

Condensed interim financial report and auditors' review report



**Pak Oman Investment Company Limited**  
For the six months ended June 30, 2010



**Anjum Asim Shahid Rahman**  
Chartered Accountants



## Independent auditors' report on review of condensed interim financial report to the members of Pak Oman Investment Company Limited

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Pak Oman Investment Company Limited** as at **June 30, 2010** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (herein after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2010.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi

Date: 09 AUG 2010

  
Anjum Asim Shahid Rahman

Chartered Accountants

Muhammad Shaukat Naseeb

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

Un-audited June 30, 2010	Audited December 31, 2009		Un-audited June 30, 2010	Audited December 31, 2009
-----US \$ in '000-----		Note	-----Rupees in '000-----	
<b>ASSETS</b>				
852	866		72,737	73,968
3,961	6,913		338,279	590,362
11,637	33,336		993,825	2,846,936
139,220	126,171	4	11,889,358	10,775,046
69,511	64,568	5	5,936,277	5,514,114
828	732	6	70,700	62,538
4,107	3,668		350,778	313,222
4,053	4,551		346,163	388,553
<b>234,169</b>	<b>240,805</b>		<b>19,998,117</b>	<b>20,564,739</b>
<b>LIABILITIES</b>				
-	-		-	-
93,819	104,158		8,012,129	8,895,096
55,056	53,420		4,701,770	4,562,089
-	-		-	-
215	166		18,383	14,168
-	-		-	-
8,139	7,851		695,184	670,485
<b>157,229</b>	<b>165,595</b>		<b>13,427,466</b>	<b>14,141,838</b>
<b>76,940</b>	<b>75,210</b>	<b>NET ASSETS</b>	<b>6,570,651</b>	<b>6,422,901</b>
<b>REPRESENTED BY</b>				
72,014	72,014	7	6,150,000	6,150,000
5,263	4,859		449,489	414,920
1,160	-		99,040	-
<b>78,437</b>	<b>76,873</b>		<b>6,698,529</b>	<b>6,564,920</b>
<b>(1,497)</b>	<b>(1,663)</b>		<b>(127,878)</b>	<b>(142,019)</b>
<b>76,940</b>	<b>75,210</b>		<b>6,570,651</b>	<b>6,422,901</b>
		Contingencies and commitments	8	

The annexed notes from 1 to 16 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 SIX MONTHS ENDED JUNE 30, 2010**

Six months ended June 30, 2010	Six months ended June 30, 2009		Quarter ended June 30, 2010	Quarter ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009	
-----US \$ in '000-----			----- Rupees in '000 -----				
13,359	13,048	Mark-up/return/interest earned	587,946	559,005	1,140,837	1,114,290	
9,139	9,037	Mark-up/return/interest expensed	403,038	391,372	780,436	771,753	
4,220	4,011	<b>Net mark-up/ interest income</b>	184,908	167,633	360,401	342,537	
988	5,256	Provision against non -performing loans and advances	102,511	403,016	84,401	448,831	
262	406	Provision for diminution in the value of investments	23,586	15,000	22,364	34,700	
-	-	Bad debts written off directly	-	-	-	-	
1,250	5,662		126,097	418,016	106,765	483,531	
2,970	(1,651)	<b>Net mark-up/ interest income after provisions</b>	58,811	(250,383)	253,636	(140,994)	
<b>NON MARK-UP/INTEREST INCOME</b>							
117	107	Fee, commission and brokerage income	1,800	4,198	9,988	9,118	
168	298	Dividend income	2,222	15,784	14,347	25,422	
(61)	502	(Loss) / Income from trading in Government securities	(2,918)	21,799	(5,211)	42,843	
-	-	Income from dealing in foreign currencies	-	-	-	-	
691	(1,759)	Income / (Loss) from trading in listed and other securities	30,402	(158,206)	59,007	(150,223)	
-	(2,901)	Provision for impairment in the value of investments	-	(46,640)	-	(247,746)	
(140)	293	Unrealised (deficit) / Surplus on revaluation of investments classified as 'held-for-trading' securities	(2,075)	(945)	(11,984)	25,013	
27	-	Other income	752	-	2,265	-	
802	(3,460)	<b>Total non mark-up/interest income</b>	30,183	(164,010)	68,412	(295,573)	
3,772	(5,111)		88,994	(414,393)	322,048	(436,567)	
<b>NON MARK-UP/INTEREST EXPENSES</b>							
1,419	1,539	Administrative expenses	66,546	72,764	121,218	131,472	
-	-	Other provisions/write offs	-	-	-	-	
54	78	Other charges	2,776	2,265	4,618	6,638	
1,473	1,617	<b>Total non mark-up/interest expenses</b>	69,322	75,029	125,836	138,110	
2,299	(6,728)		19,672	(489,422)	196,212	(574,677)	
-	-	Extra ordinary /unusual items	-	-	-	-	
2,299	(6,728)	<b>PROFIT / (LOSS) BEFORE TAXATION</b>	19,672	(489,422)	196,212	(574,677)	
1,197	1,276	Taxation - current	48,723	70,014	102,197	108,960	
-	-	- prior	-	-	-	-	
(464)	(1,909)	- deferred	(38,516)	(154,015)	(39,594)	(163,015)	
733	(633)		10,207	(84,001)	62,603	(54,055)	
1,566	(6,095)	<b>PROFIT / (LOSS) AFTER TAXATION</b>	9,465	(405,421)	133,609	(520,622)	
US \$ 0.0025	US \$ -0.0099	Basic and diluted earnings / (loss) per share (Rs per share)	10	0.02	(0.66)	0.22	(0.85)

The annexed notes from 1 to 16 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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Six months ended June 30, 2010		Six months ended June 30, 2009			Quarter ended June 30, 2010		Quarter ended June 30, 2009		Six months ended June 30, 2010		Six months ended June 30, 2009	
-----US \$ in '000-----					----- Rupees in '000 -----							
1,566	(6,095)	<b>PROFIT / (LOSS) AFTER TAXATION</b>			9,465	(405,421)	133,609	(520,622)				
188	5,348	Surplus / (Deficit) net on revaluation of securities			(32,462)	300,363	16,179	456,789				
(24)	(189)	Deferred tax liability on Government Securities			(460)	(3,990)	(2,038)	(16,114)				
164	5,159	Other comprehensive income for the period net of tax not transferred to equity			(32,922)	296,373	14,141	440,675				
<b>1,730</b>	<b>(936)</b>	<b>Total comprehensive income/(loss) for the period</b>			<b>(23,457)</b>	<b>(109,048)</b>	<b>147,750</b>	<b>(79,947)</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 financial report.

Chief Financial Officer

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and Chief Executive

Managing Director  
and Chief Executive

Chairman

**PAK OMAN INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM 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>				
2,299	(6,728)	Profit / (Loss) before taxation	196,212	(574,677)
168	298	Less: Dividend income	14,347	25,422
2,131	(7,026)		181,865	(600,099)
<b>Adjustments for non-cash items</b>				
84	84	Depreciation	7,194	7,191
9	5	Amortisation of intangible assets	794	439
140	(293)	Unrealised deficit / (surplus) on revaluation of investments classified as 'held-for-trading'	11,984	(25,013)
(27)	19	(Gain) / Loss on sale of fixed assets	(2,265)	1,631
988	5,256	Provision against non-performing loans and advances	84,401	448,831
262	406	Provision for diminution in the value of investments	22,364	34,700
-	2,901	Provision for impairment in the value of investments	-	247,746
(13,359)	(13,048)	Financial income	(1,140,837)	(1,114,290)
9,139	9,037	Financial charges	780,436	771,753
(2,764)	4,367		(235,929)	372,988
(633)	(2,659)		(54,064)	(227,111)
<b>(Increase) / Decrease in operating assets</b>				
21,699	(8,426)	lendings to financial institutions	1,853,111	(719,618)
-	-	Balances with other banks	-	-
(6,063)	(44,676)	Held-for-trading securities	(517,788)	(3,815,307)
(5,932)	(3,642)	Advances	(506,564)	(311,000)
226	4,109	Other assets	19,291	350,896
9,930	(52,635)		848,050	(4,495,029)
<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
49	8	Liabilities against assets subject to finance lease	4,215	703
(363)	(8)	Other liabilities	(31,063)	(801)
(9,017)	51,173		(770,134)	4,370,127
280	(4,121)		23,852	(352,013)
13,629	13,070	Financial income received	1,163,936	1,116,173
(8,951)	(9,096)	Financial charges paid	(764,402)	(776,774)
(731)	(553)	Income tax paid	(62,469)	(47,249)
4,227	(700)	Net cash inflow / (outflow) from operating activities	360,917	(59,863)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(7,198)	2,665	Net Investments	(614,693)	227,622
168	273	Dividend received	14,347	23,347
(216)	(105)	Investments in operating fixed assets	(18,404)	(9,004)
53	27	Sale proceeds of property and equipment disposed-off	4,519	2,292
(7,193)	2,860	Net cash (outflow) / inflow from investing activities	(614,231)	244,257
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
-	-	Dividend paid	-	-
-	-	Net cash inflow / (outflow) from financing activities	-	-
(2,966)	2,160	(Decrease) / Increase in cash and cash equivalents	(253,314)	184,394
7,779	7,694	Cash and cash equivalents as at beginning of the period	664,330	657,108
4,813	9,854	<b>Cash and cash equivalents at the end of the period</b>	<b>411,016</b>	<b>841,502</b>

The annexed notes from 1 to 16 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 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)	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	5,162	7,172,413
Net loss after tax for the six months ended June 30, 2009	-	-	-	-	(520,622)	(520,622)
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>(520,622)</b>	<b>6,651,791</b>
Net loss after tax for the six months ended December 31, 2009	-	-	-	-	(86,871)	(86,871)
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>-</b>	<b>6,564,920</b>
Net profit after tax for the six months ended June 30, 2010	-	-	-	-	133,609	133,609
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>99,040</b>	<b>6,698,529</b>

The annexed notes from 1 to 16 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**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

**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. 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 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 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. 85.4 = US dollar 1 for the six months ended June 30, 2010 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, 2009.

**4 INVESTMENTS**

	<b>Held by the company</b>	<b>Given as collateral</b>	<b>Total</b>
	----- Rupees in '000 -----		
<b>Balance as at June 30, 2010 (un-audited)</b>	<b>7,102,321</b>	<b>4,787,037</b>	<b>11,889,358</b>
Balance as at December 31, 2009 (audited)	7,091,055	3,683,991	10,775,046
Balance as at June 30, 2009 (un-audited)	6,947,059	3,836,460	10,783,519

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

**4.1 Investments by types**

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Held-for-trading securities	579,955	3,491,075	4,071,030
Available-for-sale securities	5,577,102	1,289,684	6,866,786
Held-to-maturity securities	264,480	-	264,480
Associates	994,890	70,726	1,065,616
Subsidiary	168,300	-	168,300
	<u>7,584,727</u>	<u>4,851,485</u>	<u>12,436,212</u>
Less: Provision for diminution in value of investments	(246,215)	(39,005)	(285,220)
Provision for impairment in the value of investments	(109,724)	-	(109,724)
	<u>7,228,788</u>	<u>4,812,480</u>	<u>12,041,268</u>
(Deficit) on revaluation of 'available-for-sale' securities	(117,707)	(20,267)	(137,974)
(Deficit) on revaluation of 'held-for-trading' securities	(8,760)	(5,176)	(13,936)
<b>Balance as at June 30, 2010 (un-audited)</b>	<b><u>7,102,321</u></b>	<b><u>4,787,037</u></b>	<b><u>11,889,358</u></b>

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

**4.2 Investments by segments**

***Federal government securities***

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

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

Listed companies	1,432,937	1,879,486
Unlisted companies	853,741	627,741

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

Listed TFCs	2,514,110	2,796,819
Unlisted TFCs	601,432	472,945

***Other investments***

Commercial papers	-	93,112
Sukuk certificates	1,592,294	1,503,955

<b>Total investment at cost</b>	<b><u>12,436,212</u></b>	<b><u>11,574,139</u></b>
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<b>Less: Provision for diminution in value of investments</b>	<b>285,220</b>	<b>262,856</b>
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<b>Provision for impairment in the value of investments</b>	<b><u>109,724</u></b>	<b><u>380,132</u></b>
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<b>Investments (net of provisions)</b>	<b><u>12,041,268</u></b>	<b><u>10,931,151</u></b>
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(Deficit) on revaluation of 'held-for-trading' securities	(13,936)	(1,952)
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(Deficit) on revaluation of 'available-for-sale' securities	<u>(137,974)</u>	<u>(154,153)</u>
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<b>Total investments at market value</b>	<b><u>11,889,358</u></b>	<b><u>10,775,046</u></b>
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**PAK OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Un-audited June 30, 2010	Audited December 31, 2009
	-----Rupees in '000-----	
<b>5. ADVANCES</b>		
Loans in Pakistan	5,677,461	5,139,791
Net investment in finance lease in Pakistan	1,269,232	1,300,338
	<b>6,946,693</b>	6,440,129
Less: Provision for non-performing advances	5.1 (1,010,416)	(926,015)
	<b>5,936,277</b>	5,514,114

5.1 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:

	Domestic	Overseas	Total	Provision required	Provision held
	-----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>

5.2 Movements in provision is analysed as follows:

	Rupees in '000
Six months ended June 30, 2009	
Opening balance	333,971
Charge for the period	452,859
(Reversal) for the period	(4,028)
Closing balance	782,802
Six months ended June 30, 2010	
Opening balance	926,015
Charge for the period	100,006
(Reversal) for the period	(15,605)
Closing balance	1,010,416

**6 OPERATING FIXED ASSETS**

	Un-audited June 30, 2010	Un-audited June 30, 2009
	-----Rupees in '000-----	
Additions – cost	18,404	9,004
Disposals – cost	8,295	10,771
- Net book value	2,254	3,923

**7 SHARE CAPITAL**

**7.1 Authorized share capital**

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

June 30, 2010	December 31, 2009		June 30, 2010	December 31, 2009
No. of shares in '000			----- Rupees in '000 -----	
<u>1,000,000</u>	<u>1,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000</u>	<u>10,000,000</u>

**7.2 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 -----	
<u>615,000</u>	<u>615,000</u>	<u>6,150,000</u>	<u>6,150,000</u>

**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, 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.

**8 CONTINGENCIES AND COMMITMENTS**

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

Transaction related contingent liability:

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

Pledge of shares on behalf of associated company - note 8.1

70,726	70,726
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Commitments for:

- sale of government securities	-	477,710
- purchase of term finance certificates	-	30,627
- sale of term finance certificates	-	102,089
- repurchase agreement borrowing	-	67,000

Commitments for loans and advances and net investment in finance leases

905,279	193,910
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**8.1** 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  
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT  
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9 Segmental information

9.1 Segment by class of business

	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
----- June 30, 2010 -----						
Financial institution	35,258	0.51	1,489,862	31.69	-	-
Textile	1,037,193	14.93	-	-	380,910	37.85
Transportation and communication	353,124	5.08	525,000	11.17	-	-
Power	1,959,765	28.21	100,000	2.13	97,551	9.69
Electronics	157,268	2.26	-	-	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	5.69	-	-	-	-
Cement	90,833	1.31	-	-	-	-
Sugar	705,884	10.16	-	-	-	-
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	1.96	1,935,739	41.16	-	-
	<b>6,946,693</b>	<b>100</b>	<b>4,701,770</b>	<b>100</b>	<b>1,006,330</b>	<b>100</b>

9.2 Segment by sector

	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
----- June 30, 2010 -----						
Public/Government	5,874	0.08	1,150,000	24.46	-	-
Private	6,940,819	99.92	3,551,770	75.54	1,006,330	100
	<b>6,946,693</b>	<b>100</b>	<b>4,701,770</b>	<b>100</b>	<b>1,006,330</b>	<b>100</b>

**PAK OMAN INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT**  
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**10. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**

	Un-audited	
	Six months ended June 30 2010	2009
	----- Rupees in '000 -----	
Profit / (Loss) after taxation	<u>133,609</u>	<u>(520,622)</u>
	Quarter ended June 30 2010	2009
	----- Rupees in '000 -----	
Profit / (Loss) after taxation	<u>9,465</u>	<u>(405,421)</u>
	Numbers in thousand	
Weighted average number of ordinary shares	<u>615,000</u>	<u>615,000</u>
	Rupee	
Basic and diluted earnings / (loss) per share for the six months ended June 30, 2010/09	<u>0.22</u>	<u>(0.85)</u>
Basic and diluted earnings / (loss) per share for the quarter ended June 30, 2010/09	<u>0.02</u>	<u>(0.66)</u>

**11 CASH AND CASH EQUIVALENTS**

	Six months ended June 30	
	2010	2009
	----- Rupees in '000 -----	
Cash and balances with treasury banks	72,737	57,569
Balances with other banks	338,279	683,933
Letters of placement upto three months	-	100,000
	<u>411,016</u>	<u>841,502</u>

**12. RELATED PARTY TRANSACTIONS**

**Subsidiary Company**

-Pak Oman Asset Management Company Limited

**Associates**

-Pak Oman Microfinance Bank Limited  
 -Japan Power Generation Limited  
 -Pak Oman Bank of Punjab Advantage Plus Fund  
 -Pak Oman Advantage Fund  
 -Pak Oman Advantage Islamic Income Fund  
 -Pak Oman Advantage Islamic Fund  
 -Pak Oman Advantage Stock Fund

**Other related party**

-Orient Power Company (Private) Limited

**Key management Personnel**

-All head of departments  
 -Directors

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

	Subsidiary		Associates		Other related party		Total	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
	2010	2009	2010	2009	2010	2009	2010	2009
	----- Rupees in '000 -----							
<b>Advances / Investments *</b>								
Balance as at January 1	174,363	175,726	1,133,816	1,087,349	318,314	274,474	1,626,493	1,537,549
Additions during the period / year	-	-	-	84,108	862,497	43,840	862,497	127,948
Repayments	(998)	(1,363)	-	(37,641)	-	-	(998)	(39,004)
Closing balance	173,365	174,363	1,133,816	1,133,816	1,180,811	318,314	2,487,992	1,626,493

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

<b>Borrowings / Deposits *</b>								
Balance as at January 1	882	882	211,861	213,011	-	-	212,743	213,893
Additions during the period / year	-	-	251,520	446,515	-	-	251,520	446,515
Repayments	(50)	-	(10,000)	(447,665)	-	-	(10,050)	(447,665)
Closing balance	832	882	453,381	211,861	-	-	454,213	212,743

\* including security deposit against lease finance.

<b>Balances</b>								
Other receivable	-	-	15	132	380	-	395	132

<b>12.2 Transactions, income and expenses</b>								
Mark up expense	-	-	27,595	16,047	-	-	27,595	16,047
Mark up income	360	523	-	4,803	51,215	25,121	51,575	30,447
Fee income	245	376	-	-	6,370	450	6,615	826

	Six months ended June 30	
	2010	2009
	----- Rupees in '000 -----	
Defined contribution plan	3,483	3,288
Defined benefit plan	3,349	4,052

<b>12.4 Key management compensation</b>		
Salaries and other short term benefits	12,851	16,037
Staff retirement benefits	987	928
Executive and non-executive director's remuneration	6,987	29,368
	20,825	46,333

<b>12.5 Mark-up received on loans to key management personnel</b>	1,195	1,049
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	June 30,	December 31,
	2010	2009
	----- Rupees in '000 -----	
<b>12.6 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	45,595	53,630

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

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**13. 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.

**14. POST BALANCE SHEET EVENTS**

The board of directors have proposed a transfer to contingency reserve of Rs. 6.753 million for the quarter ended June 30, 2010 at their meeting held on August 09, 2010. These financial statements do not recognise the appropriation to contingency reserve as a deduction from unappropriated profit as it has been proposed subsequent to statement of financial position date.

**15. GENERAL**

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

**16. DATE OF AUTHORISATION FOR ISSUE**

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

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**