205)	76	Other liabilities		(109,291)	6,897
<u>19,151</u>	<u>6,727</u>			<u>1,736,163</u>	<u>609,920</u>
<u>23,876</u>	<u>(4,935)</u>			<u>2,164,581</u>	<u>(447,389)</u>
(7)	(6)	Financial charges paid on leased assets		(600)	(501)
(521)	(395)	Income tax paid		(47,207)	(35,814)
<u>23,348</u>	<u>(5,336)</u>	Net cash from / (used in) operating activities		<u>2,116,774</u>	<u>(483,704)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
(23,836)	1,706	Net Investments in Available-for-sale securities		(2,160,966)	154,658
14	23	Net Investments in Held-to-Maturity		1,236	2,076
-	-	Investments in associates		-	-
34	43	Dividend income received		3,124	3,905
(26)	(49)	Investments in operating fixed assets		(2,370)	(4,449)
-	4	Sale proceeds on sale of fixed assets disposed off		-	331
<u>(23,814)</u>	<u>1,727</u>	Net cash (used in) / from investing activities		<u>(2,158,976)</u>	<u>156,521</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
(21)	(26)	Payment of lease obligation		(1,921)	(2,381)
-	-	Dividend paid		-	-
<u>(21)</u>	<u>(26)</u>	Net cash used in financing activities		<u>(1,921)</u>	<u>(2,381)</u>
(487)	(3,635)	Decrease in cash and cash equivalents		(44,123)	(329,564)
3,041	8,064	Cash and cash equivalents as at beginning of the period		275,705	731,123
<u>2,554</u>	<u>4,429</u>	<b>Cash and cash equivalents at the end of the period</b>	16	<u>231,582</u>	<u>401,559</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 CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

	Issued, subscribed and paid up capital	Reserves			Unappropriated profit	Total
		Statutory reserve	General reserve	Contingencies reserve		
------(Rupees in '000)-----						
<b>Balance as at January 1, 2011</b>	<b>6,150,000</b>	<b>404,078</b>	<b>66,437</b>	<b>22,053</b>	<b>200,328</b>	<b>6,842,896</b>
<b>Comprehensive Income</b>						
Net profit after tax for the first quarter ended March 31, 2011	-	-	-	-	103,541	103,541
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	103,541	103,541
<b>Transfers</b>						
Transfer from general reserve	-	-	(54,807)	-	54,807	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-
Transfer to statutory reserve	-	20,708	-	-	(20,708)	-
<b>Transaction with owners recognised directly in equity</b>						
Dividend for the year ended December 31, 2010 (Re. 0.40 per share)	-	-	-	-	(246,000)	(246,000)
<b>Balance as at March 31, 2011</b>	<b>6,150,000</b>	<b>424,786</b>	<b>11,630</b>	<b>-</b>	<b>114,021</b>	<b>6,700,437</b>
<b>Comprehensive Income</b>						
Net profit after tax for the nine months ended December 31, 2011	-	-	-	-	244,481	244,481
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	244,481	244,481
<b>Transfers</b>						
Transfer to statutory reserve	-	48,896	-	-	(48,896)	-
<b>Balance as at December 31, 2011</b>	<b>6,150,000</b>	<b>473,682</b>	<b>11,630</b>	<b>-</b>	<b>309,606</b>	<b>6,944,918</b>
<b>Comprehensive Income</b>						
Net profit after tax for the first quarter ended March 31, 2012	-	-	-	-	100,053	100,053
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	100,053	100,053
<b>Transfers</b>						
Transfer to statutory reserve	-	20,011	-	-	(20,011)	-
<b>Balance as at March 31, 2012</b>	<b>6,150,000</b>	<b>493,693</b>	<b>11,630</b>	<b>-</b>	<b>389,648</b>	<b>7,044,971</b>

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Chief Financial Officer

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**PAK OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-**  
**AUDITED)**  
**FOR THE FIRST QUARTER ENDED MARCH 31, 2012**

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**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 1<sup>st</sup> Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a development financial institution (DFI) under BPD Circular No. 35 dated October 28, 2003 issued by State Bank of Pakistan (SBP).

**2. STATEMENT OF COMPLIANCE**

These unconsolidated 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 NBFCs. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on banks by the SBP and accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial 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, 2011.

The US dollar amounts shown in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollar at a rate of Rs. 90.6616= US dollar 1 for the first quarter ended March 31, 2012 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, 2011.

### **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, 2011.

### **5. FINANCIAL RISK MANAGEMENT**

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

6 INVESTMENTS - net

	Held by the Company	Given as collateral (Rupees in '000)	Total
Balance as at March 31, 2012 (un-audited)	5,582,847	5,914,137	11,496,984
Balance as at December 31, 2011 (audited)	6,092,758	4,497,210	10,589,968

March 31, 2012 (Unaudited)			December 31, 2011 (Audited)		
Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
------(Rupees in '000)-----					

6.1 Investments by types

**Held-for-trading securities**

Pakistan investment bonds	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	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	861,109	-	861,109	961,405	-	961,405
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
	4,512,162	3,619,274	8,131,436	4,822,824	1,202,284	6,025,108

**Held-to-maturity securities**

Pakistan investment bonds	206,257	-	206,257	207,493	-	207,493
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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
Pak Oman Islamic Asset Allocation fund	92,414	-	92,414	92,414	-	92,414
Pak Oman Advantage Asset Allocation Fund	84,078	-	84,078	84,078	-	84,078
Pak Oman Microfinance Bank Limited	251,108	-	251,108	251,108	-	251,108
	835,016	70,726	905,742	835,016	70,726	905,742

**Subsidiary**

Pak Oman Asset Management Company Limited	168,300	-	168,300	168,300	-	168,300
<b>Investments at cost</b>	<b>6,121,447</b>	<b>5,992,334</b>	<b>12,113,781</b>	<b>6,784,224</b>	<b>4,561,783</b>	<b>11,346,007</b>

Less: Provision for diminution in the value of investments

	495,780	59,271	555,051	535,960	59,271	595,231
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**Investments - net of provisions**

	5,625,667	5,933,063	11,558,730	6,248,264	4,502,512	10,750,776
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(Deficit) on revaluation of held-for-trading securities

	(466)	(8,555)	(9,021)	(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**

	5,582,847	5,914,137	11,496,984	6,092,758	4,497,210	10,589,968
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(Un-Audited)                      (Audited)  
**March 31, 2012**                  December 31, 2011  
 -----(Rupees in '000)-----

**9 DEFERRED TAX ASSETS - net**

**Deferred tax assets arising in respect of:**

Provision for diminution in the value of investments	155,644	150,584
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
	<b>553,650</b>	<b>555,502</b>

**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)
	<b>(106,738)</b>	<b>(126,679)</b>
	<b>446,912</b>	<b>428,823</b>

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

**10 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
	<b>4,853,767</b>	<b>4,695,693</b>

**10.1** 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.

**11 SHARE CAPITAL**

**11.1 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) -----	
<b>1,000,000,000</b>	<b>1,000,000,000</b>	Ordinary shares of Rs. 10 each	<b>10,000,000</b>	<b>10,000,000</b>

**11.2 Issued, subscribed and paid - up capital**

<b>615,000,000</b>	<b>615,000,000</b>	Ordinary shares of Rs. 10 each	<b>6,150,000</b>	<b>6,150,000</b>
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**11.3** The Ministry of Finance on behalf of the Government of Pakistan and the Ministry of Finance on behalf of the Government of the Sultanate of Oman each held 307,495,900 (December 31, 2011: 307,495,900) ordinary shares of the Company. While 4,100 (December 31, 2011: 4,100) ordinary shares each are held by the Secretary, Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

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

**12 DEFICIT ON REVALUATION OF ASSETS - net of deferred tax**

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

Federal Government Securities		
- Market Treasury Bills	(9,724)	1,659
- Pakistan Investment Bonds	(4,255)	(798)
	(13,979)	861
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
	(52,725)	(144,686)
Deferred tax asset recognized	31,168	45,341
	(21,557)	(99,345)

**13 CONTINGENCIES AND COMMITMENTS**

Transaction related contingent liability:

- guarantees	-	3,500
Pledge of shares on behalf of JPGL - note 13.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 13.2	226,000	226,000
Commitments for:		
Sale of government securities	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	-

**13.1** Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2011: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2011: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

**13.2** Shares in Orient Power Company (Pvt) Ltd (related party) aggregating 22,600,000 (December 31, 2011: 22,600,000) having a cost of Rs.226 million (December 31, 2011: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Pvt) Ltd (related party) against a syndicate finance facility obtained by Orient Power Company (Pvt) Ltd (related party).

**13.3** In the Year 2011, the 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 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 Company's tax consultants who expect favorable outcome of the case.

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

	<u>First quarter ended</u>	
	<u>March 31, 2012</u>	March 31, 2011
Profit after taxation (Rupees in '000)	<u>100,053</u>	<u>103,541</u>
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share (Rupees)	<u>0.16</u>	<u>0.17</u>

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Total
	-----Rupees in '000-----			
First quarter ended March 31, 2012 (Un-Audited)				
Total income	1,182	386,026	184,146	571,354
Total expense	<u>9,312</u>	<u>270,399</u>	<u>157,522</u>	<u>437,233</u>
Net income	<u>(8,130)</u>	<u>115,627</u>	<u>26,624</u>	<u>134,121</u>
First quarter ended March 31, 2011 (Un-Audited)				
Total income	5,702	425,097	218,977	649,776
Total expense	<u>10,207</u>	<u>328,314</u>	<u>158,025</u>	<u>496,546</u>
Net income	<u>(4,505)</u>	<u>96,783</u>	<u>60,952</u>	<u>153,230</u>

16 **CASH AND CASH EQUIVALENTS**

	<u>(Un-Audited)</u>	
	<u>First quarter ended</u>	<u>March 31, 2011</u>
-----Rupees in '000-----		
Cash and balances with treasury banks	<u>58,727</u>	90,529
Balances with other banks	<u>172,855</u>	<u>311,030</u>
	<u>231,582</u>	<u>401,559</u>

17. **RELATED PARTY TRANSACTIONS**

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

**Subsidiary Company**

-Pak Oman Asset Management Company Limited

**Associates**

-Pak Oman Microfinance Bank Limited  
 -Japan Power Generation Limited  
 -Pak Oman Advantage Fund  
 -Pak Oman Advantage Islamic Income Fund  
 -Pak Oman Islamic Asset Allocation Fund  
 -Pak Oman Advantage Asset Allocation Fund  
 -Pak Oman Government Securities Fund

**Key management Personnel**

-All heads of departments  
 -Directors

**Retirement benefit fund**

-Defined benefit plan  
 -Defined contribution plan

**Other related party**

-Orient Power Company (Pvt) Limited



**18. CREDIT RATING**

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

**19. GENERAL**

The Board of Directors of the 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.

**20. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorised on April 20, 2012 by the board of directors.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**