

**PAK OMAN INVESTMENT
COMPANY LIMITED**

**CONSOLIDATED
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE FIRST QUARTER
ENDED MARCH 31, 2009**

PAK-OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2009 (UN-AUDITED)

March 31, 2009 (US \$ in '000)	December 31, 2008		Note	March 31, 2009 (Rupees in '000)	December 31, 2008 (Rupees in '000)
ASSETS					
477	607	Cash and balances with treasury banks		38,284	48,710
5,700	6,999	Balances with other banks		457,677	561,986
45,987	39,641	Lendings to financial institutions		3,692,766	3,183,180
108,356	83,464	Investments	5	8,701,026	6,702,149
63,599	71,392	Advances	6	5,106,999	5,732,748
1,178	1,193	Operating fixed assets	7	94,586	95,824
2,170	2,209	Deferred taxation		174,279	177,403
6,039	9,394	Other assets		484,921	754,322
233,506	214,899			18,750,538	17,256,322
LIABILITIES					
-	-	Bills payable		-	-
107,733	93,295	Borrowings from financial institutions		8,650,972	7,491,561
40,270	37,648	Deposits and other accounts		3,233,644	3,023,121
-	-	Sub-ordinated loans		-	-
-	-	Liabilities against assets		-	-
254	203	subject to finance lease		20,389	16,333
7,618	7,357	Other liabilities		611,726	590,742
-	-	Deferred taxation		-	-
155,875	138,503			12,516,731	11,121,757
77,631	76,396	NET ASSETS		6,233,807	6,134,565
REPRESENTED BY					
76,588	76,588	Share capital	8	6,150,000	6,150,000
12,732	12,668	Reserves		1,022,413	1,017,251
(3,515)	(2,862)	Accumulated Loss		(282,267)	(229,835)
85,805	86,394			6,890,146	6,937,416
1,232	1,205	Minority Interest		98,949	96,739
87,037	87,599			6,989,095	7,034,155
(9,406)	(11,203)	(Deficit) on revaluation of investments (net)		(755,288)	(899,590)
77,631	76,396			6,233,807	6,134,565
MEMORANDUM ITEMS					
		Contingencies and commitments	9		

The annexed notes 1 to 15 form an integral part of these financial statements.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

March 31, 2009 (US \$ in '000)	March 31, 2008		March 31, 2009 (Rupees in '000)	March 31, 2008
6,957	5,435	Mark-up/return/interest earned	558,685	436,450
4,737	3,413	Mark-up/return/interest expensed	380,381	274,026
<u>2,220</u>	<u>2,022</u>	Net mark-up/ interest income	<u>178,304</u>	<u>162,424</u>
571	-	Provision against non -performing loans and advances	45,815	-
245	-	Provision for diminution in the value of investments	19,700	-
-	-	Bad debts written off directly	-	-
816	-		65,515	-
<u>1,404</u>	<u>2,022</u>	Net mark-up/ interest income after provisions	<u>112,789</u>	<u>162,424</u>
NON MARK-UP/INTEREST INCOME				
202	419	Fee, commission and brokerage income	16,258	33,631
120	104	Dividend income	9,638	8,334
262	37	Income from trading in Government securities	21,044	3,008
-	-	Income from dealing in foreign currencies	-	-
99	1,321	Income from trading in listed and other securities	7,983	106,114
(2,504)	-	Provision for impairment in the value of investments	(201,106)	-
494	744	Unrealised surplus on revaluation of investments classified as 'held-for-trading' securities	39,655	59,756
-	6	Other income	10	413
<u>(1,327)</u>	<u>2,631</u>	Total non -mark up/interest income	<u>(106,518)</u>	<u>211,256</u>
77	4,653		6,271	373,680
NON MARK-UP/INTEREST EXPENSES				
1,012	889	Administrative expenses	81,293	71,353
-	-	Other provisions/write offs	-	-
82	100	Other charges	6,652	8,066
<u>1,094</u>	<u>989</u>	Total non-mark up/interest expenses	<u>87,945</u>	<u>79,419</u>
(1,017)	3,664		(81,674)	294,261
829	(36)	Share of results of associates before taxation	66,560	(2,926)
-	-	Extra ordinary /unusual items	-	-
<u>(188)</u>	<u>3,628</u>	(LOSS) / PROFIT BEFORE TAXATION	<u>(15,114)</u>	<u>291,335</u>
485	940	Taxation - current	38,946	75,448
-	-	- prior	-	-
(112)	(183)	- deferred	(9,000)	(14,733)
<u>373</u>	<u>757</u>		<u>29,946</u>	<u>60,715</u>
(561)	2,871	(LOSS) / PROFIT AFTER TAXATION	(45,060)	230,620
(28)	(35)	Share of (profit) / loss attributable to minority interest	(2,210)	(2,800)
<u>(589)</u>	<u>2,836</u>	(LOSS) / PROFIT ATTRIBUTABLE TO SHAREHOLDERS	<u>(47,270)</u>	<u>227,820</u>
<u>US \$ -0.0009</u>	<u>US \$ 0.0047</u>	Basic and diluted (loss) / earnings per share (Rs per share) - note 10	<u>(0.08)</u>	<u>0.37</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Chief Financial Officer

Managing Director
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and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

March 31, 2009	March 31, 2008		March 31, 2009	March 31, 2008
(US \$ in '000)			(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES				
(188)	3,628	(Loss) / Profit before taxation	(15,114)	291,335
120	104	Less: Dividend income	9,638	8,334
<u>(308)</u>	<u>3,524</u>		<u>(24,752)</u>	<u>283,001</u>
Adjustments for non-cash charges				
69	62	Depreciation	5,537	4,943
12	9	Amortisation of intangible assets	967	691
(494)	(744)	Unrealised (surplus) on revaluation of investments classified as 'held-for-trading'	(39,655)	(59,756)
23	(5)	Loss / (gain) on sale of fixed assets	1,846	(413)
(829)	36	Share of results of associates before taxation	(66,560)	2,926
571	-	Provision against non-performing loans and advances	45,815	-
245	-	Provision for diminution in the value of investments	19,700	-
2,504	-	Provision for impairment in the value of investments	201,106	-
7	8	Finance charges on leased assets	545	677
<u>2,108</u>	<u>(634)</u>		<u>169,301</u>	<u>(50,932)</u>
1,800	2,890		144,549	232,069
(Increase)/decrease in operating assets				
(8,164)	4,780	Lendings to financial institutions	(655,586)	383,812
-	1,868	Balances with other banks	-	150,000
7,222	9,868	Advances	579,934	792,426
3,468	(2,636)	Other assets	278,459	(211,590)
<u>2,526</u>	<u>13,880</u>		<u>202,807</u>	<u>1,114,648</u>
Increase/(decrease) in operating liabilities				
-	-	Bills payable	-	-
14,438	(44,773)	Borrowings from financial institutions	1,159,411	(3,595,271)
2,622	20,439	Deposits and other accounts	210,523	1,641,230
77	3,932	Other liabilities	6,222	315,670
<u>17,137</u>	<u>(20,402)</u>		<u>1,376,156</u>	<u>(1,638,371)</u>
21,463	(3,632)		1,723,512	(291,654)
(7)	(9)	Finance charges paid on leased assets	(524)	(727)
(301)	(270)	Income tax paid	(24,205)	(21,673)
<u>21,155</u>	<u>(3,911)</u>	Net cash inflow / (outflow) from operating activities	<u>1,698,783</u>	<u>(314,054)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
(24,372)	(7,991)	Net investments	(1,957,042)	(641,694)
7	81	Dividend received	580	6,533
(108)	(51)	Investments in operating fixed assets	(8,688)	(4,083)
20	22	Sale proceeds of property and equipment disposed-off	1,576	1,800
<u>(24,453)</u>	<u>(7,939)</u>	Net cash (outflow) from investing activities	<u>(1,963,574)</u>	<u>(637,444)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
51	(22)	Liabilities against asset subject to finance lease	4,056	(1,784)
-	-	Dividend paid	-	-
<u>51</u>	<u>(22)</u>	Net cash inflow / (outflow) from financing activities	<u>4,056</u>	<u>(1,784)</u>
(3,247)	(11,872)	(Decrease) in cash and cash equivalents	(260,735)	(953,282)
9,423	22,983	Cash and cash equivalents at the beginning of the period	756,696	1,845,496
<u>6,176</u>	<u>11,111</u>	Cash and cash equivalents at the end of the period	<u>495,961</u>	<u>892,214</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Chief Financial Officer

Managing Director
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Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Issued, subscribed and paid up capital	Capital reserve		Revenue reserves			Sub Total	Minority Interest	Total
		Statutory reserve	General reserve	Contingencies reserve	Unappropriated profit / (Loss)				
-----Rupees in '000-----									
Balance as at January 1, 2008	6,150,000	347,192	491,380	86,291	367,338	7,442,201	161,529	7,603,730	
Net profit after tax for the quarter ended March 31, 2008	-	-	-	-	230,620	230,620	-	230,620	
Share of profit attributable to minority interest	-	-	-	-	(2,800)	(2,800)	2,800	-	
Transfer to general reserve	-	-	84,375	-	(84,375)	-	-	-	
Transfer to contingencies reserve - relating to quarter ended December 2007	-	-	-	6,722	(6,722)	-	-	-	
Transfer to statutory reserve	-	45,566	-	-	(45,566)	-	-	-	
Balance as at March 31, 2008	6,150,000	392,758	575,755	93,013	458,495	7,670,021	164,329	7,834,350	
Dividend for the year ended December 31, 2007	-	-	-	-	(307,500)	(307,500)	-	(307,500)	
Net loss after tax for the nine months period ended December 31, 2008	-	-	-	-	(492,695)	(492,695)	-	(492,695)	
Share of loss attributable to minority interest	-	-	-	-	67,590	67,590	(67,590)	-	
Reversal from Statutory reserve	-	(44,275)	-	-	44,275	-	-	-	
Balance as at December 31, 2008	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 quarter ended March 31, 2009	-	-	-	-	(45,060)	(45,060)	-	(45,060)	
Share of profit attributable to minority interest	-	-	-	-	(2,210)	(2,210)	2,210	-	
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)	-	-	-	
Balance as at March 31, 2009	6,150,000	348,483	553,498	120,432	(282,267)	6,890,146	98,949	6,989,095	

The annexed notes 1 to 15 form an integral part of these financial statements.

Chief Financial Officer

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PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

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:

Entity	Country of incorporation	Nature of business	Holding percentage 31-Mar-09
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 Micro Finance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and underserved segment of the society.	33.4
Pak Oman Advantage Plus Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and NBFC Regulations 2007.	27
Pak Oman Bank of Punjab Advantage Fund	Pakistan	Established as a closed-end scheme under the NBFC Rules 2003 and NBFC Regulations 2007.	12
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the NBFC Rules 2003 and NBFC Regulations 2007.	54
Pak Oman Advantage Islamic Fund	Pakistan	Established as an open-end scheme under the NBFC Rules 2003 and NBFC Regulations 2007.	71
Pak Oman Advantage Stock Fund	Pakistan	Established as an open-end scheme under the NBFC Rules 2003 and NBFC Regulations 2007.	94

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 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. Its registered office is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. POICL operates a branch at Lahore and other representative offices at Islamabad, Gawadar 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 Center, 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.

2 BASIS OF PRESENTATION AND CONSOLIDATION

2.1 Basis of presentation

2.1.1 These consolidated financial statements have been prepared from the information available in the unaudited financial statements of the holding company for the quarter ended March 31, 2009 and the condensed interim unaudited financial statements of POAMCL for the period ended March 31, 2009.

2.1.2 The associates have been accounted for in these consolidated financial statements under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited	Unaudited financial statements for the period and quarter ended March 31, 2009.
Pak Oman Micro Finance Bank Limited (POMFBL)	Unaudited financial statements for the first quarter ended March 31, 2009.
Pak Oman Bank of Punjab Advantage Plus Fund	Unaudited financial statements for the period and quarter ended March 31, 2009.
Pak Oman Advantage Fund	Unaudited financial statements for the period and quarter ended March 31, 2009.
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the period and quarter ended March 31, 2009.
Pak Oman Advantage Islamic Fund	Unaudited financial statements for the period and quarter ended March 31, 2009.
Pak Oman Advantage stock fund	Unaudited financial statements for the period and quarter ended March 31, 2009.

3 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in condensed form in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting' and 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 balance sheet, condensed interim profit and loss account 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. 80.30 = US dollar 1 for the first quarter ended March 31, 2009 and the corresponding period.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended December 31, 2008.

5 INVESTMENTS

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at March 31, 2009	<u>6,996,777</u>	<u>1,704,249</u>	<u>8,701,026</u>
Balance as at December 31, 2008	<u>5,832,152</u>	<u>869,997</u>	<u>6,702,149</u>
Balance as at March 31, 2008	<u>8,277,304</u>	<u>1,331,896</u>	<u>9,609,200</u>

5.1 Investments by types

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Held-for-trading securities	1,169,518	1,264,580	2,434,098
Available for sale securities	5,954,664	482,002	6,436,666
Held-to-maturity securities	273,480	-	273,480
Associates	<u>913,403</u>	<u>-</u>	<u>913,403</u>
	8,311,065	1,746,582	10,057,647
Less: Provision for diminution in value of investments	(144,926)	-	(144,926)
Provision for impairment in the value of investments	<u>(201,106)</u>	<u>-</u>	<u>(201,106)</u>
	7,965,033	1,746,582	9,711,615
(Deficit) on revaluation of 'available for sale' securities	(724,063)	(50,539)	(774,602)
(Deficit) / surplus on revaluation of 'held for trading' securities	<u>(244,193)</u>	<u>8,206</u>	<u>(235,987)</u>
Balance as at March 31, 2009	<u>6,996,777</u>	<u>1,704,249</u>	<u>8,701,026</u>

6. ADVANCES

	31-Mar-09	31-Dec-08
	----- Rupees in '000 -----	
Loans, cash credits, running finances, etc.		
In Pakistan	4,359,549	4,919,698
Outside Pakistan	-	-
	4,359,549	4,919,698
Net investment in finance lease		
In Pakistan	1,127,236	997,559
Outside Pakistan	-	-
	1,127,236	997,559
Financing in respect of CFS	-	149,462
	5,486,785	6,066,719
Less: Provision for non-performing advances	(379,786)	(333,971)
	<u>5,106,999</u>	<u>5,732,748</u>

6.1 Advances include amount aggregating Rs. 736.491 million (December 31, 2008: Rs. 615.163 million), which have been placed under the non-performing status as detailed below:

	Domestic	Overseas	Total	Provision required	Provision held
	-----Rupees in '000-----				
Substandard	10,000	-	10,000	2,500	2,500
Doubtful	596,991	-	596,991	268,405	268,405
Loss	129,500	-	129,500	108,881	108,881
	<u>736,491</u>	-	<u>736,491</u>	<u>379,786</u>	<u>379,786</u>

Rs. in '000

6.2 Movements in provision is analysed as follows:

First quarter March 31, 2008		
Opening balance		132,888
Charge for the period		-
Closing balance		<u>132,888</u>
First quarter March 31, 2009		
Opening balance		333,971
Charge for the period		49,100
(Reversal) for the period		(3,285)
Closing balance		<u>379,786</u>

7 OPERATING FIXED ASSETS

	First quarter ended	
	31-Mar-09	31-Mar-08
	----- Rupees in '000 -----	
Additions – cost	8,688	4,083
Disposals – cost	10,071	2,780
- Net book value	3,422	1,387

8 SHARE CAPITAL

8.1 Authorized share capital

	31-Mar-09	31-Dec-08	31-Mar-09	31-Dec-08
	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

	31-Mar-09	31-Dec-08	31-Mar-09	31-Dec-08
	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, 2008: 307,495,900) ordinary shares of the company. 4,100 (December 31, 2008: 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.

9 CONTINGENCIES AND COMMITMENTS

	31-Mar-09	31-Dec-08
	----- Rupees in '000 -----	
Transaction related contingent liability:		
- guarantees	216,480	200,000
Pledge of shares on behalf of associated company - note 9.1	70,726	70,726
Commitments for:		
- purchase of government securities	-	300,201
- sale of government securities	4,489	290,850
Commitments for loans and advances and net investment in finance leases	649,890	508,370
Underwriting commitments	70,000	70,000

9.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2008: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2008: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

10. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

	First quarter ended	
	31-Mar-09	31-Mar-08
	----- Rupees in '000 -----	
(Loss) / Profit attributable to shareholders	<u>(47,270)</u>	<u>227,820</u>
	Numbers in thousand	
Weighted average number of ordinary shares at quarter ended	<u>615,000</u>	<u>615,000</u>
	Rupee	
Basic and diluted (loss) / earnings per share for the first quarter ended March 31, 2009/08	<u>(0.08)</u>	<u>0.37</u>

11. RELATED PARTY TRANSACTIONS

Associates

- Pak Oman Micro Finance 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

Key management Personnel

- All heads of departments
- Directors

12. 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.

13. CORRESPONDING FIGURES

Comparative information has been re-classified / re-arranged in these financial statements, wherever, necessary to facilitate comparison.

14. GENERAL

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

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised on April 27, 2009 by the board of directors.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
Chief Executive**

Chairman