

Condensed interim financial information and auditors' report



Pak Oman Investment Company Limited

For the six months ended June 30, 2009





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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pak-Oman Investment Company Limited** as at **June 30, 2009** and the related condensed interim profit and loss account, condensed interim statement of cash flows and condensed interim statement of changes in equity for the six-month period then ended, and other explanatory notes (herein after referred to 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.

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.

Without qualifying our report, we draw attention to the matter as disclosed in note 4.4 to interim financial information, the ultimate outcome of the matter stated therein cannot presently be determined and no provision for loss, if any, that may result, has been made in these interim financial information for the reasons discussed in the aforesaid note.

Karachi

Date: 17 AUG 2009

Anjum Asim Shahid Rahman
Anjum Asim Shahid Rahman
Chartered Accountants

AR

PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2009

Audited December 31, 2008	Unaudited June 30, 2009		Unaudited June 30, 2009	Audited December 31, 2008
-----US \$ in '000-----			-----Rupees in '000-----	
ASSETS				
599	710	Cash and balances with treasury banks	57,569	48,548
6,271	8,433	Balances with other banks	683,933	508,560
38,683	47,556	Lendings to financial institutions	3,856,798	3,137,180
86,270	132,966	Investments	10,783,519	6,996,478
70,779	69,079	Advances	5,602,343	5,740,174
8,971	4,647	Other assets	376,939	727,643
827	796	Operating fixed assets	64,560	67,109
2,058	3,870	Deferred taxation	313,823	166,922
214,458	268,057		21,739,484	17,392,614
LIABILITIES				
-	-	Bills payable	-	-
92,374	119,981	Borrowings from financial institutions	9,730,434	7,491,561
37,276	63,557	Deposits and other accounts	5,154,473	3,023,121
-	-	Sub-ordinated loans	-	-
185	194	Liabilities against assets subject to finance lease	15,730	15,027
7,276	7,965	Other liabilities	645,971	590,082
-	-	Deferred taxation	-	-
137,111	191,697		15,546,608	11,119,791
77,347	76,360	NET ASSETS	6,192,876	6,272,823
REPRESENTED BY				
75,832	75,832	Share capital	6,150,000	6,150,000
12,543	12,607	Reserves	1,022,413	1,017,251
64	(6,420)	Unappropriated (Loss)/Profit	(520,622)	5,162
88,439	82,019		6,651,791	7,172,413
(11,092)	(5,659)	Deficit on revaluation of investments (net)	(458,915)	(899,590)
77,347	76,360		6,192,876	6,272,823
MEMORANDUM ITEMS				
		Contingencies and commitments	8	

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 4.3

Chief Financial Officer

Chief Executive

Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2009

Six months ended June 30, 2008	Six months ended June 30, 2009		Note	Quarter ended June 30, 2009	Quarter ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
-----US \$ in '000-----				----- Rupees in '000 -----			
11,681	13,740	Mark-up/return/interest earned		559,005	516,799	1,114,290	947,362
7,423	9,516	Mark-up/return/interest expensed		391,372	327,965	771,753	601,991
4,258	4,224	Net mark-up/interest income		167,633	188,834	342,537	345,371
(193)	5,534	Provision against non -performing loans and advances	5.2	403,016	(15,617)	448,831	(15,617)
140	428	Provision for diminution in the value of investments		15,000	11,374	34,700	11,374
-	-	Bad debts written off directly		-	-	-	-
(53)	5,962			418,016	(4,243)	483,531	(4,243)
4,311	(1,738)	Net mark-up/interest income after provisions		(250,383)	193,077	(140,994)	349,614
NON MARK-UP/INTEREST INCOME							
471	112	Fee, commission and brokerage income		4,198	16,883	9,118	38,202
192	313	Dividend income		15,784	9,703	25,422	15,542
300	528	Income from trading in Government securities		21,799	21,324	42,843	24,332
-	-	Income from dealing in foreign currencies		-	-	-	-
2,720	(1,852)	(Loss) / Income from trading in listed and other securities	4.3	(158,206)	123,731	(150,223)	220,612
-	(3,055)	Provision for impairment in the value of investments		(46,640)	-	(247,746)	-
(2,125)	308	Unrealised (deficit)/surplus on revaluation of investments classified as 'held-for-trading' securities		(945)	(234,199)	25,013	(172,346)
11	-	Other income		-	337	-	832
1,569	(3,646)	Total non -mark up/interest income		(164,010)	(62,221)	(295,573)	127,174
5,880	(5,384)			(414,393)	130,856	(436,567)	476,788
NON MARK-UP/INTEREST EXPENSES							
1,571	1,621	Administrative expenses	12.4.1	72,764	76,812	131,472	127,447
-	-	Other provisions/write offs		-	-	-	-
178	82	Other charges		2,265	7,667	6,638	14,417
1,749	1,703	Total non-mark up/interest expenses		75,029	84,479	138,110	141,864
4,131	(7,087)			(489,422)	46,377	(574,677)	334,924
-	-	Extra ordinary/unusual items		-	-	-	-
4,131	(7,087)	(LOSS)/PROFIT BEFORE TAXATION		(489,422)	46,377	(574,677)	334,924
1,670	1,343	Taxation - current		70,014	60,081	108,960	135,529
-	-	- prior		-	-	-	-
(364)	(2,010)	- deferred		(154,015)	(14,755)	(163,015)	(29,488)
1,306	(667)			(84,001)	45,326	(54,055)	106,041
2,825	(6,420)	(LOSS)/PROFIT AFTER TAXATION		(405,421)	1,051	(520,622)	228,883
US \$ 0.0046	US \$ -0.0104	Basic and diluted (loss)/earnings per share	10	(0.66)	0.002	(0.85)	0.37

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 4.3

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2009

Six months ended			Six months ended		
June 30, 2008	June 30, 2009		Note	June 30, 2009	June 30, 2008
-----US \$ in '000-----				-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES					
4,131	(7,087)	(Loss)/Profit before taxation		(574,677)	334,924
192	313	Less: Dividend income		25,422	15,542
3,939	(7,400)			(600,099)	319,382
Adjustments for non-cash charges					
92	89	Depreciation		7,191	7,459
7	5	Amortisation of intangible assets		439	579
2,125	(308)	Unrealised deficit/(surplus) on revaluation of investments classified as 'held-for-trading'		(25,013)	172,346
(10)	20	Loss/(Gain) on sale of fixed assets		1,631	(832)
(193)	5,534	Provision/(Reversal) against non-performing loans and advances	5.2	448,831	(15,617)
140	428	Provision for diminution in the value of investments		34,700	11,374
-	3,055	Provision for impairment in the value of investments	4.3	247,746	-
(11,681)	(13,740)	Financial income		(1,114,290)	(947,362)
7,423	9,516	Financial charges		771,753	601,991
(2,097)	4,599			372,988	(170,062)
1,842	(2,801)			(227,111)	149,320
(Increase)/Decrease in operating assets					
(25,651)	(8,873)	Lendings to financial institutions		(719,618)	(2,080,290)
1,850	-	Balances with other banks		-	150,000
7,213	(47,044)	Held-for-trading securities		(3,815,307)	584,999
(1,933)	(3,835)	Advances		(311,000)	(156,775)
1,413	4,327	Other assets		350,896	114,622
(17,108)	(55,425)			(4,495,029)	(1,387,444)
Increase/(Decrease) in operating liabilities					
(33,325)	27,606	Borrowings from financial institutions		2,238,873	(2,702,632)
41,660	26,281	Deposits and other accounts		2,131,352	3,378,587
10	9	Liabilities against assets subject to finance lease		703	815
234	(10)	Other liabilities		(801)	18,968
8,579	53,886			4,370,127	695,738
(6,687)	(4,340)			(352,013)	(542,386)
11,527	13,763	Financial income received		1,116,173	934,826
(6,949)	(9,578)	Financial charges paid		(776,774)	(563,555)
(810)	(583)	Income tax paid		(47,249)	(65,658)
(2,919)	(738)	Net cash (outflow) from operating activities		(59,863)	(236,773)
CASH FLOW FROM INVESTING ACTIVITIES					
8,360	2,807	Net Investments		227,622	678,010
(1,057)	-	Investments in associates		-	(85,723)
192	288	Dividend received		23,347	15,542
(125)	(111)	Investments in operating fixed assets		(9,004)	(10,123)
38	28	Sale proceeds of property and equipment disposed-off		2,292	3,106
7,408	3,012	Net cash inflow from investing activities		244,257	600,812
CASH FLOW FROM FINANCING ACTIVITIES					
(3,792)	-	Dividend paid		-	(307,500)
(3,792)	-	Net cash (outflow) from financing activities		-	(307,500)
697	2,274	Increase in cash and cash equivalents		184,394	56,539
19,902	8,102	Cash and cash equivalents as at beginning of the period	11	657,108	1,614,019
20,599	10,376	Cash and cash equivalents at end of the period	11	841,502	1,670,558

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 4.3

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
CONDENCED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Issued, subscribed and paid up capital	Reserve			Unappropriated profit / (loss)	Total
		Statutory reserve	General reserve	Contingencies reserve		
-----Rupees in '000-----						
Balance as at January 1, 2008	6,150,000	347,192	491,380	86,291	398,597	7,473,460
Dividend for the year ended December 31, 2007	-	-	-	-	(307,500)	(307,500)
Transfer to general reserve	-	-	84,375	-	(84,375)	-
Transfer to contingencies reserve - relating to quarter ended December 2007	-	-	-	6,722	(6,722)	-
Net profit after tax for the six months ended June 30, 2008	-	-	-	-	228,883	228,883
Transfer to contingencies reserve	-	-	-	7,218	(7,218)	-
Transfer to statutory reserve	-	45,777	-	-	(45,777)	-
Balance as at June 30, 2008	6,150,000	392,969	575,755	100,231	175,888	7,394,843
Net loss after tax for the six months period ended December 31, 2008	-	-	-	-	(222,430)	(222,430)
Reversal from Contingencies reserve	-	-	-	(7,218)	7,218	-
Reversal from Statutory reserve	-	(44,486)	-	-	44,486	-
Balance as at December 31, 2008	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)	-
Balance as at June 30, 2009	6,150,000	348,483	553,498	120,432	(520,622)	6,651,791

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 4.3

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2009

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, Block 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.

The company has a 51% shares of subsidiary, Pak Oman Asset Management Company Limited, preliminary engaged in the investment advisory and asset management services.

2 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 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. 81.10 = US dollar 1 for the six months ended June 30, 2009 and the corresponding period.

3 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.

4 INVESTMENTS

	<u>Held by the company</u>	<u>Given as collateral</u>	<u>Total</u>
	-----Rupees in '000-----		
Balance as at June 30, 2009	6,947,059	3,836,460	10,783,519
Balance as at December 31, 2008	6,055,755	940,723	6,996,478
Balance as at June 30, 2008	6,985,988	544,119	7,530,107

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Held by the company	Given as collateral	Total
	-----Rupees in '000-----		
4.1 Investments by types			
Held-for-trading securities	1,007,445	2,949,854	3,957,299
Available for sale securities	5,197,420	1,033,366	6,230,786
Held-to-maturity securities	271,683	-	271,683
Associates	941,623	70,726	1,012,349
Subsidiary	168,300	-	168,300
	<u>7,586,471</u>	<u>4,053,946</u>	<u>11,640,417</u>
Less: Provision for diminution in value of investments	(159,926)	-	(159,926)
Provision for impairment in the value of investments	(151,787)	(95,959)	(247,746)
	<u>7,274,758</u>	<u>3,957,987</u>	<u>11,232,745</u>
(Deficit) on revaluation of 'available for sale' investments	(330,436)	(143,803)	(474,239)
(Deficit) on revaluation of 'held for trading' investments	2,737	22,276	25,013
Balance as at June 30, 2009	<u>6,947,059</u>	<u>3,836,460</u>	<u>10,783,519</u>
		June 30,	December 31,
		2009	2008
		-----Rupees in '000-----	
4.2 Investments by segments			
<i>Federal government securities</i>			
Market treasury bills		3,147,667	507,529
Pakistan investment bonds		1,483,422	779,739
<i>Fully paid up ordinary shares/certificates/units</i>			
Listed companies		2,292,848	2,596,268
Unlisted companies		543,633	543,633
<i>Term finance certificates (TFCs)</i>			
Listed TFCs		2,361,794	2,319,615
Unlisted TFCs		379,796	281,299
<i>Other investments</i>			
Commercial paper		62,373	56,261
Sukuk certificates		1,368,884	1,119,004
Total investment at cost		<u>11,640,417</u>	<u>8,203,348</u>
Less: Provision for diminution in value of investments		(159,926)	(125,226)
Provision for impairment in the value of		(247,746)	-
Investments (net of provisions)		<u>11,232,745</u>	<u>8,078,122</u>
Surplus on revaluation of 'held-for-trading' securities		25,013	(150,616)
Deficit on revaluation of 'available-for-sale' securities		(474,239)	(931,028)
Total investments at market value		<u>10,783,519</u>	<u>6,996,478</u>

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2009

- 4.3 The impairment loss as at June 30, 2009 after the adjustment/effect of the price movements of the investment has been worked out at Rs.495,491,085 (December 31, 2008: Rs.826,482,107). Charge of Rs.247,745,542 for the two quarters ended June 30, 2009 has been duly provided in the profit and loss account and the balance of Rs.247,745,542 has been treated as unrealized loss and the same shall be recognized after taking into account any adjustment effect of price movements, during remaining quarters of the year ending December 31, 2009.

The recognition of entire impairment loss based on the market values as at June 30, 2009 would have had the following effect on these condensed interim financial statements.

	<u>Rupees in</u> <u>'000</u>
Increase in 'impairment loss' in profit and loss account	247,746
Increase in loss for the period - after tax	247,746
Increase in loss per share - after tax	0.40
Decrease in deficit on revaluation of available for sale investments	247,746
Decrease in unappropriated profit	247,746

- 4.4 No impairment on investment in Japan Power Generation Limited (JPGL) has been recorded in these condensed interim financial statements as JPGL has filed for arbitration in the International Court of Arbitration under the rules of International Chamber of Commerce (ICC) in Singapore on January 12, 2009 to enforce implementation of the decision in favor of JPGL of the mutually appointed Expert (the "Decision") on disputes between WAPDA and JPGL regarding the payment of indexation of non-escalable component of Capacity Purchase Price (CPP) and liquidated damages for an amount of Rs 3.606 billion. The arbitration process under the rules of the ICC is time bound and takes about 10 to 12 months to complete.

The ICC award is final and enforceable in Pakistan as per the New York Convention on arbitral awards signed by Pakistan. The amount receivable under the Decision is sufficient to pay off most if not all of the amortizing debt and make JPGL free of any fixed obligations. JPGL also reserves the right to call the guarantee of the Government of Pakistan under the Implementation Agreement in the event of failure of WAPDA to meet its obligations. The management is confident that WAPDA will meet its obligations to JPGL. Further JPGL has completed all ground work regarding the implementation of Steam Turbine and

expansion of the project by 150 MW. It has also signed the EPC contract for the expansion. The steam turbine and expansion projects will be implemented immediately after receiving the amounts from WAPDA under the Decision. The above measures are likely to significantly boost the profitability and book value of JPGL which presently is negative due to accumulated loss of Rs. 2,097 million as at March 31, 2009 as disclosed in the quarterly financial statements (Unaudited) and its total liabilities exceeds its total assets by Rs. 537 million.

PAK-OMAN INVESTMENT COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR THE SIX MONTHS ENDED JUNE 30, 2009

	June 30, 2009	December 31, 2008
	-----Rupees in '000-----	
5 ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	5,335,156	4,919,698
Outside Pakistan	-	-
	5,335,156	4,919,698
Net investment in finance lease		
In Pakistan	1,049,989	1,004,985
Outside Pakistan	-	-
	1,049,989	1,004,985
Financing in respect of CFS	-	149,462
	6,385,145	6,074,145
Less: Provision for non-performing advances	5.1 (782,802)	(333,971)
	5,602,343	5,740,174

5.1 Advances include amount aggregating Rs. 1,020.975 million (December 31, 2008: Rs. 615.163 million), which have been placed under the non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	Provision
				required	held
-----Rupees in '000-----					
Substandard	89,775	-	89,775	18,642	18,642
Doubtful	107,143	-	107,143	30,480	30,480
Loss	824,057	-	824,057	733,680	733,680
	1,020,975	-	1,020,975	782,802	782,802

5.2 Movements in provision is analysed as follows:

	Rupees in '000
Six months ended June 30, 2008:	
Opening balance	132,888
Charge for the period	(15,617)
Closing balance	117,271
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

PAK-OMAN INVESTMENT COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR THE SIX MONTHS ENDED JUNE 30, 2009

	June 30, 2009	December 31, 2008
	-----Rupees in '000-----	
6 OPERATING FIXED ASSETS		
Additions – cost	9,004	10,123
Disposals – cost	10,771	4,912
Net book value	3,923	2,274

7 SHARE CAPITAL

7.1 Authorized share capital

June 30, 2009	December 31, 2008		June 30, 2009	December 31, 2008
No. of shares in '000			-----Rupees in '000-----	
1,000,000	1,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000

7.2 Issued, subscribed and paid - up capital

	June 30, 2009			December 31, 2008			June 30, 2009	December 31, 2008
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total	----- Rupees in '000 -----	
Opening	600,000	15,000	615,000	600,000	15,000	615,000	6,150,000	6,150,000
Shares issued during the period / year	-	-	-	-	-	-	-	-
	600,000	15,000	615,000	600,000	15,000	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, 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.

	June 30, 2009	December 31, 2008
	-----Rupees in '000-----	
8 CONTINGENCIES AND COMMITMENTS		
Transaction related contingent liability:		
- guarantees	24,301	200,000
- import letter of credits	206,004	
Pledge of shares on behalf of associated company	70,726	70,726
Commitments for:		
- purchase of government securities	-	300,201
- sale of government securities	102,340	290,850
Commitments for loans and advances		
net investment in finance leases	198,020	508,370
Underwriting commitments	70,000	70,000

8.1 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.

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2009

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	%
Financial institution	111,655	1.75	1,831,845	35.54	172,340	25.67
Textile	1,574,211	24.65	1,000	0.02	-	-
Transportation and communication	439,711	6.89	1,021,318	19.81	-	-
Power (electricity), gas, water, sanitary wholesale and retail trade	1,348,275	21.12	123,195	2.39	317,401	47.27
Electronics	263,734	4.13	-	-	-	-
Food and beverage	239,764	3.76	5,721	0.11	-	-
Services	202,700	3.17	221,858	4.30	-	-
Engineering and allied products	290,860	4.56	47,948	0.93	17,900	2.67
Chemical and pharmaceuticals	450,761	7.06	229,446	4.45	125,050	18.63
Automobiles	316,181	4.95	123,308	2.39	-	-
Fuel and energy	171,778	2.69	185,000	3.59	38,700	5.76
Construction	150,047	2.35	25,000	0.49	-	-
Cement	115,833	1.81	13,500	0.26	-	-
Sugar	434,391	6.80	-	-	-	-
Paper and board /packaging	89,253	1.40	224,287	4.35	-	-
Healthcare	38,786	0.61	-	-	-	-
Individual	89,101	1.39	145,975	2.83	-	-
Others	58,104	0.91	955,072	18.54	-	-
	6,385,145	100.00	5,154,473	100.00	671,391	100.00

9.2 Segment by sector

	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public/Government	47,020	0.74	441,838	8.57	-	-
Private	6,338,125	99.26	4,712,635	91.43	671,391	100.00
	6,385,145	100.00	5,154,473	100.00	671,391	100.00

PAK-OMAN INVESTMENT COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR THE SIX MONTHS ENDED JUNE 30, 2009

10 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE	Six months ended June 30,	
	2009	2008
	-----Rupees in '000-----	
Profit after taxation	(520,622)	228,883
	Quarter ended June 30,	
	2009	2008
	-----Rupees in '000-----	
Profit after taxation	(405,421)	1,051
	Number of shares in '000	
Weighted average number of ordinary shares	615,000	615,000
	-----Rupees-----	
(Loss)/Earnings per share for the six months ended June 30, 2008/07	(0.85)	0.37
(Loss)/Earnings per share for the quarter ended June 30, 2008/07	(0.66)	0.002
	June 30, 2009	December 31, 2008
	-----Rupees in '000-----	
Cash and balances with treasury banks	57,569	51,100
Balances with other banks	683,933	1,490,458
Letters of placement upto three months	100,000	379,000
Term deposit receipt over three months	-	(250,000)
	<u>841,502</u>	<u>1,670,558</u>

12 RELATED PARTY TRANSACTIONS

Subsidiary Company

-Pak Oman Asset Management Company Limited

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

PAK-OMAN INVESTMENT COMPANY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2009

12.1 Transactions entered into with related parties are as follows:

	Subsidiary		Associates		Total	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
	2009	2008	2009	2008	2009	2008
----- Rupees in '000 -----						
Advances / Investments *						
Balance as at January 1	175,726	173,072	1,087,349	765,037	1,263,075	938,109
Additions during the period / year	-	4,414	-	1,091,970	-	1,096,384
Repayments	(648)	(1,760)	(6,800)	(769,658)	(7,448)	(771,418)
Closing balance	175,078	175,726	1,080,549	1,087,349	1,255,627	1,263,075

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

Borrowings / Deposits *

Balance as at January 1	882	510	213,011	304,212	213,893	304,722
Additions during the period / year	-	442	234,654	1,090,278	234,654	1,090,720
Repayments	-	(70)	(231,011)	(1,181,479)	(231,011)	(1,181,549)
Closing balance	882	882	216,654	213,011	217,536	213,893

* including security deposit against lease finance.

Balances

Other receivable	-	-	107	150,000	107	150,000
------------------	---	---	-----	---------	-----	---------

	Subsidiary		Associates		Total	
	30-Jun-2009	30-Jun-2008	30-Jun-2009	30-Jun-2008	30-Jun-2009	30-Jun-2008
	----- Rupees in '000 -----					

12.2 Transactions, income and expenses

Mark up expense	-	-	16,047	14,530	16,047	14,530
Mark up income	523	303	4,803	4,545	5,326	4,848
Brokerage expenses	-	1,786	-	-	-	1,786
Fee income	376	-	-	-	376	-
Capital Gain	-	20,118	-	-	-	20,118

June 30,	December 31,
2009	2008

12.3 Transactions with retirement benefit funds

Defined contribution plan	3,288	2,475
Defined benefit plan	4,052	1,643

12.4 Key management compensation

Salaries and other short term benefits	16,037	19,503
Staff retirement benefits	928	643
Executive and non-executive director's remuneration	29,368	14,764
	46,333	34,910

12.4.1 This includes compensation package in addition to the remuneration paid till February 2009 to outgoing Chief Executive Officer.

12.5 Mark-up received on loans to key management personnel 1,049 772

12.6 Loans to key management personnel

Opening balance	57,694	24,462
Additions during the period	850	45,509
Repayments during the period	(19,172)	(12,277)
Closing balance	39,372	57,694

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 CORRESPONDING FIGURES

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

15 GENERAL

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

16 DATE OF AUTHORISATION FOR ISSUE

These financial information were authorised on August 17, 2009 by the board of directors.

Chief Financial Officer

Chief Executive

Chief Executive

Chairman