

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2010**

Unaudited June 30, 2010	Audited December 31, 2009		Unaudited June 30, 2010	Audited December 31, 2009
(US \$ in '000)			(Rupees in '000)	
<b>ASSETS</b>				
852	868	Cash and balances with treasury banks	72,755	74,119
4,285	7,509	Balances with other banks	365,898	641,256
11,905	33,683	Lendings to financial institutions	1,016,646	2,876,508
137,914	124,364	Investments	11,777,879	10,620,720
69,452	64,497	Advances	5,931,212	5,508,051
1,001	951	Operating fixed assets	85,461	81,202
4,185	3,790	Deferred taxation	357,359	323,703
4,314	4,819	Other assets	368,478	411,466
<b>233,908</b>	<b>240,481</b>		<b>19,975,688</b>	<b>20,537,025</b>
<b>LIABILITIES</b>				
-	-	Bills payable	-	-
93,819	104,158	Borrowings from financial institutions	8,012,129	8,895,096
55,056	53,420	Deposits and other accounts	4,701,770	4,562,089
-	-	Sub-ordinated loans	-	-
216	176	Liabilities against assets subject to finance lease	18,484	15,014
8,135	7,863	Other liabilities	694,673	671,491
-	-	Deferred taxation	-	-
<b>157,226</b>	<b>165,617</b>		<b>13,427,056</b>	<b>14,143,690</b>
<b>76,682</b>	<b>74,864</b>	<b>NET ASSETS</b>	<b>6,548,632</b>	<b>6,393,335</b>
<b>REPRESENTED BY</b>				
72,014	72,014	Share capital	6,150,000	6,150,000
5,263	4,859	Reserves	449,489	414,920
(40)	(1,476)	Accumulated Loss	(3,419)	(126,035)
<b>77,237</b>	<b>75,397</b>		<b>6,596,070</b>	<b>6,438,885</b>
942	1,130	Non controlling interest	80,440	96,469
<b>78,179</b>	<b>76,527</b>		<b>6,676,510</b>	<b>6,535,354</b>
(1,497)	(1,663)	Deficit on revaluation of securities - net of tax	(127,878)	(142,019)
<b>76,682</b>	<b>74,864</b>		<b>6,548,632</b>	<b>6,393,335</b>
		Contingencies and commitments	9	

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial report.

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Six months ended			Quarter ended		Six months ended	
June 30, 2010	June 30, 2009		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
(US \$ in '000)			(Rupees in '000)			
13,405	13,121	Mark-up/return/interest earned	590,410	561,867	1,144,816	1,120,552
9,139	9,037	Mark-up/return/interest expensed	403,038	391,372	780,436	771,753
4,266	4,084	<b>Net mark-up/ interest income</b>	187,372	170,495	364,380	348,799
988	5,256	Provision against non -performing loans and advances	102,511	403,016	84,401	448,831
(28)	406	(Reversal) / provision for diminution in the value of investments	(2,390)	15,000	(2,390)	34,700
-	-	Bad debts written off directly	-	-	-	-
960	5,662		100,121	418,016	82,011	483,531
3,306	(1,578)	<b>Net mark-up/ interest income after provisions</b>	87,251	(247,521)	282,369	(134,732)
<b>NON MARK-UP/INTEREST INCOME</b>						
349	388	Fee, commission and brokerage income	11,422	16,907	29,820	33,165
202	318	Dividend income	2,307	17,483	17,278	27,121
(61)	502	(Loss) / income from trading in Government securities	(2,918)	21,799	(5,211)	42,843
-	-	Income from dealing in foreign currencies	-	-	-	-
709	(1,759)	Income from trading in listed and other securities	31,925	(158,206)	60,534	(150,223)
-	(2,901)	Provision for impairment in the value of investments	-	(46,640)	-	(247,746)
(237)	492	Unrealised (deficit) / surplus on revaluation of investments classified as 'held-for-trading' securities	(16,307)	2,375	(20,214)	42,030
31	3	Other income	1,111	271	2,624	281
993	(2,957)	<b>Total non -mark up/interest income</b>	27,540	(146,011)	84,831	(252,529)
4,299	(4,535)		114,791	(393,532)	367,200	(387,261)
<b>NON MARK-UP/INTEREST EXPENSES</b>						
1,889	2,054	Administrative expenses	85,503	94,083	161,353	175,376
-	-	Other provisions/write offs	-	-	-	-
169	204	Other charges	11,357	10,850	14,411	17,502
2,058	2,258	<b>Total non-mark up/interest expenses</b>	96,860	104,933	175,764	192,878
2,241	(6,793)		17,931	(498,465)	191,436	(580,139)
191	1,014	Share of results of associates before taxation	4,815	20,035	16,324	86,595
-	-	Extra ordinary /unusual items	-	-	-	-
2,432	(5,779)	<b>PROFIT / (LOSS) BEFORE TAXATION</b>	22,746	(478,430)	207,760	(493,544)
1,198	1,276	Taxation - current	48,774	70,014	102,298	108,960
-	-	- prior	-	-	-	-
(418)	(1,909)	- deferred	(34,616)	(154,015)	(35,694)	(163,015)
780	(633)		14,158	(84,001)	66,604	(54,055)
1,652	(5,146)	<b>PROFIT / (LOSS) AFTER TAXATION</b>	8,588	(394,429)	141,156	(439,489)
188	29	Share of loss attributable to non controlling interest	14,685	4,704	16,029	2,494
1,840	(5,117)	<b>PROFIT / (LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b>	23,273	(389,725)	157,185	(436,995)
<b>US \$ 0.003</b>	<b>US \$ -0.0083</b>	Basic and diluted earnings / (loss) per share (Rs per share)	<b>0.04</b>	<b>(0.63)</b>	<b>0.26</b>	<b>(0.71)</b>

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial report.

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

<b>Six months ended</b>			<b>Quarter ended</b>		<b>Six months ended</b>	
<b>June 30,</b>	<b>June 30,</b>		<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
US \$ in '000			Rupees in '000			
<b>1,652</b>	<b>(5,146)</b>	<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>8,588</b>	<b>(394,429)</b>	<b>141,156</b>	<b>(439,489)</b>
<b>190</b>	<b>5,349</b>	Surplus / (Deficit) net on revaluation of securities	<b>(32,462)</b>	<b>300,363</b>	<b>16,179</b>	<b>456,789</b>
<b>(23)</b>	<b>(189)</b>	Deferred tax (liability) on Government Securities	<b>(460)</b>	<b>(3,990)</b>	<b>(2,038)</b>	<b>(16,114)</b>
<b>2</b>	<b>97</b>	Share of other comprehensive income of associates	<b>(929)</b>	<b>(3,848)</b>	<b>176</b>	<b>8,251</b>
<b>169</b>	<b>5,257</b>	Other comprehensive income for the period net of tax not transferred to equity	<b>(33,851)</b>	<b>292,525</b>	<b>14,317</b>	<b>448,926</b>
<b>1,821</b>	<b>111</b>	Total comprehensive income / (loss) for the period	<b>(25,263)</b>	<b>(101,904)</b>	<b>155,473</b>	<b>9,437</b>

Surplus / Deficit arising on revaluation of 'available-for-sale' securities is required to be shown separately below equity as 'surplus / deficit on revaluation of assets' in accordance with the requirement specified by the State Bank of Pakistan. Accordingly, it has not been reflected in the statement of changes in equity.

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial report.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**

PAK-OMAN INVESTMENT COMPANY LIMITED  
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2010

Six months ended			Six months ended	
June 30, 2010	June 30, 2009		June 30, 2010	June 30, 2009
(US \$ in ' 000)			(Rupees in '000)	
		<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
2,432	(5,779)	Profit / (loss) before taxation	207,760	(493,544)
202	318	Less: Dividend income	17,278	27,121
2,230	(6,097)		190,482	(520,665)
		<b>Adjustments for non-cash charges</b>		
125	129	Depreciation	10,659	11,047
23	21	Amortisation of intangible assets	1,923	1,833
		Unrealised deficit / (surplus) on revaluation of investments classified as 'held-for-trading'	20,214	(42,030)
237	(492)	(Gain) / loss on sale of fixed assets	(2,389)	1,513
(28)	18	Share of (gain) from associates before taxation	(16,324)	(86,595)
(191)	(1,014)	Provision against non-performing loans and advances	84,401	448,831
988	5,256	(Reversal) / provision for diminution in the value of investments	(2,390)	34,700
(28)	406	Provision for impairment in the value of investments	-	247,746
-	2,901	Financial income	(1,144,816)	(1,120,552)
(13,405)	(13,121)	Financial charges	780,436	771,753
9,139	9,037		(268,286)	268,246
(3,140)	3,141		(77,804)	(252,419)
(910)	(2,956)			
		<b>(Increase)/decrease in operating assets</b>		
21,432	(8,927)	Lendings to financial institutions	1,830,290	(762,332)
-	-	Balances with other banks	-	-
(6,063)	(44,676)	Held-for-trading	(517,787)	(3,815,308)
(5,943)	(3,649)	Advances	(507,562)	(311,638)
235	4,084	Other assets	20,197	348,645
9,661	(53,168)		825,138	(4,540,633)
		<b>Increase/(decrease) in operating liabilities</b>		
-	-	Bills payable	-	-
(10,339)	26,216	Borrowings from financial institutions	(882,967)	2,238,873
1,636	24,957	Deposits and other accounts	139,681	2,131,352
41	14	Liabilities against assets subject to finance lease	3,470	1,161
(376)	(9)	Other liabilities	(31,933)	(842)
(9,038)	51,178		(771,749)	4,370,544
(287)	(4,946)		(24,415)	(422,508)
		Financial income received	1,167,653	1,122,198
13,673	13,140	Financial charges paid	(764,402)	(776,774)
(8,951)	(9,096)	Income tax paid	(63,217)	(48,381)
(740)	(567)	Net cash inflow / (outflow) from operating activities	315,619	(125,465)
3,695	(1,469)			
		<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(7,315)	2,670	Net investments	(624,693)	228,032
-	-	Investment in associates	-	-
202	293	Dividend received	17,232	25,046
(226)	(117)	Investments in operating fixed assets	(19,279)	(9,991)
57	32	Sale proceeds of property and equipment disposed-off	4,827	2,742
(7,282)	2,878	Net cash (outflow) / inflow from investing activities	(621,913)	245,829
		<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
-	-	Dividend paid	-	-
-	-	Net cash inflow / (outflow) from financing activities	-	-
		(Decrease) / increase in cash and cash equivalents	(306,294)	120,364
(3,587)	1,409	Cash and cash equivalents at the beginning of the period	744,947	756,696
8,723	8,861	<b>Cash and cash equivalents at the end of the period</b>	438,653	877,060
5,136	10,270			

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial report.

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2010

	Issued, subscribed and paid up capital	Reserve			Unappropriated profit / (Loss)	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve	Contingencies reserve				
-----Rupees in '000-----								
<b>Balance as at January 1, 2009</b>	6,150,000	348,483	575,755	93,013	(229,835)	6,937,416	96,739	7,034,155
Net loss after tax for the six months ended June 30, 2009	-	-	-	-	(439,489)	(439,489)	-	(439,489)
Share of loss attributable to non controlling interest	-	-	-	-	2,494	2,494	(2,494)	-
Transfer to general reserve	-	-	5,162	-	(5,162)	-	-	-
Transfer from general reserve	-	-	(27,419)	-	27,419	-	-	-
Transfer to contingencies reserve - relating to year ended December 31, 2008	-	-	-	27,419	(27,419)	-	-	-
<b>Balance as at June 30, 2009</b>	<b>6,150,000</b>	<b>348,483</b>	<b>553,498</b>	<b>120,432</b>	<b>(671,992)</b>	<b>6,500,421</b>	<b>94,245</b>	<b>6,594,666</b>
Net loss after tax for the six months ended December 31, 2009	-	-	-	-	(59,312)	(59,312)	-	(59,312)
Share of (profit) attributable to non controlling interest	-	-	-	-	(2,224)	(2,224)	2,224	-
Transfer from general reserve	-	-	(487,061)	-	487,061	-	-	-
Transfer from contingencies reserve	-	-	-	(120,432)	120,432	-	-	-
<b>Balance as at December 31, 2009</b>	<b>6,150,000</b>	<b>348,483</b>	<b>66,437</b>	<b>-</b>	<b>(126,035)</b>	<b>6,438,885</b>	<b>96,469</b>	<b>6,535,354</b>
Net profit after tax for the six months ended June 30, 2010	-	-	-	-	141,156	141,156	-	141,156
Share of loss attributable to non controlling interest	-	-	-	-	16,029	16,029	(16,029)	-
Transfer to statutory reserve	-	26,722	-	-	(26,722)	-	-	-
Transfer to contingencies reserve - relating to quarter ended March 31, 2010	-	-	-	7,847	(7,847)	-	-	-
<b>Balance as at June 30, 2010</b>	<b>6,150,000</b>	<b>375,205</b>	<b>66,437</b>	<b>7,847</b>	<b>(3,419)</b>	<b>6,596,070</b>	<b>80,440</b>	<b>6,676,510</b>

The annexed notes from 1 to 16 form an integral part of this condensed interim consolidated financial report.

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

The Group comprises of Pak Oman Investment Company Limited - POICL (the holding company) and a subsidiary, Pak Oman Asset Management Company Limited (POAMCL). POAMCL is involved in investment advisory, portfolio management, equity research and corporate finance. POICL holds 51% of the share capital of POAMCL.

**The Group's associates are as follows:**

<b>Entity</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Holding percentage 30-Jun-10</b>
Japan Power Generation Limited (JPGL)	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	19.59
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing microfinance services to the poor and underserved segment of the society.	33.4
Pak Oman Advantage Fund	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	27
Pak Oman Bank of Punjab Plus Advantage Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	17
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	48
Pak Oman Advantage Islamic Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	96
Pak Oman Advantage Stock Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	97

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

POAMCL was incorporated in Pakistan under the Companies Ordinance, 1984 on July 28, 2006 as an unlisted public limited company having its registered office at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Sindh. The company obtained certificate of commencement of business on October 31, 2006. The principal activities of the company include investment advisory and corporate finance.

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

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**2 BASIS OF PRESENTATION AND CONSOLIDATION**

**2.1 Basis of presentation**

**2.1.1** This condensed interim consolidated financial report have been prepared from the information available in the condensed interim unaudited financial report of the holding company for the six months ended June 30, 2010 and the unaudited financial report of POAMCL for the year ended June 30, 2010.

**2.1.2** The associates have been accounted for in this condensed interim consolidated financial report under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited (JPGL)	Unaudited financial report for the nine months ended March 31, 2010
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial report for the six months ended June 30, 2010
Pak Oman Bank of Punjab Advantage Plus Fund	Unaudited financial report for the year ended June 30, 2010
Pak Oman Advantage Fund	Unaudited financial report for the year ended June 30, 2010
Pak Oman Advantage Islamic Income Fund	Unaudited financial report for the year ended June 30, 2010
Pak Oman Advantage Islamic Fund	Unaudited financial report for the year ended June 30, 2010
Pak Oman Advantage stock fund	Unaudited financial report for the year ended June 30, 2010

**3 STATEMENT OF COMPLIANCE**

This consolidated condensed interim financial report of the group for the six months period ended June 30, 2010 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 consolidated statement of financial position, condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income and condensed interim consolidated 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. 85.4 = US dollar 1 for the six months ended June 30, 2010 and the corresponding period.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this consolidated condensed interim financial report are the same as those applied in the preparation of the financial statements of the group for the year ended December 31, 2009.

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

**5 INVESTMENTS**

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at June 30, 2010 (un-audited)	<u>7,022,563</u>	<u>4,755,316</u>	<u>11,777,879</u>
Balance as at December 31, 2009 (audited)	<u>6,982,725</u>	<u>3,637,995</u>	<u>10,620,720</u>
Balance as at June 30, 2009 (un-audited)	<u>6,826,659</u>	<u>3,765,734</u>	<u>10,592,393</u>

**5.1 Investments by types**

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Held-for-trading securities	744,048	3,491,075	4,235,123
Available for sale securities	5,577,102	1,289,684	6,866,786
Held-to-maturity securities	264,480	-	264,480
Associates	993,538	-	993,538
	<u>7,579,168</u>	<u>4,780,759</u>	<u>12,359,927</u>
Less: Provision for diminution in value of investments	(217,581)	-	(217,581)
Provision for impairment in the value of investments	(109,724)	-	(109,724)
	<u>7,251,863</u>	<u>4,780,759</u>	<u>12,032,622</u>
(Deficit) on revaluation of 'available for sale' securities	(117,707)	(20,267)	(137,974)
(Deficit) on revaluation of 'held for trading' securities	(111,593)	(5,176)	(116,769)
<b>Balance as at June 30, 2010 (un-audited)</b>	<u><b>7,022,563</b></u>	<u><b>4,755,316</b></u>	<u><b>11,777,879</b></u>

Un-audited June 30, 2010	Audited December 31, 2009
-----Rupees in '000-----	

**5.2 Investments by segments**

***Federal government securities***

Market treasury bills	<b>4,395,035</b>	1,157,455
Pakistan investment bonds	<b>1,046,663</b>	3,042,626

***Fully paid up ordinary shares/certificates/units***

Listed companies	<b>782,522</b>	1,229,072
Unlisted companies	<b>434,333</b>	208,333

***Term finance certificates (TFCs)***

Listed TFCs	<b>2,514,110</b>	2,796,819
Unlisted TFCs	<b>601,432</b>	472,945

***Other investments***

Commercial paper	-	93,112
Sukuk certificates	<b>1,592,294</b>	1,503,955
Associates	<b>993,538</b>	967,214

<b>Total investment at cost</b>	<b>12,359,927</b>	11,471,531
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<b>Less: Provision for diminution in value of investments</b>	<b>217,581</b>	219,971
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<b>Provision for impairment in the value of investments</b>	<b>109,724</b>	380,132
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<b>Investments (net of provisions)</b>	<b>12,032,622</b>	10,871,428
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(Deficit) on revaluation of 'held-for-trading' securities	<b>(116,769)</b>	(96,555)
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(Deficit) on revaluation of 'available-for-sale' securities	<b>(137,974)</b>	(154,153)
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<b>Total investments at market value</b>	<b>11,777,879</b>	10,620,720
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**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT**  
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	<b>Un-audited June 30, 2010</b>	<b>Audited December 31, 2009</b>
	----- Rupees in '000 -----	
<b>6. ADVANCES</b>		
Loans in Pakistan	5,677,461	5,139,791
Net investment in finance lease in Pakistan	1,264,167	1,294,275
	<b>6,941,628</b>	6,434,066
Less: Provision for non-performing advances	<b>(1,010,416)</b>	(926,015)
	<b>5,931,212</b>	5,508,051

**6.1** Advances include amount aggregating Rs. 1,289.613 million (December 31, 2009: Rs. 1,142.507 million), which have been placed under the non-performing status as detailed below:

	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	-----Rupees in '000-----				
Substandard	62,541	-	62,541	13,999	13,999
Doubtful	195,056	-	195,056	97,528	97,528
Loss	1,032,016	-	1,032,016	898,889	898,889
	<b>1,289,613</b>	<b>-</b>	<b>1,289,613</b>	<b>1,010,416</b>	<b>1,010,416</b>

Rs. in '000

**6.2** Movements in provision is analysed as follows:

Six months ended June 30, 2009		
Opening balance		333,971
Charge for the period		452,859
(Reversal) for the period		(4,028)
Closing balance		<b>782,802</b>
Six months ended June 30, 2010		
Opening balance		<b>926,015</b>
Charge for the period		<b>100,006</b>
(Reversal) for the period		<b>(15,605)</b>
Closing balance		<b>1,010,416</b>

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	Un-audited Six months ended June 30, 2010	Un-audited June 30, 2009
	----- Rupees in '000 -----	
<b>7 OPERATING FIXED ASSETS</b>		
Additions – cost	19,279	9,991
Disposals – cost	8,912	11,375
- Net book value	2,438	4,255

**8 SHARE CAPITAL**

**8.1 Authorized share capital**

	Un-audited June 30, 2010	Audited December 31, 2009	Un-audited June 30, 2010	Audited December 31, 2009
	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

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

	Un-audited June 30, 2010	Audited December 31, 2009	Un-audited June 30, 2010	Audited December 31, 2009
	No. of shares in '000		----- Rupees in '000 -----	
	615,000	615,000	6,150,000	6,150,000

**8.3** 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, 2009: 307,495,900) ordinary shares of the company while 4,100 (December 31, 2009: 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 June 30, 2010	Audited December 31, 2009
	----- Rupees in '000 -----	

**9 CONTINGENCIES AND COMMITMENTS**

Transaction related contingent liability:

- guarantees	11,292	24,301
- import letter of credit	19,033	168,590

Pledge of shares on behalf of associated company - note 9.1	70,726	70,726
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Commitments for:

- sale of government securities	-	477,710
- purchase of TFCs	-	30,627
- sale of TFCs	-	102,089
- sale of Mutual funds	-	-
- repurchase agreement borrowing	-	67,000

Commitments for loans and advances and net investment in finance leases

	905,279	193,910
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**9.1** Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2009: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2009: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
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**10 Segmental information**

**10.1 Segment by class of business**

	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Financial institution	30,193	0.43	1,489,862	31.69	-	-
Textile	1,037,193	14.94	-	-	380,910	37.85
Transportation and communication	353,124	5.09	525,000	11.17	-	-
Power	1,959,765	28.23	100,000	2.13	97,551	9.69
Electronics	157,268	2.27	-	-	150,000	14.91
Food and beverage	266,574	3.84	-	-	108,991	10.83
Services	356,051	5.13	127,567	2.71	180,000	17.89
Engineering and allied products	207,523	2.99	-	-	-	-
Chemical and pharmaceuticals	582,003	8.38	140,000	2.98	85,378	8.48
Automobiles	299,967	4.32	-	-	-	-
Fuel and energy	190,905	2.75	-	-	3,500	0.35
Construction	395,522	5.70	-	-	-	-
Cement	90,833	1.31	-	-	-	-
Sugar	705,884	10.17	-	-	-	-
Paper and board /packaging	50,505	0.73	-	-	-	-
Healthcare	25,447	0.37	-	-	-	-
Individual	96,335	1.38	383,602	8.16	-	-
Others	136,536	1.97	1,935,739	41.16	-	-
	<b>6,941,628</b>	<b>100.00</b>	<b>4,701,770</b>	<b>100.00</b>	<b>1,006,330</b>	<b>100.00</b>

**10.2 Segment by sector**

	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public/Government	5,874	0.08	1,150,000	24.46	-	-
Private	6,935,754	99.92	3,551,770	75.54	1,006,330	100.00
	<b>6,941,628</b>	<b>100.00</b>	<b>4,701,770</b>	<b>100.00</b>	<b>1,006,330</b>	<b>100.00</b>



**PAK-OMAN INVESTMENT COMPANY LIMITED**  
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13.1 Transactions entered into with related parties are as follows:

	Associates		Other related party		Total	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
<b>Rupees in '000</b>						
<b>Advances / Investments *</b>						
Balance as at January 1	1,133,816	1,087,349	318,314	274,474	1,452,130	1,361,823
Additions during the period / year	-	84,108	862,497	43,840	862,497	127,948
Repayments	-	(37,641)	-	-	-	(37,641)
Closing balance	<u>1,133,816</u>	<u>1,133,816</u>	<u>1,180,811</u>	<u>318,314</u>	<u>2,314,627</u>	<u>1,452,130</u>
* including sale /purchase of units from associated mutual funds.						
<b>Borrowings / Deposits</b>						
Balance as at January 1	211,861	213,011	-	-	211,861	213,011
Additions during the period / year	251,520	446,515	-	-	251,520	446,515
Repayments	(10,000)	(447,665)	-	-	(10,000)	(447,665)
Closing balance	<u>453,381</u>	<u>211,861</u>	<u>-</u>	<u>-</u>	<u>453,381</u>	<u>211,861</u>
<b>Balances</b>						
Other receivable	15	132	380	-	395	132
<b>Rupees in '000</b>						
<b>13.2 Transactions, income and expenses</b>						
Mark up expense	27,595	16,047	-	-	27,595	16,047
Mark up income	-	4,803	51,215	25,121	51,215	29,924
Fee income	-	-	6,370	450	6,370	450
<b>13.3 Transactions with retirement benefit funds</b>						
Defined contribution plan					4,298	3,288
Defined benefit plan					3,349	4,052
<b>13.4 Key management compensation</b>						
Salaries and other short term benefits					18,683	20,687
Staff retirement benefits					1,297	928
Executive and non-executive director's remuneration					6,987	30,414
					<u>26,967</u>	<u>52,029</u>
<b>13.5 Mark-up received on loans to key management personnel</b>						
					1,195	1,049
<b>13.6 Loans to key management personnel</b>						
Opening balance					53,630	57,694
Additions during the period					11,064	17,625
Repayments during the period					(19,099)	(21,689)
Closing balance					<u>45,595</u>	<u>53,630</u>

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT**  
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**14. 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.

**15. GENERAL**

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

**16. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim consolidated financial report were authorised on August 09, 2010 by the board of directors of the holding company.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
Chief Executive**

**Chairman**