

**PAK OMAN INVESTMENT
COMPANY LIMITED**

**FINANCIAL STATEMENTS
(UN-AUDITED)**

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

PAK-OMAN INVESTMENT COMPANY LIMITED
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
ASSETS					
474	605	Cash and balances with treasury banks		38,026	48,548
5,151	6,333	Balances with other banks		413,604	508,560
45,414	39,068	Lendings to financial institutions		3,646,766	3,137,180
111,025	87,129	Investments	4	8,915,303	6,996,478
63,688	71,484	Advances	5	5,114,108	5,740,174
841	836	Operating fixed assets	6	67,514	67,109
2,040	2,079	Deferred taxation		163,798	166,922
5,714	9,061	Other assets		458,887	727,643
234,347	216,595			18,818,006	17,392,614
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		-	-
228	187	Liabilities against assets subject to finance lease		18,320	15,027
-	-	Deferred taxation		-	-
7,636	7,348	Other liabilities		613,146	590,082
155,867	138,478			12,516,082	11,119,791
78,480	78,117	NET ASSETS		6,301,924	6,272,823
REPRESENTED BY					
76,588	76,588	Share capital	7	6,150,000	6,150,000
12,732	12,668	Reserves		1,022,413	1,017,251
(1,434)	64	Unappropriated (Loss) / profit		(115,201)	5,162
87,886	89,320			7,057,212	7,172,413
(9,406)	(11,203)	Deficit on revaluation of investments (net)		(755,288)	(899,590)
78,480	78,117			6,301,924	6,272,823
MEMORANDUM ITEMS					
		Contingencies and commitments	8		

The annexed notes 1 to 14 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
PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

31-Mar-09 (US \$ in '000)	31-Mar-08		31-Mar-09 (Rupees in '000)	31-Mar-08 (Rupees in '000)
6,915	5,362	Mark-up/return/interest earned	555,285	430,563
4,737	3,413	Mark-up/return/interest expensed	380,381	274,026
2,178	1,949	Net mark-up/ interest income	174,904	156,537
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	-
1,362	1,949	Net mark-up/ interest income after provisions	109,389	156,537
NON MARK-UP/INTEREST INCOME				
61	265	Fee, commission and brokerage income	4,920	21,319
120	73	Dividend income	9,638	5,839
262	38	Income from trading in Government securities	21,044	3,008
-	-	Income from dealing in foreign currencies	-	-
99	1,206	Income from trading in listed and other securities	7,983	96,881
(2,504)	-	Provision for impairment in the value of investments	(201,106)	-
-	-	Unrealised surplus on revaluation of investments classified as		
323	770	'held-for-trading' securities	25,958	61,853
-	7	Other income	-	495
(1,639)	2,359	Total non -mark up/interest income	(131,563)	189,395
(277)	4,308		(22,174)	345,932
NON MARK-UP/INTEREST EXPENSES				
731	631	Administrative expenses	58,708	50,635
-	-	Other provisions/write offs	-	-
54	84	Other charges	4,373	6,750
785	715	Total non-mark up/interest expenses	63,081	57,385
(1,062)	3,593		(85,255)	288,547
-	-	Extra ordinary /unusual items	-	-
(1,062)	3,593	(LOSS) / PROFIT BEFORE TAXATION	(85,255)	288,547
484	939	Taxation - current	38,946	75,448
-	-	- prior	-	-
(112)	(183)	- deferred	(9,000)	(14,733)
372	756		29,946	60,715
(1,434)	2,837	(LOSS) / PROFIT AFTER TAXATION	(115,201)	227,832
US \$ -0.0023	US \$ 0.0046	Basic and diluted (loss) / earnings per share (Rs per share) - note 9	(0.19)	0.37

The annexed notes 1 to 14 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
CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

31-Mar-09	31-Mar-08		31-Mar-09	31-Mar-08
(US \$ in '000)			(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES				
(1,062)	3,593	(Loss) / Profit before taxation	(85,255)	288,547
120	73	Less: Dividend income	9,638	5,839
<u>(1,182)</u>	<u>3,520</u>		<u>(94,893)</u>	<u>282,708</u>
Adjustments for non-cash charges				
45	45	Depreciation	3,601	3,625
3	3	Amortisation of intangible assets	273	268
(323)	(770)	Unrealised (surplus) on revaluation of investments classified as 'held-for-trading'	(25,958)	(61,853)
23	(6)	Loss / (Gain) on sale of fixed assets	1,846	(495)
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	-
6	6	Finance charges on leased assets	495	515
<u>3,074</u>	<u>(722)</u>		<u>246,878</u>	<u>(57,940)</u>
1,892	2,798		151,985	224,768
(Increase) / decrease in operating assets				
(7,591)	4,780	Lendings to financial institutions	(609,586)	383,812
-	1,868	Balances with other banks	-	150,000
7,226	9,891	Advances	580,251	794,271
3,460	(2,369)	Other assets	277,814	(190,302)
<u>3,095</u>	<u>14,170</u>		<u>248,479</u>	<u>1,137,781</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
92	3,898	Other liabilities	7,397	313,034
<u>17,152</u>	<u>(20,436)</u>		<u>1,377,331</u>	<u>(1,641,007)</u>
22,139	(3,468)		1,777,795	(278,458)
(6)	(9)	Finance charges paid on leased assets	(474)	(727)
(290)	(246)	Income tax paid	(23,300)	(19,777)
<u>21,843</u>	<u>(3,723)</u>	Net cash inflow/(outflow) from operating activities	<u>1,754,021</u>	<u>(298,962)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
(24,374)	(6,703)	Net Investments	(1,957,247)	(538,263)
7	68	Dividend received	580	5,451
(96)	(24)	Investments in operating fixed assets	(7,701)	(1,918)
20	7	Sale proceeds of property and equipment disposed-off	1,576	585
<u>(24,443)</u>	<u>(6,652)</u>	Net cash (outflow) from investing activities	<u>(1,962,792)</u>	<u>(534,145)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
41	(6)	Liabilities against Asset subject to finance lease	3,293	(515)
-	-	Dividend paid	-	-
<u>41</u>	<u>(6)</u>	Net cash inflow / (outflow) from financing activities	<u>3,293</u>	<u>(515)</u>
(2,559)	(10,381)	(Decrease) in cash and cash equivalents	(205,478)	(833,622)
8,183	20,100	Cash and cash equivalents as at beginning of the period	657,108	1,614,019
<u>5,624</u>	<u>9,719</u>	Cash and cash equivalents at the end of the period	<u>451,630</u>	<u>780,397</u>

The annexed notes 1 to 14 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
 STATEMENT OF CHANGES IN EQUITY
 FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Issued, subscribed and paid up capital	Capital reserve Statutory reserve	Revenue reserves			Total
			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	398,597	7,473,460
Net profit after tax for the quarter ended March 31, 2008	-	-	-	-	227,832	227,832
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	489,766	7,701,292
Dividend for the year ended December 31, 2007	-	-	-	-	(307,500)	(307,500)
Net loss after tax for the nine months period ended December 31, 2008	-	-	-	-	(221,379)	(221,379)
Reversal from Statutory reserve	-	(44,275)	-	-	44,275	-
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 quarter ended March 31, 2009	-	-	-	-	(115,201)	(115,201)
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	(115,201)	7,057,212

The annexed notes 1 to 14 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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 2004 the company was converted into a public limited company. It is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The company's objectives 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. 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 (SBP).

The company holds 51% shares in Pak Oman Asset Management Company Limited, subsidiary company, principally engaged in the investment advisory and asset management.

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 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.

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

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at March 31, 2009	7,140,328	1,774,975	8,915,303
Balance as at December 31, 2008	6,055,755	940,723	6,996,478
Balance as at March 31, 2008	8,341,574	1,331,896	9,673,470

4.1 Investments by types

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Held-for-trading securities	1,005,425	1,264,580	2,270,005
Available for sale securities	5,954,459	482,002	6,436,461
Held-to-maturity securities	273,480	-	273,480
Associates	941,623	70,726	1,012,349
Subsidiary	168,300	-	168,300
	8,343,287	1,817,308	10,160,595
Less: Provision for diminution in value of investments	(144,926)	-	(144,926)
Provision for impairment in the value of investments	(201,106)	-	(201,106)
	7,997,255	1,817,308	9,814,563
 (Deficit) on revaluation of 'available for sale' securities	 (724,063)	 (50,539)	 (774,602)
 (Deficit) / surplus on revaluation of 'held for trading' securities	 (132,864)	 8,206	 (124,658)
Balance as at March 31, 2009	7,140,328	1,774,975	8,915,303

5. 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	1,134,345	1,004,985
Outside Pakistan	-	-
	1,134,345	1,004,985
Financing in respect of CFS	-	149,462
	5,493,894	6,074,145
Less: Provision for non-performing advances	(379,786)	(333,971)
	<u>5,114,108</u>	<u>5,740,174</u>

5.1 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>

5.2 Movements in provision is analysed as follows:

	Rs. in '000
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>

6 OPERATING FIXED ASSETS

	First quarter ended	
	31-Mar-09	31-Mar-08
	----- Rupees in '000 -----	
Additions – cost	7,701	1,918
Disposals – cost	10,071	1,105
- Net book value	3,422	90

7 SHARE CAPITAL

7.1 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

7.2 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

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.

8 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 8.1	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

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.

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

	First quarter ended	
	31-Mar-09	31-Mar-08
	----- Rupees in '000 -----	
(Loss) / Profit after taxation	<u>(115,201)</u>	<u>227,832</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>(0.19)</u>	<u>0.37</u>

10. 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

10.1 Transactions entered into with related parties are as follows:

	Subsidiary		Associates		Total	
	31-Mar-09	31-Dec-08	31-Mar-09	31-Dec-08	31-Mar-09	31-Dec-08
	----- 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	(317)	(1,760)	(6,800)	(769,658)	(7,117)	(771,418)
Closing balance	<u>175,409</u>	<u>175,726</u>	<u>1,080,549</u>	<u>1,087,349</u>	<u>1,255,958</u>	<u>1,263,075</u>

* 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	6,000	1,090,278	6,000	1,090,720
Repayments	-	(70)	-	(1,181,479)	-	(1,181,549)
Closing balance	<u>882</u>	<u>882</u>	<u>219,011</u>	<u>213,011</u>	<u>219,893</u>	<u>213,893</u>

* including security deposit against lease finance.

Balances

Other receivable	-	-	25	150,000	25	150,000
------------------	---	---	----	---------	----	---------

	Subsidiary		Associates		Total	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	----- Rupees in '000 -----					

10.2 Transactions, income and expenses

Mark up expense	-	-	7,995	7,429	7,995	7,429
Mark up income	273	133	2,422	1,928	2,695	2,061
Brokerage expenses	-	658	-	-	-	658
Fee income	242	-	-	-	242	-

10.3 Transactions with retirement benefit funds

	31-Mar-09	31-Mar-08
	Rupees in '000	
Defined contribution plan	1,726	1,029
Defined benefit plan	2,026	821

10.4 Key management compensation

Salaries and other short term benefits	6,766	4,728
Staff retirement benefits	492	265
Executive and non-executive director's remuneration - note 10.4.1	5,719	3,430
	<u>12,977</u>	<u>8,423</u>

10.4.1 This includes remuneration of outgoing chief executive till Feb 2009.

10.5 Mark-up received on loans to key management personnel

598 258

10.6 Loans to key management personnel

	31-Mar-09	31-Dec-08
Opening balance	57,694	24,462
Additions during the period	850	45,509
Repayments during the period	(18,231)	(12,277)
Closing balance	<u>40,313</u>	<u>57,694</u>

11. CREDIT RATING

The JCR VIS Credit Rating Company Limited has maintained the company's rating of AA+ (Double AA Plus) in the long term and A-1+ (A One Plus) for the short term.

12. CORRESPONDING FIGURES

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

13. GENERAL

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

14. 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
and Chief Executive**

Chairman