

**PAK OMAN INVESTMENT
COMPANY LIMITED**

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)**

**FOR THE PERIOD
ENDED 30 SEPTEMBER 2017**

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Statement of Financial Position
As at 30 September 2017

30 September 2017	31 December 2016		Note	(Un-audited) 30 September 2017	(Audited) 31 December 2016
------(US Dollars in '000)-----				------(Rupees in '000)-----	
ASSETS					
1,026	843	Cash and balances with treasury banks		108,155	88,884
11,997	15,852	Balances with other banks		1,264,601	1,670,921
22,571	8,878	Lendings to financial institutions		2,379,230	935,826
430,700	197,622	Investments - net	7	45,399,807	20,831,182
185,743	140,736	Advances - net	8	19,579,054	14,834,851
852	809	Operating fixed assets	9	89,854	85,263
5,465	4,169	Deferred tax assets -net	10	576,111	439,434
7,383	8,728	Other assets		778,107	919,994
665,737	377,637			70,174,919	39,806,355
LIABILITIES					
-	-	Bills payable		-	-
487,059	238,602	Borrowings	11	51,340,572	25,150,898
88,652	50,688	Deposits and other accounts	12	9,344,717	5,342,975
-	-	Sub-ordinated loans		-	-
14	16	Liabilities against assets subject to finance lease		1,455	1,671
-	-	Deferred tax liabilities		-	-
13,636	8,061	Other liabilities		1,437,429	849,613
589,361	297,367			62,124,173	31,345,157
76,376	80,270	NET ASSETS		8,050,746	8,461,198
REPRESENTED BY					
58,344	58,344	Share capital	13	6,150,000	6,150,000
10,106	9,339	Reserves		1,065,227	984,427
7,644	9,224	Unappropriated profit		805,749	972,325
76,094	76,907			8,020,976	8,106,752
282	3,363	Surplus on revaluation of assets - net of deferred tax	14	29,770	354,446
76,376	80,270			8,050,746	8,461,198
CONTINGENCIES AND COMMITMENTS					
			15		

The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial information.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Profit and Loss Account (Un-Audited)
For the nine months ended 30 September 2017

Nine months ended			Quarter ended		Nine months ended	
30 September 2017	30 September 2016		30 September 2017	30 September 2016	30 September 2017	30 September 2016
-----US Dollars in '000-----			-----Rupees in '000-----			
27,150	15,950	Mark-up/return/interest earned	1,037,347	557,984	2,861,853	1,681,253
21,055	9,716	Mark-up/return/interest expensed	821,860	345,951	2,219,445	1,024,111
6,095	6,234	Net mark-up/ interest income	215,487	212,033	642,408	657,142
(1,035)	(1,186)	(Reversal) of provision against non -performing advances	(17,584)	(19,961)	(109,079)	(125,035)
523	155	Provision for diminution in the value of investments	54,788	(3,615)	55,122	16,330
-	-	Bad debts written off directly	-	-	-	-
(512)	(1,031)		37,204	(23,576)	(53,957)	(108,705)
6,607	7,265	Net mark-up/ interest income after provisions	178,283	235,609	696,365	765,847
NON MARK-UP/INTEREST INCOME						
461	463	Fee, commission and brokerage income	11,999	8,420	48,612	48,810
456	587	Dividend income	5,946	9,618	48,078	61,831
-	-	Income from dealing in foreign currency	-	-	-	-
2,890	4,354	Gain on sale of securities	133,687	66,375	304,588	458,931
43	(17)	Unrealised gain / (loss) on revaluation of investments classified as 'held-for-trading' securities	15,427	(11,571)	4,502	(1,760)
10	37	Other income	744	1,905	1,032	3,861
3,860	5,424	Total non -mark up/interest income	167,803	74,747	406,812	571,673
10,467	12,689		346,086	310,356	1,103,177	1,337,520
NON MARK-UP/INTEREST EXPENSES						
3,759	3,671	Administrative expenses	129,115	114,684	396,198	387,002
-	-	Other write offs / provisions	-	-	-	-
365	155	Other charges	12,089	5,654	38,463	16,337
4,124	3,826	Total non-mark up/interest expenses	141,204	120,338	434,661	403,339
6,343	8,863		204,882	190,018	668,516	934,181
-	-	Extra ordinary /unusual items	-	-	-	-
6,343	8,863	PROFIT BEFORE TAXATION	204,882	190,018	668,516	934,181
2,345	2,498	Taxation - current	87,938	57,896	247,209	263,336
369	368	- prior	-	-	38,904	38,746
(205)	299	- deferred	(4,020)	(6,321)	(21,595)	31,499
2,509	3,165		83,918	51,575	264,518	333,581
3,834	5,698	PROFIT AFTER TAXATION	120,964	138,443	403,998	600,600
----- US Dollar -----			-----Rupees-----			
0.0062	0.0093	Basic and diluted earnings per share	0.20	0.23	0.66	0.98

The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
 For the nine months ended 30 September 2017

Nine months ended			Quarter ended		Nine months ended	
30 September 2017	30 September 2016		30 September 2017	30 September 2016	30 September 2017	30 September 2016
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
3,834	5,698	PROFIT AFTER TAXATION	120,964	138,443	403,998	600,600
		Other comprehensive income				
		Items that may be reclassified subsequently to profit and loss account	-	-	-	-
<u>3,834</u>	<u>5,698</u>	Comprehensive income transferred to equity	<u>120,964</u>	<u>138,443</u>	<u>403,998</u>	<u>600,600</u>
		Component of comprehensive income not transferred to equity				
(4,151)	(79)	(Deficit) on revaluation of 'available for sale' investments	(281,297)	(18,085)	(437,534)	(8,325)
1,092	78	Related tax impact	80,513	8,901	115,082	8,196
(3,059)	(1)		(200,784)	(9,184)	(322,452)	(129)
<u>775</u>	<u>5,697</u>	Total comprehensive income	<u>(79,820)</u>	<u>129,259</u>	<u>81,546</u>	<u>600,471</u>

The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited)
For the nine months ended 30 September 2017

30 September 2017 ------(US Dollars in '000)-----	30 September 2016		Note	30 September 2017 ------(Rupees in '000)-----	30 September 2016
CASH FLOW FROM OPERATING ACTIVITIES					
6,343	8,863	Profit before taxation		668,516	934,181
456	587	Less: Dividend income		48,078	61,831
5,887	8,276			620,438	872,350
Adjustments for non-cash charges					
341	208	Depreciation		35,983	21,884
3	1	Amortisation of intangible assets		331	61
(43)	17	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading' securities		(4,502)	1,760
(10)	(37)	(Loss) on sale of fixed assets		(1,032)	(3,861)
(1,035)	(1,186)	(Reversal) of provision against non -performing advances		(109,079)	(125,035)
523	155	Provision for diminution in the value of investments		55,122	16,330
(221)	(842)			(23,177)	(88,861)
5,666	7,434			597,261	783,489
(Increase) / decrease in operating assets					
(13,693)	3,442	Lendings to financial institutions		(1,443,404)	362,824
(196,112)	(776)	Net Investments in held-for-trading securities		(20,672,047)	(81,825)
(43,973)	(45,396)	Advances		(4,635,124)	(4,785,183)
185	1,597	Other assets		19,536	168,315
(253,593)	(41,133)			(26,731,039)	(4,335,869)
Increase / (decrease) in operating liabilities					
248,457	(510)	Borrowings		26,189,674	(53,718)
37,964	28,111	Deposits and other accounts		4,001,742	2,963,130
4,758	1,075	Other liabilities		501,485	113,424
291,179	28,676			30,692,901	3,022,836
43,252	(5,023)			4,559,123	(529,544)
(869)	(3,469)	Income tax paid		(91,596)	(365,684)
42,383	(8,492)	Net cash from / (used in) operating activities		4,467,527	(895,228)
CASH FLOW FROM INVESTING ACTIVITIES					
(41,597)	5,475	Net proceeds (investments in)/ from available-for-sale securities		(4,384,729)	577,098
-	(949)	Investment in Subsidiary		-	(100,000)
-	(919)	Investment in associates		-	(96,852)
442	514	Dividend income received		46,569	54,181
(245)	(277)	Investments in operating fixed assets		(25,810)	(29,230)
15	37	Sale proceeds on sale of fixed assets disposed off		1,610	3,936
(41,385)	3,881	Net cash (used in) / from investing activities		(4,362,360)	409,133
CASH FLOW FROM FINANCING ACTIVITIES					
(2)	(2)	Payment of lease obligation		(216)	(224)
(4,668)	(3,501)	Dividend paid		(492,000)	(369,000)
(4,670)	(3,503)			(492,216)	(369,224)
(3,672)	(8,114)	(Decrease) in cash and cash equivalents		(387,049)	(855,319)
16,695	15,944	Cash and cash equivalents at beginning of the period		1,759,805	1,680,681
13,023	7,830	Cash and cash equivalents at the end of the period	19	1,372,756	825,362

The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the nine months ended 30 September 2017

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Total
		Statutory reserve	General reserve		
------(Rupees in '000)-----					
Balance as at 01 January 2016	6,150,000	831,674	11,630	776,899	7,770,203
Total comprehensive income					
Net profit after tax for the nine months ended 30 September 2016	-	-	-	600,600	600,600
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	600,600	600,600
Transfers					
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	223	223
Transfer to statutory reserve	-	120,120	-	(120,120)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended 31 December 2015 (Re. 0.60 per share)	-	-	-	(369,000)	(369,000)
Balance as at 30 September 2016	6,150,000	951,794	11,630	888,602	8,002,026
Balance as at 01 January 2017	6,150,000	972,797	11,630	972,325	8,106,752
Total comprehensive income					
Net profit after tax for the nine months ended 30 September 2017	-	-	-	403,998	403,998
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	403,998	403,998
Transfers					
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	2,226	2,226
Transfer to statutory reserve	-	80,800	-	(80,800)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended 31 December 2016 (Re. 0.80 per share)	-	-	-	(492,000)	(492,000)
Balance as at 30 September 2017	6,150,000	1,053,597	11,630	805,749	8,020,976

The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2016.

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 Dollars at a rate of Rs.105.4094 = 1 US dollar for the nine months ended 30 September 2017 and the corresponding period.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP under Circular No.23 dated 04 October 2017, these unconsolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

3. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – Interim Financial Reporting, provisions of the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives shall prevail.

The SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and 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 International Financial Reporting Standard (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 this standard have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended 31 December 2016.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2016.

Property and Equipment

During the period, the Company has changed its depreciation rate for leasehold improvements from 20% to 10% to reflect the pattern in which the asset's future economic benefits are expected to be consumed. The management has incorporated the effect of change in accounting estimate in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" in the financial statements. The effect of these changes on actual and expected depreciation expense are recognised in profit and loss account as follows:

	2017	2018	2019	2020	2021	Later
	-----Rupees-----					
Increase / (decrease) in depreciation expense	(2,268,040)	(2,628,324)	(2,467,922)	(1,979,859)	(1,722,421)	11,066,566

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2016.

7. INVESTMENTS - net

Note	30 September 2017 (Un-audited)			31 December 2016 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
	-----Rupees in '000-----					
7.1 Investments by types						
Held-for-trading securities						
Pakistan investment bonds	55,720	-	55,720	602,866	1,036,725	1,639,591
Market treasury bills (T-Bills)	3,621,434	20,476,371	24,097,805	430,275	1,370,506	1,800,781
Listed ordinary shares	-	-	-	41,106	-	41,106
	3,677,154	20,476,371	24,153,525	1,074,247	2,407,231	3,481,478
Available-for-sale securities						
Pakistan investment bonds	601	506,518	507,119	183,630	2,423,324	2,606,954
Market treasury bills (T-Bills)	417,905	15,666,708	16,084,613	194,832	9,733,012	9,927,844
Listed ordinary shares	702,009	-	702,009	653,703	-	653,703
Unlisted ordinary shares	121,333	226,000	347,333	121,333	226,000	347,333
Sukuk certificates	890,158	-	890,158	1,146,159	-	1,146,159
Term finance certificates (TFCs)	2,247,292	-	2,247,292	1,723,926	-	1,723,926
	4,379,298	16,399,226	20,778,524	4,023,583	12,382,336	16,405,919
Associates						
Japan Power Generation Limited	-	70,726	70,726	-	70,726	70,726
Pak Oman Microfinance Bank Limited	384,708	-	384,708	384,708	-	384,708
Pak Oman Advantage Islamic Income Fund	165,025	-	165,025	165,025	-	165,025
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 Government Securities Fund	249,000	-	249,000	249,000	-	249,000
	975,225	70,726	1,045,951	975,225	70,726	1,045,951
Subsidiary						
Pak Oman Asset Management Company Limited	498,300	-	498,300	498,300	-	498,300
Investments at cost	9,529,977	36,946,323	46,476,300	6,571,355	14,860,293	21,431,648
Less: Provision for diminution in the value of investments	978,404	70,726	1,049,130	935,409	70,726	1,006,135
Investments - net of provisions	8,551,573	36,875,597	45,427,170	5,635,946	14,789,567	20,425,513
Gain / (loss) on revaluation of held-for-trading securities	145	395	540	(2,229)	(1,733)	(3,962)
(Deficit) / surplus on revaluation of available-for-sale securities	(22,522)	(5,381)	(27,903)	117,230	292,401	409,631
Total investments at carrying value	8,529,196	36,870,611	45,399,807	5,750,947	15,080,235	20,831,182

7.2 PIBs and T-Bills having face value amounting to Rs. 626 million which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).

7.3 As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited Shares shall be held by the respective trustees for the TFC issues in their names for and on behalf of TFC Holders who shall be the beneficial owners of the subject shares in proportion to their holdings. The Trustees for the TFC issue are authorised pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer.

	(Un-audited) 30 September 2017	(Audited) 31 December 2016
	------(Rupees in '000)-----	
8. ADVANCES - net		
Loans in Pakistan	17,837,284	13,169,367
Margin Trading	1,088,895	841,195
Net investment in finance lease in Pakistan	1,605,399	1,889,567
Advances - gross	20,531,578	15,900,129
Less: Provision for non-performing advances - Specific	(952,389)	(1,065,205)
Provision for non-performing advances - General	(135)	(73)
	(952,524)	(1,065,278)
Advances - net of provision	19,579,054	14,834,851

8.1 Advances include amount aggregating Rs. 1,041.919 million (31 December 2016: Rs. 1,218.843 million), which have been placed under the non-performing status as detailed below:

Category of classification	30 September 2017 (Un-audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	------(Rupees in '000)-----				
Substandard	-	-	-	-	-
Doubtful	209,446	-	209,446	130,938	130,938
Loss	832,473	-	832,473	821,451	821,451
	1,041,919	-	1,041,919	952,389	952,389
	31 December 2016 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	------(Rupees in '000)-----				
Substandard	11,877	-	11,877	2,969	2,969
Doubtful	252,878	-	252,878	125,000	125,000
Loss	954,088	-	954,088	937,236	937,236
	1,218,843	-	1,218,843	1,065,205	1,065,205

8.2 Particulars of provision against non-performing advances

	Nine months ended 30 September 2017 (Un-audited)			Year ended 31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	1,065,205	73	1,065,278	914,462	-	914,462
Charge during the period / year	2,969	62	3,031	308,796	73	308,869
Reversal during the period / year	(112,110)	-	(112,110)	(140,690)	-	(140,690)
Net (Reversal) / charge	(109,141)	62	(109,079)	168,106	73	168,179
Less: Amounts written off during the period / year	(3,675)	-	(3,675)	(17,363)	-	(17,363)
Closing balance	952,389	135	952,524	1,065,205	73	1,065,278

	(Un-audited) 30 September 2017	(Audited) 31 December 2016
	----- (Rupees in '000) -----	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	-	-
Property and equipment	88,830	83,897
Intangible assets	1,024	1,366
	89,854	85,263

(Un-Audited)	
Nine months ended	
30 September 2017	30 September 2016
------(Rupees in '000)-----	

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

Owned

Improvements	16,826	-
Office equipment	700	683
Computer equipment	791	895
Furniture and fixture	3,788	934
Vehicles	3,705	23,946
Capital work in progress	-	2,772
	25,810	29,230

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

Owned

Office equipment	41	-
Furniture and fixture	116	75
Vehicles	421	-
	578	75

(Un-Audited)	(Audited)
30 September 2017	31 December 2016

------(Rupees in '000)-----

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	242,145	248,833
Amortisation of premium on federal government securities	2,494	9,128
Assets subject to finance leases	62	38
Accelerated tax depreciation allowances	(1,509)	1,274
Revaluation on investments classified as held-for-trading	(128)	1,066
Provision against non-performing loans and advances	285,757	319,583
	528,821	579,922

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	1,551	(113,531)
Revaluation of non-banking assets acquired in satisfaction of claims	(18,693)	(23,395)
Dividend receivable	(429)	(212)
Net investment in finance leases	64,861	(3,350)
	47,290	(140,488)
	576,111	439,434

10.1 Represents super tax at 3% on taxable income for tax year 2017 and 2016 for rehabilitation of temporarily displaced persons imposed through Finance Act.

	(Un-Audited) 30 September 2017	(Audited) 31 December 2016
Note	----- (Rupees in '000) -----	

11. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan:

- Long term financing facility (LTFF)	11.1	1,609,733	1,229,176
- Financing facility for storage of agricultural produce (FFSAP)	11.1	4,179	6,687

Repurchase agreement borrowings	11.2	26,480,850	5,351,991
Long term borrowings	11.3	6,680,346	4,546,640
Short term running finance	11.4	524,164	480,389
Bai Muajjal	11.5	11,585,300	9,851,015
		<u>46,884,572</u>	<u>21,465,898</u>

Unsecured

Placements	11.6	900,000	685,000
Murabaha financing	11.7	3,556,000	3,000,000
		<u>51,340,572</u>	<u>25,150,898</u>

11.1 The Company has entered into agreements for financing with the SBP of long term finance for export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 2 to 8.20 percent per annum (2016: 2 to 10.10 percent per annum). These are repayable within 10 years (2016: 10 years).

11.2 The rate of return on these repurchase agreement borrowings, maturing in October 2017 (2016: January 2017), ranges between 5.50 to 5.80 (2016: 5.70 to 5.93) percent per annum. Securities having cost of Rs 26,485.323 million (2016: Rs 5,172.066 million) have been pledged against these borrowings.

11.3 The rate of return on these long-term borrowings ranges from 6.43 to 6.65 (2016: 6.32 to 6.56) percent per annum. The above facilities are secured against loan and advances receivables.

11.4 The rate of return on these short-term running finance facilities is three month KIBOR + 0.25% (2016: three month KIBOR + 0.25%). The above facilities are secured against loan and advances receivables.

11.5 These Bai Muajjal secured against government securities, maturing in October 2017 to February 2018 (2016: January 2017 to October 2017) and carrying rate of return ranges between 5.75 to 5.84 (2016: 5.65 to 5.87) percent per annum.

11.6 The rates of return on these placements, maturing in October 2017 to December 2017 (2016: January 2017 to February 2017) ranges between 5.85 to 6.25 (2016: 5.85 to 6.30) percent per annum.

11.7 The rates of return on these murabaha financing, maturing in October 2017 to December 2017 (2016: January 2017 to June 2017) ranges between 5.60 to 6.25 (2016: 6.15 to 6.25) percent per annum.

	(Un-Audited) 30 September 2017	(Audited) 31 December 2016
	----- (Rupees in '000) -----	

12. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)

Financial institutions	1,483,000	252,700
Others	7,861,717	5,090,275
	<u>9,344,717</u>	<u>5,342,975</u>

12.1 The rate of return on deposits maturing between October 2017 to September 2018 (2016: January 2017 to May 2018) is 6 to 6.35 (2016: 6 to 12) percent per annum.

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 September 2017 ------(Number of shares)-----	(Audited) 31 December 2016	(Un-Audited) 30 September 2017 ------(Rupees in '000)-----	(Audited) 31 December 2016
<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
	Ordinary shares of Rs. 10 each		

13.2 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>
	Ordinary shares of Rs. 10 each		

13.3 The Ministry of Finance on behalf of the Government of Pakistan and the Sultanate of Oman through its Ministry of Finance each holds 307,495,900 (2016: 307,495,900) ordinary shares of the Company, while 4,100 (2016: 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.

14. SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

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

Federal Government Securities		
- Pakistan investment bonds	105	334,258
- Treasury bills (T-Bills)	(5,480)	(8,204)
	(5,375)	326,054
Shares-listed	(45,467)	62,390
Term Finance Certificates		
- Listed	12,470	12,134
- Unlisted	2,454	1,249
	14,924	13,383
Sukuk certificates	8,015	7,804
	(27,903)	409,631
Deferred tax asset recognized	1,551	(113,531)
	(26,352)	296,100

Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Revaluation of fixed assets / non-banking assets during the period / year	84,766	84,766
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(4,592)	(1,414)
	80,174	83,352
Less: Related deferred tax liability on:		
- Revaluation of fixed assets / non-banking assets during the period / year	(25,430)	(25,430)
- Incremental depreciation charged during the period / year	1,378	424
	(24,052)	(25,006)
	56,122	58,346
	<u>29,770</u>	<u>354,446</u>

14.1 Surplus on revaluation of non-banking assets arising on the property located in Lahore having a market value of RS 374.538 million on valuation report Sep 08, 2016 and property located in Karachi having a market value of Rs 43.424 million on valuation report April 07, 2016. The factors taken include the nature, physical condition of building & civil structure, location, market feedback, the property buying and selling activity, buyers' purchasing power, prevailing market conditions, return on investment, adverse factors, threats and opportunities of real estate industry, etc.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

		30 September 2017 (Un-audited)							Fair value		
Note	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
	24,153,842	16,586,357	-	-	-	-	40,740,199	-	40,740,199	-	40,740,199
	-	1,094,559	-	-	-	-	1,094,559	-	1,094,559	-	1,094,559
	-	750,282	-	-	-	-	750,282	-	750,282	-	750,282
	-	737,128	-	-	-	-	737,128	-	737,128	-	737,128
	223	535,266	-	-	-	-	535,489	535,489	-	-	535,489
- Associates											
	-	-	-	-	-	-	-	68,905	-	-	68,905
	-	-	-	-	590,517	-	590,517	654,671	-	-	654,671
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	17.1	-	-	108,155	-	-	108,155	-	-	-	-
- Balances with other banks	17.1	-	-	1,264,601	-	-	1,264,601	-	-	-	-
- Lendings to financial institutions	17.1	-	-	2,379,230	-	-	2,379,230	-	-	-	-
- Unlisted shares	17.1	-	226,000	-	-	-	226,000	-	-	-	-
- Associates - unlisted shares	17.1	-	-	-	384,708	-	384,708	-	-	-	-
- Subsidiary - unlisted shares	17.1	-	-	-	340,925	-	340,925	-	-	-	-
- Advances	17.1	-	-	19,579,054	-	-	19,579,054	-	-	-	-
- Other assets	17.1	-	-	-	361,226	-	361,226	-	-	-	-
	24,154,065	19,929,592	-	23,331,040	1,677,376	-	69,092,073	1,259,065	43,322,168	-	44,581,233
Financial liabilities not measured at fair value											
- Borrowings from financial institutions	17.1	-	-	-	-	51,340,572	51,340,572	-	-	-	-
- Deposits and other accounts	17.1	-	-	-	-	9,344,717	9,344,717	-	-	-	-
- Liabilities against assets subject to finance lease	17.1	-	-	-	-	1,455	1,455	-	-	-	-
- Other liabilities	17.1	-	-	-	-	1,351,098	1,351,098	-	-	-	-
	-	-	-	-	-	62,037,842	62,037,842	-	-	-	-
	24,154,065	19,929,592	-	23,331,040	1,677,376	(62,037,842)	7,054,231	1,259,065	43,322,168	-	44,581,233

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

31 December 2016 (Audited)

Note	Fair value											
	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----												
Financial assets measured at fair value												
- Investments												
	3,437,225	12,860,852	-	-	-	-	16,298,077	-	16,298,077	-	16,298,077	
Government Securities												
Listed Term Finance Certificates	-	683,612	-	-	-	-	683,612	-	683,612	-	683,612	
Unlisted Term Finance Certificates	-	636,322	-	-	-	-	636,322	-	636,322	-	636,322	
Sukuk Certificates	-	970,626	-	-	-	-	970,626	-	970,626	-	970,626	
Listed shares	40,291	660,104	-	-	-	-	700,395	700,395	-	-	700,395	
- Associates												
Listed shares	-	-	-	-	-	-	-	98,511	-	-	98,511	
Mutual funds	-	-	-	-	590,517	-	590,517	709,139	-	-	709,139	
Financial assets not measured at fair value												
- Cash and bank balances with treasury banks	17.1	-	-	88,884	-	-	88,884	-	-	-	-	
- Balances with other banks	17.1	-	-	1,670,921	-	-	1,670,921	-	-	-	-	
- Lendings to financial institutions	17.1	-	-	935,826	-	-	935,826	-	-	-	-	
- Unlisted shares	17.1	-	226,000	-	-	-	226,000	-	-	-	-	
- Associates - unlisted shares	17.1	-	-	-	384,708	-	384,708	-	-	-	-	
- Subsidiary - unlisted shares	17.1	-	-	-	340,925	-	340,925	-	-	-	-	
- Advances	17.1	-	-	14,834,851	-	-	14,834,851	-	-	-	-	
- Other assets	17.1	-	-	-	389,058	-	389,058	-	-	-	-	
		3,477,516	16,037,516	-	17,530,482	1,705,208	-	38,750,722	1,508,045	18,588,637	-	20,096,682
Financial liabilities not measured at fair value												
- Borrowings from financial institutions	17.1	-	-	-	-	25,150,898	25,150,898	-	-	-	-	
- Deposits and other accounts	17.1	-	-	-	-	5,342,975	5,342,975	-	-	-	-	
- Liabilities against assets subject to finance lease	17.1	-	-	-	-	1,671	1,671	-	-	-	-	
- Other liabilities	17.1	-	-	-	-	849,613	849,613	-	-	-	-	
		-	-	-	-	31,345,157	31,345,157	-	-	-	-	
		3,477,516	16,037,516	-	17,530,482	1,705,208	(31,345,157)	7,405,565	1,508,045	18,588,637	-	20,096,682

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

17.1 The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Total
-----Rupees in '000-----				
Nine months ended 30 September 2017 (Un-Audited)				
Total income	14,120	2,160,934	1,093,611	3,268,665
Total expense	67,419	1,726,405	806,325	2,600,149
Net income	<u>(53,299)</u>	<u>434,529</u>	<u>287,286</u>	<u>668,516</u>

**Nine months ended 30 September
2017 (Un-Audited)**

Segment assets	-	49,928,044	20,246,875	70,174,919
Segment liabilities	-	43,069,316	19,054,857	62,124,173
Segment non-performing loans	-	-	1,041,919	1,041,919
Investment provided for	-	1,596,736	-	1,596,736
Segment provisions required	-	1,049,130	952,389	2,001,519
Segment return on net assets %	-	8.45%	32.13%	-
Segment return on assets (ROA) %	-	1.16%	1.89%	-
Segment cost of funds %	-	5.26%	5.01%	-

**Nine months ended 30 September
2016 (Un-Audited)**

Total income	11,057	1,410,897	830,972	2,252,926
Total expense	63,458	742,838	512,449	1,318,745
Net income	<u>(52,401)</u>	<u>668,059</u>	<u>318,523</u>	<u>934,181</u>

**Nine months ended 30 September
2016 (Un-Audited)**

Segment assets	-	15,607,274	14,850,433	30,457,707
Segment liabilities	-	11,025,392	11,026,763	22,052,155
Segment non-performing loans	-	-	1,053,915	1,053,915
Investment provided for	-	1,850,519	-	1,850,519
Segment provisions required	-	1,224,389	789,376	2,013,765
Segment return on net assets %	-	19.44%	11.11%	-
Segment return on assets (ROA) %	-	5.71%	2.86%	-
Segment cost of funds %	-	4.75%	4.79%	-

(Un-Audited)

Nine months ended

30 September 2017	30 September 2016
----------------------	----------------------

19. CASH AND CASH EQUIVALENTS

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

Cash and balances with treasury banks	108,155	65,130
Balances with other banks	1,264,601	760,232
	<u>1,372,756</u>	<u>825,362</u>

20. RELATED PARTY TRANSACTIONS

- 20.1** The Company has related party relationship with its associates, subsidiary, employee benefit plans and its key management personnel (including their associates). The details of investments in subsidiary and associates are stated in note 7 to this unconsolidated condensed interim financial information.

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

Related parties of the Company comprises of:

Subsidiary

-Pak Oman Asset Management Company Limited

Associates

-Japan Power Generation Limited
-Pak Oman Microfinance Bank Limited
-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 (Private) Limited

21. 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.

22. GENERAL

Amounts in this financial information have been rounded off to the nearest rupee in thousand except stated otherwise.

23. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised on 20 October 2017 by the board of directors.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman