

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE FIRST QUARTER
ENDED MARCH 31, 2011**

PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

Unaudited March 31, 2011	Audited December 31, 2010		Note	Unaudited March 31, 2011	Audited December 31, 2010
(US \$ in '000)				(Rupees in '000)	
ASSETS					
1,055	820	Cash and balances with treasury banks		90,529	70,373
3,624	7,698	Balances with other banks		311,030	660,750
24,065	28,599	Lendings to financial institutions		2,065,495	2,454,610
119,905	106,533	Investments	4	10,291,470	9,143,686
70,804	69,299	Advances	5	6,077,091	5,947,929
761	758	Operating fixed assets	6	65,276	65,082
5,109	4,807	Deferred taxation		438,495	412,574
5,300	4,893	Other assets		454,983	419,985
230,623	223,407			19,794,369	19,174,989
LIABILITIES					
-	-	Bills payable		-	-
72,532	71,599	Borrowings from financial institutions		6,225,429	6,145,349
70,886	64,793	Deposits and other accounts		6,084,108	5,561,165
-	-	Sub-ordinated loans		-	-
149	177	Liabilities against assets subject to finance lease		12,821	15,202
-	-	Deferred taxation		-	-
11,805	8,347	Other liabilities		1,013,162	716,383
155,372	144,916			13,335,520	12,438,099
75,251	78,491	NET ASSETS		6,458,849	6,736,890
REPRESENTED BY					
71,653	71,653	Share capital	7	6,150,000	6,150,000
5,085	5,739	Reserves		436,416	492,568
1,328	2,334	Unappropriated profit		114,021	200,328
78,066	79,726			6,700,437	6,842,896
(2,815)	(1,235)	Deficit on revaluation of securities - net of tax		(241,588)	(106,006)
75,251	78,491			6,458,849	6,736,890
Contingencies and commitments					
8					

The annexed notes from 1 to 13 form an integral part of this condensed interim financial report.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2011

March 31, 2011 (US \$ in '000)	March 31, 2010		March 31, 2011 (Rupees in '000)	March 31, 2010 (Rupees in '000)
6,911	6,442	Mark-up/return/interest earned	593,172	552,891
4,615	4,397	Mark-up/return/interest expensed	396,132	377,398
2,296	2,045	Net mark-up/ interest income	197,040	175,493
(29)	(211)	(Reversal) against non -performing loans and advances	(2,513)	(18,110)
372	(14)	Provision / (reversal) for diminution in the value of investments	31,890	(1,222)
-	-	Bad debts written off directly	-	-
343	(225)		29,377	(19,332)
1,953	2,270	Net mark-up/ interest income after provisions	167,663	194,825
NON MARK-UP/INTEREST INCOME				
76	95	Fee, commission and brokerage income	6,526	8,188
130	141	Dividend income	11,143	12,125
23	(27)	Income / (loss) from trading in Government securities	1,963	(2,293)
-	-	Income from dealing in foreign currencies	-	-
465	333	Income from trading in listed and other securities	39,922	28,605
-	-	Provision for impairment in the value of investments	-	-
(38)	(115)	Unrealised (deficit) on revaluation of investments classified as 'held-for-trading' securities	(3,237)	(9,909)
3	18	Other income	287	1,513
659	445	Total non -mark up/interest income	56,604	38,229
2,612	2,715		224,267	233,054
NON MARK-UP/INTEREST EXPENSES				
800	637	Administrative expenses	68,659	54,672
-	-	Other provisions/write offs	-	-
28	21	Other charges	2,378	1,842
828	658	Total non-mark up/interest expenses	71,037	56,514
1,784	2,057		153,230	176,540
-	-	Extra ordinary /unusual items	-	-
1,784	2,057	PROFIT BEFORE TAXATION	153,230	176,540
929	623	Taxation - current	79,773	53,474
-	-	- prior	-	-
(351)	(13)	- deferred	(30,084)	(1,078)
578	610		49,689	52,396
1,206	1,447	PROFIT AFTER TAXATION	103,541	124,144
US \$ 0.002	US \$ 0.0024	Basic and diluted earning per share (Rs per share)	9	0.17
				0.20

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Chief Financial Officer

Managing Director
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PAK-OMAN INVESTMENT COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE FIRST QUARTER ENDED MARCH 31, 2011

March 31, 2011	March 31, 2010		March 31, 2011	March 31, 2010
US \$ in '000			Rupees in '000	
1,206	1,447	PROFIT AFTER TAXATION	103,541	124,144
		Other comprehensive income not transferred to equity		
(1,531)	567	(Deficit) / surplus net on revaluation of securities	(131,419)	48,641
(49)	(18)	Deferred tax (liability) on Government Securities	(4,163)	(1,578)
(1,580)	549		(135,582)	47,063
<u>(374)</u>	<u>1,996</u>	Total comprehensive (loss) / income for the period	<u>(32,041)</u>	<u>171,207</u>

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PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2011

March 31, 2011	March 31, 2010		Note	March 31, 2011	March 31, 2010
(US \$ in '000)				(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES					
1,784	2,057	Profit before taxation		153,230	176,540
130	141	Less: Dividend income		11,143	12,125
1,654	1,916			142,087	164,415
Adjustments for non-cash charges					
44	42	Depreciation		3,749	3,596
5	4	Amortisation of intangible assets		462	370
38	115	Unrealised deficit on revaluation of investments classified as 'held-for-trading'		3,237	9,909
(3)	(18)	(Gain) / loss on sale of fixed assets		(287)	(1,513)
(29)	(211)	(Reversal) / Provision against non-performing loans and advances	5.2	(2,513)	(18,110)
372	(14)	Provision / (reversal) for diminution in the value of investments		31,890	(1,222)
5	7	Finance charges on leased assets		424	600
432	(75)			36,962	(6,370)
2,086	1,841			179,049	158,045
(Increase) / decrease in operating assets					
4,534	12,271	Landings to financial institutions		389,115	1,053,256
-	-	Balances with other banks		-	-
(1,476)	(9,954)	Advances		(126,649)	(854,333)
(316)	(52)	Other assets		(27,182)	(4,470)
2,742	2,265			235,284	194,453
Increase / (decrease) in operating liabilities					
-	-	Bills payable		-	-
933	(15,895)	Borrowings from financial institutions		80,080	(1,364,297)
6,093	14,401	Deposits and other accounts		522,943	1,236,045
81	363	Other liabilities		6,897	31,115
7,107	(1,131)			609,920	(97,137)
11,935	2,975			1,024,253	255,361
(6)	(7)	Finance charges paid on leased assets		(501)	(614)
(417)	(57)	Income tax paid		(35,814)	(4,852)
11,512	2,911	Net cash inflow from operating activities		987,938	249,895
CASH FLOW FROM INVESTING ACTIVITIES					
(15,320)	(3,684)	Net Investments		(1,314,908)	(316,183)
45	60	Dividend received		3,905	5,113
(52)	(64)	Investments in operating fixed assets		(4,449)	(5,527)
4	34	Sale proceeds of property and equipment disposed-off		331	2,897
(15,323)	(3,654)	Net cash (outflow) from investing activities		(1,315,121)	(313,700)
CASH FLOW FROM FINANCING ACTIVITIES					
(28)	(15)	Liabilities against assets subject to finance lease		(2,381)	(1,271)
-	-	Dividend paid		-	-
(28)	(15)	Net cash (outflow) from financing activities		(2,381)	(1,271)
(3,839)	(758)	(Decrease) in cash and cash equivalents		(329,564)	(65,076)
8,518	7,740	Cash and cash equivalents as at beginning of the period		731,123	664,330
4,679	6,982	Cash and cash equivalents at the end of the period		401,559	599,254

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Chief Financial Officer

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PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 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
Net profit after tax for the first quarter ended March 31, 2010	-	-	-	-	124,144	124,144
Transfer to statutory reserve		24,829	-	-	(24,829)	-
Balance as at March 31, 2010	6,150,000	373,312	66,437	-	99,315	6,689,064
Net profit after tax for the nine months period ended December 31, 2010	-	-	-	-	153,832	153,832
Transfer to statutory reserve	-	30,766	-	-	(30,766)	-
Transfer to contingencies reserve	-	-	-	22,053	(22,053)	-
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	-
Dividend for the year ended December 31, 2010	-	-	-	-	(246,000)	(246,000)
Net profit after tax for the first quarter ended March 31, 2011	-	-	-	-	103,541	103,541
Transfer to statutory reserve	-	20,708	-	-	(20,708)	-
Balance as at March 31, 2011	6,150,000	424,786	11,630	-	114,021	6,700,437

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Chief Financial Officer

Managing Director
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Managing Director
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PAK-OMAN INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER ENDED MARCH 31, 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

This condensed interim financial report of the company for the first quarter ended March 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting, requirements of the Companies Ordinance, 1984 (the Ordinance) and provisions of and directives issued by the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Ordinance or of SBP have been followed.

The financial report has been prepared on the format of the accounts and mode of disclosures prescribed by SBP through its BSD Circular letter No. 02 dated May 12, 2004.

The US dollar amounts shown in the condensed interim statement of financial position, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted at a rate of Rs. 85.83= US dollar 1 for the first quarter ended March 31, 2011 and the corresponding period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this 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 INVESTMENTS

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at March 31, 2011 (un-audited)	7,366,531	2,924,939	10,291,470
Balance as at December 31, 2010 (audited)	6,969,994	2,173,692	9,143,686
Balance as at March 31, 2010(un-audited)	7,662,323	3,468,860	11,131,183

PAK-OMAN INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

4.1 Investments by types	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Held-for-trading securities	876,465	833,076	1,709,541
Available for sale securities	5,893,056	2,069,743	7,962,799
Held-to-maturity securities	261,143	-	261,143
Associates	835,016	70,726	905,742
Subsidiary	168,300	-	168,300
	<u>8,033,980</u>	<u>2,973,545</u>	<u>11,007,525</u>
Less: Provision for diminution in the value of investments	(403,245)	(47,816)	(451,061)
Provision for impairment in the value of investments	(12,850)	-	(12,850)
	<u>7,617,885</u>	<u>2,925,729</u>	<u>10,543,614</u>
(Deficit) on revaluation of 'available for sale' securities	(247,747)	(1,410)	(249,157)
(Deficit) on revaluation of 'held for trading' securities	(3,607)	620	(2,987)
Balance as at March 31, 2011 (un-audited)	<u>7,366,531</u>	<u>2,924,939</u>	<u>10,291,470</u>

5. ADVANCES	Un-audited March 31 2011	Audited December 31, 2010
	----- Rupees in '000 -----	
Loans in Pakistan	6,018,031	5,863,548
Net investment in finance lease in Pakistan	1,164,176	1,192,010
	<u>7,182,207</u>	<u>7,055,558</u>
Less: Provision for non-performing advances	(1,105,116)	(1,107,629)
	<u>6,077,091</u>	<u>5,947,929</u>

5.1 Advances include amount aggregating Rs. 1,232.653 million (December 31, 2010: Rs. 1,221,006 million), which have been placed under the non-performing status as detailed below:

	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Substandard	38,010	-	38,010	8,125	8,125
Doubtful	20,515	-	20,515	6,949	6,949
Loss	1,174,128	-	1,174,128	1,090,042	1,090,042
	<u>1,232,653</u>	<u>-</u>	<u>1,232,653</u>	<u>1,105,116</u>	<u>1,105,116</u>

5.2 Movements in provision is analysed as follows:

	Rs. in '000
First quarter ended March 31, 2010	
Opening balance	926,015
Charge for the period	8,625
(Reversal) for the period	(26,735)
Closing balance	<u>907,905</u>
First quarter ended March 31, 2011	
Opening balance	1,107,629
Charge for the period	263
(Reversal) for the period	(2,776)
Closing balance	<u>1,105,116</u>

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED MARCH 31, 2011

6 OPERATING FIXED ASSETS	Un-audited	Un-audited
	First quarter ended	
	March 31, 2011	March 31, 2010
	----- Rupees in '000 -----	
Additions – cost	4,449	5,527
Disposals – cost	876	4,991
- Net book value	44	1,384

7 SHARE CAPITAL

7.1 Authorized share capital

	Un-audited	Audited	Un-audited	Audited
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	No. of shares in '000		----- Rupees in '000 -----	
Ordinary shares of Rs. 10 each	1,000,000	1,000,000	10,000,000	10,000,000

7.2 Issued, subscribed and paid - up capital

	Un-audited	Audited	Un-audited	Audited
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	No. of shares in '000		----- Rupees in '000 -----	
	615,000	615,000	6,150,000	6,150,000

7.3 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. 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.

8 CONTINGENCIES AND COMMITMENTS	Un-audited	Audited
	March 31, 2011	December 31, 2010
	----- Rupees in '000 -----	
Transaction related contingent liability:		
- guarantees	3,500	11,301
- import letter of credits	-	13,730
Pledge of shares on behalf of JPGL - note 8.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 8.2	226,000	226,000
Commitments for:		
- purchase of term finance certificates	21,359	-
- sale of term finance certificates	3,454	-
- sale of shares (future)	57,097	-
Commitments for loans and advances and net investment in finance leases	581,240	303,930

8.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2010: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2010: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

8.2 Shares in Orient Power Company (Pvt) Ltd (related party) aggregating 22,600,000 (December 31, 2010: 22,600,000) having a cost of Rs.226 million (December 31, 2010: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Pvt) Ltd (related party) against a syndicate finance facility obtained by Orient Power Company (Pvt) Ltd (related party).

PAK-OMAN INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

9. BASIC AND DILUTED EARNING PER SHARE

	First quarter ended March 31,	
	2011	2010
	----- Rupees in '000 -----	
Profit after taxation	<u>103,541</u>	<u>124,144</u>
	Numbers in thousand	
Weighted average number of ordinary shares	<u>615,000</u>	<u>615,000</u>
	Rupee	
Basic and diluted earning per share for the first quarter ended March 31, 2011/10	<u>0.17</u>	<u>0.20</u>

10. RELATED PARTY TRANSACTIONS

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

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

10.1 Transactions entered into with related parties are as follows:

	Subsidiary		Associates		Other related party		Total	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	(Rupees in '000)							
Advances / Investments *								
Balance as at January 1	171,188	174,363	973,942	1,133,816	792,748	318,314	1,937,878	1,626,493
Additions during the period / year	-	-	-	-	-	862,497	-	862,497
Repayments / Transfer	(337)	(3,175)	-	(159,874)	(6,579)	(388,063)	(6,916)	(551,112)
Closing balance	170,851	171,188	973,942	973,942	786,169	792,748	1,930,962	1,937,878

* including sale / purchase / transfer of units from associated mutual funds.

Borrowings / Deposits *								
Balance as at January 1	596	882	451,639	211,861	-	-	452,235	212,743
Additions during the period / year	-	-	282,960	451,639	-	-	282,960	451,639
Repayments	-	(286)	(261,520)	(211,861)	-	-	(261,520)	(212,147)
Closing balance	596	596	473,079	451,639	-	-	473,675	452,235

* including security deposit against lease finance.

Balances								
Other receivable	-	-	5	-	64	138	69	138

	Subsidiary		Associates		Other related party		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Rupees in '000							

10.2 Transactions, income and expenses								
Mark up expense	-	-	15,641	13,340	-	-	15,641	13,340
Mark up income	91	187	-	-	21,631	8,427	21,722	8,614
Fee income	-	125	-	-	-	6,370	-	6,495
Dividend income	-	-	-	-	-	-	-	-

10.3 Transactions with retirement benefit funds								
							March 31, 2011	March 31, 2010
							Rupees in '000	
Defined contribution plan							1,991	1,535
Defined benefit plan							1,639	1,674

10.4 Key management compensation								
Salaries and benefits							21,830	9,699
Non-executive director's remuneration							43	35
							21,873	9,734

10.5 Mark-up received on loans to key management							583	646
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10.6 Loans to key management personnel							March 31, 2011	December 31, 2010
Opening balance							46,384	53,630
Additions during the period							14,000	16,199
Repayments / transferred during the period							(702)	(23,445)
Closing balance							59,682	46,384

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

11. 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.

12. GENERAL

Figures have been rounded off to the nearest rupee in thousand.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report were authorised on May 02, 2011 by the board of directors.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman