

Pak Oman Advantage Fund
Annual Report 2008

PAKOMAN
ASSET
MANAGEMENT



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CONTENTS

Mission & Vision Statement	2
Fund Information	3
Report of the Directors of the Management Company	5
Report of the Fund Manager of the Management Company	9
Trustee Report to the Certificate Holders	10
Statement of Compliance with the Code of Corporate Governance	11
Review Report to the Certificateholders on the Statement of Compliance with the Best Practices of the Code of Corporate Governance	13
Independent Auditors' Report to the Certificateholders	14
Statement of Assets and Liabilities	15
Income Statement	16
Distribution Statement	17
Statement of Movement in Equity and Reserve per Certificate	18
Cash Flow Statement	19
Notes to the Financial Statements	20
Pattern of Certificate Holding	41
Categories of Certificate Holders	42
Pattern of Certificate Holding as per requirements of Code of Corporate Governance	43
Statement of Income and Expenditure of Management Company in relation to the Fund	44



Our Mission

"To provide KIBOR linked floating rate returns to investors with limited investment tenure on a very low risk basis".

Our Vision

"POAF aims to provide a return based on very low risk profile that suits conservative investors who aim to preserve the principal and earn over the normal bank rate of return".



FUND INFORMATION

MANAGEMENT COMPANY

Pak Oman Asset Management Company Limited
1st Floor, Tower 'A', Finance & Trade Center,
Shara-e-Faisal, Karachi -74400, Pakistan
Phone: (9221) 5631020-24
Fax: (9221) 5631025
Web site: www.pakomanfunds.com
E-mail: info@pakomanfunds.com

BOARD OF DIRECTOR OF THE MANAGEMENT COMPANY

H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman
Mr. Javed Mahmood	Director
Mr. Zafar Iqbal	Director
Mr. Ali Said Ali	Director
Mr. Akbar Habib	Director
Mr. Sulaiman Hamad Al Harthy	Director
Brig. Shahjahan Ali Khan	Director
Mr. Zaigham Hasan Shah	Director
Mr. Saeed ur Rahman	Director
Ms. Hina Ghazanfar	MD & CEO

AUDIT COMMITTEE

H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman
Mr. Zafar Iqbal	Member
Mr. Sulaiman Hamad Al Harthy	Member

HEAD OF FINANCE & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Shahzad Afgan

TRUSTEE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B,
Main Shahrah-e-Faisal,
Karachi.



AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor, Sheikh Sultan Trust Building No.2
Beaumont Road, Karachi-75530, Pakistan

BANKERS TO THE FUND

Bank Al-Falah Ltd
The Bank of Punjab

LEGAL ADVISER

Mohsin Tayebaly & Co.
2nd Floor, Dime Center, BC-4,Block 9
KDA Scheme 5, Clifton, Karachi.
Phone: (9221) 5375658-9

TRANSFER AGENT

THK Associates (Pvt) Ltd.
Ground Floor, State Life Building -3
Dr. Ziauddin Ahmed Road,
Karachi-75530
Phone: (9221) 111-000-322



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage Fund (the Fund) is pleased to present the audited financial statements of the Fund for the year ended June 30, 2008.

ECONOMIC REVIEW

(a) Output Profile

Economic growth slowed down to 5.8% in FY08 which is the lowest in 5 years. However, the CAGR of output for the past 5 years remains amongst the highest in developing economies at 7%. The composition of output remains fairly similar to last year's with services contributing to 53% of the output and agriculture and industry forming the rest. The new government's focus however has shifted from service (especially financial) to agriculture. Recent food crisis and resulting high prices of food have forced policy makers to pay more attention to cultivation in the country so as to reap benefits of the rising food prices.

(b) Monetary Situation

In face of mounting inflationary pressures, the central bank has reacted with severe tightening of money supply thereby causing the interbank rates to shoot up sharply. On May 29th, 2008 SBP raised the discount rate by 1.5% and increased the reserved ratios by 1% each. Yields on most debt instruments have gone up following the benchmark rate hike. Interestingly, Pakistan offers one of the highest yields in short term paper (with 3-months T-bill offering 11.65%). However, the depreciating PKR keeps foreign investors at bay.

Even after such increase, market participants anticipated further tightening to ensue in the monetary policy statement. And as per expectations the SBP again raised the benchmark rate by 1% to 13%. We believe in such a scenario, companies that are cash rich and have low or no leverage can benefit a great deal. For this reason we favor oil and gas sector which have surplus cash on their books.

(c) External Linkages

Pakistan's economic challenges are to some extent beyond its control as they are caused by external factors. Rising crude prices have lead to a burgeoning import bill. Although export targets are being met essential imports of petroleum products have caused the current account balance to reach a deficit of USD14bn whereas the overall balance of payment also resides in the negative at USD5.78bn. These pressures have played havoc with the heretofore stable rupee. The Pak rupee has lost 24% of its value against the dollar since the beginning of the year 2008. Foreign exchange reserves presently cover approximately 3 months of exports and have also been on a declining trend.



OPERATING REVIEW

The Fund during the year ended June 30, 2008 earned a total income of Rs. 120.22 million. The income for the year comprises of mainly capital gains (net) on sale of investments amounting Rs. 2.42 million, Profit earned on TFCs amounting Rs.87.38 million and Profit earned on deposits with banks amounting Rs.19.58 million. The unrealised gain on investments at fair value through profit or loss for the year was Rs. 1.95 million. After accounting for expenses of Rs. 18.28 million, the net income for the year was Rs. 101.94 million, which translates into the earning of Rs. 1.02 per certificate as at June 30, 2008. The net assets of the fund as at June 30, 2008 were Rs. 1,114.72 million. The net asset value of the fund as at June 30, 2008 was Rs. 11.15 per certificate.

INVESTMENT POLICY

Investment Policy of the Fund is stated in Clause 2.2 of the Offering Document, The primary objective of the fund is to provide the maximum total return to the certificate holders by maintaining a portfolio of money market and TFC based income instruments. Funds are allocated among various money market instruments based on the attractiveness of that particular asset class. The Investment Policy of the Scheme shall select instruments from within the specified Authorized Investments as stated in Clause 2.3 of the Offering Document.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Management Company always strives to maintain the highest standards of corporate governance. In compliance with the code of corporate governance, the BOD declares that:

- These financial statements present fairly the state of affairs of the Fund, the result of its operations, cash flows and changes in equity.
- The Fund has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) listing regulations.



- The Board has formulated a Statement of Ethics and Business Practices which has been signed by the existing directors and employees of the management company.
- There were no transactions in certificates of the Fund carried out by the Directors, CEO, CFO and Company Secretary of the Management Company including their spouse and minor children.
- There were no certificates held by above as at June 30, 2008.
- Pattern of certificate holdings is given on page 42 of the financial statements.
- Key financial data for the year ended June 30, 2008 is given in note 21.6.1 of the financial statements.

Board Meetings

During the year four board meetings were held. The details of the attendance by each director in the board meetings are as given below:

Name	Designation	Dates of board of directors meetings and directors' present therein			
		August 25, 2007	October 31, 2007	February 13, 2008	April 16, 2008
H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓
Mr. Zafar Iqbal	Director	✓	✓	-	✓
Dr. Waqar Masood Khan *	Director	✓	-	-	N/A
Mr. Javed Mahmood *	Director	N/A	N/A	N/A	N/A
Mr. Sulaiman Al Harty	Director	-	✓	✓	-
Mr. Ali Said Ali	Director	✓	-	✓	✓
Mr. Akbar Habib	Director	-	-	✓	✓
Mr. Zaigham Hasan Shah	Director	✓	-	-	✓
Maj. Gen. Khalid Zahir Akhtar *	Director	✓	✓	✓	N/A
Mr. Saeed-ur-Rahman	Director	-	✓	✓	✓
Brig. Shahjahan Ali Khan *	Director	N/A	N/A	N/A	N/A
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	✓

- * Mr. Javed Mahmood and Brig. Shahjahan Ali Khan were nominated on March 11, 2008 and March 20, 2008 respectively in place of Dr. Waqar Masood Khan and Maj. Gen. Khalid Zahir Akhtar and were appointed as directors after SECP approval on May 16, 2008 and May 09, 2008 respectively.



RE-APPOINTMENT OF AUDITORS

The present auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, retired and being eligible, offered themselves for re-appointment. The Audit Committee of the Management Company in its meeting held on August 20, 2008 recommended and the Board of Directors in their meeting held on August 20, 2008 approved their re-appointment as auditors for the year ending June 30, 2009.

MUTUAL FUND RATING

The Credit Rating Agencies in Pakistan require at least 4 quarters of Fund performance to assign the Performance Ranking, which is due in the financial year ending June 30, 2009. However, JCR-VIS has assigned an 'AA-' (Double A Minus) Fund Stability Rating to the Fund which reflects a high degree of stability in returns at moderate risk level. This may vary slightly from time to time because of the changing economic conditions.

JCR-VIS has also assigned the Management Quality Rating of 'AM3+' to the Management Company that denotes the company's good management quality and strong capacity to manage the risks inherent in asset management and the asset manager meets high investment management industry standards and benchmarks.

ACKNOWLEDGEMENT

We thank all our investors who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, the Trustee - Central Depository Company of Pakistan Limited and the management of the Karachi Stock Exchange. We also wish to place on record our appreciation for the personnel of the Management Company.

August 20, 2008
Karachi.

For and on behalf of the Board
Hina Ghazanfar
MD & CEO

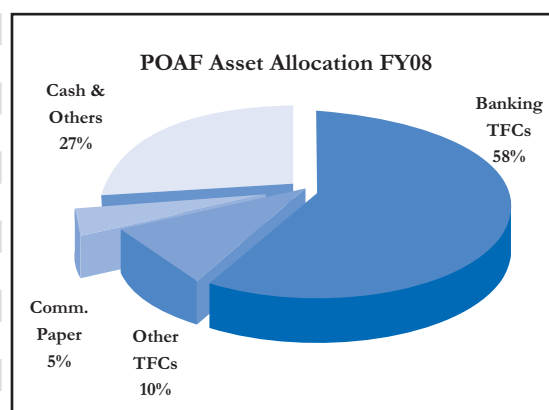


REPORT OF THE FUND MANAGER OF THE MANAGEMENT COMPANY

The management of Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage Fund (the Fund) is pleased to present the fund managers report of the Fund for the year ended June 30, 2008.

Terms and Structure

Type of Scheme	Closed - End Fund
Nature of Scheme	Fixed Income
Inception Date	May 10th, 2007
Face Value	PKR 10 per Certificate
Fund Size	PKR 1 Billion
NAV (June 30, 2008)	PKR 11.15 per Certificate
Benchmark	3 - Month KIBOR
Duration	8 Years
Fund Stability Rating	AA- by JCR - VIS
AMC Rating	AM3+ by JCR - VIS
Listing	KSE (Guaranteed) Limited
KSE Symbol	POAF
NAV Calculation	Daily
Trustee	CDC Pakistan Limited
Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Legal Advisor	Mohsin Tayebaly & Co.
Registrar	THK Associates (Pvt.) Limited
Management Fee	1.25% p.a.
Fund Manager	Nabeel Malik



POAF Performance

Yield since inception	10.68%
Year to date return (FY08)	10.90%
Risk free rate (3M T-Bill)*	9.66%
Sharpe Ratio	0.21

*Based on average FY08 3M T-Bill cutoff yield

Fund Review

During the year under review, Pak Oman Advantage Fund generated a steady annualized return of 10.90%. The return surpassed the bench mark during the first three quarters of the financial year 2008, except for the last quarter when the increase in policy rate led to an upward surge in KIBOR. The fund invested heavily in TFCs (approximately 68%) especially in the Banking sector (approximately 58%) as required by the investment structure of the fund. This heavy reliance of TFCs caused adverse revaluation impact due to the hike in discount rate despite the fact that these TFCs have very decent coupon rates. A dearth of new TFCs of the banking sector remained the key factor in building up of our portfolio composition. Around 5 % of the net assets are invested in commercial papers and the remaining in money market instruments and cash. The fund also announced a 9% cash dividend to its certificate holders for the year.

We appreciate the trust you have placed in our expertise to manage your investments. Going forward, we believe that there is limited downside risk to the market and it will improve once the dust settles. The Fund, as always, will endeavor to outperform the competition and provide a stable stream of attractive returns. We look forward to your continued support and patronage.

August 20, 2008
Karachi.

Nabeel Malik
Head of Fixed Income



Pak Oman Advantage Fund

**TRUSTEE REPORT TO THE CERTIFICATE HOLDERS
PAK OMAN ADVANTAGE FUND**

Report of the Trustee pursuant to Regulation 58(f) and Clause 9 of Schedule IV of the Non-Banking Finance Companies and Notified Entities Regulations, 2007

The Pak Oman Advantage Fund (Fund), a closed-end scheme was established under a trust deed dated February 12, 2007, executed between Pak Oman Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2008 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund; and
- (ii) The Non-Banking Finance Companies (Establishment and Regulations) Rule, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and the constitutive documents of the Fund.

**August 28, 2008
Karachi**

Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The board of directors (the Board) of Pak Oman Asset Management Company Limited, the management company, which is an unlisted public company and manages the affairs of Pak Oman Advantage Fund (the Fund). The Fund being a closed-end scheme does not have its own Board of Directors. The management company has applied the principles contained in the code to the Fund whose certificates are listed on the Karachi Stock Exchange, in the following manner:

1. The management company encourages representation of non-executive directors. All the directors except the MD & CEO are non-executive directors.
2. The existing directors have confirmed that none of them is serving as a director in more than ten listed companies, including the management company.
3. All the existing resident directors of the management company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The board has formulated a Statement of Ethics and Business Practices which has been signed by the existing directors and employees of the management company.
6. The board of the management company has developed a vision and mission statement. The investment policy of the Fund has been disclosed in the offering document while other significant policies & procedures manuals have also been being approved by the Board and adopted by the management company.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the MD & CEO of the management company, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management company, managing the Fund has arranged an orientation course for its directors in the current year to apprise them of their duties and responsibilities and the requirements of the code of corporate governance.



10. The Board has approved the appointment of the Chief Financial Officer (CFO), Internal Audit and Company Secretary, of the management company and their terms of employment.
11. The directors' report relating to the Fund, for the year ended June 30, 2008 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the MD & CEO and the CFO of the management company before approval by the Board.
13. The interest of the MD & CEO and Directors in the certificates of the Fund is disclosed in the pattern of certificate holdings.
14. The management company has complied with all the applicable corporate and financial reporting requirements of the code.
15. The Board has formed an audit committee. It comprises of three non-executive directors of the management company as its members including chairman of the audit committee. The Company Secretary is the Secretary of the audit committee.
16. The meetings of the audit committee were held once in every quarter prior to the approval of final results of the Fund and as required by the Code. The terms of reference of the audit committee have been framed and approved by the Board of the management company and advised to the committee for compliance.
17. Independent Internal audit department was established during the year.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the management company or certificates of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

August 20, 2008
Karachi.

Hina Ghazanfar
MD & CEO



REVIEW REPORT TO THE CERTIFICATE HOLDERS ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Management Company of the **Pak Oman Advantage Fund** to comply with the Listing Regulations No. 37 of the Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2008.

August 20, 2008
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of **Pak Oman Advantage Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2008, and the income statement, distribution statement, cash flow statement and statement of movement in equity and reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2008 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulation, 2007.

August 20, 2008
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2008

	Note	June 30, 2008 (Rupees in '000)	June 30, 2007
Assets			
Bank balances	5	254,595	237,604
Investments	6	833,058	647,155
Receivable against continuous funding system		-	124,835
Profit receivable	7	27,620	19,944
Deposits and prepayments	8	3,765	1,200
Preliminary expenses and floatation costs	9	4,872	6,496
Total assets		<u>1,123,910</u>	<u>1,037,234</u>
Liabilities			
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	10	7,639	9,952
Payable to the Central Depository Company of Pakistan Limited - Trustee of the Fund	11	112	166
Payable to Securities and Exchange Commission of Pakistan	12	1,077	147
Accrued expenses and other liabilities	13	362	296
Total liabilities		<u>9,190</u>	<u>10,561</u>
Net assets		<u>1,114,720</u>	<u>1,026,673</u>
Issued, subscribed and paid-up capital			
100,000,000 ordinary certificates of Rs. 10 each issued as fully paid-up in cash		1,000,000	1,000,000
Unrealised appreciation in fair value of investments classified as available-for-sale		10,970	3,366
Unappropriated income carried forward		103,750	23,307
		<u>1,114,720</u>	<u>1,026,673</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



Pak Oman Advantage Fund

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008	For the period from May 10, 2007 to June 30, 2007
		(Rupees in '000)	
Income			
Gain on sale of investments	14	2,415	6,472
Income from continuous funding system		328	1,439
Profit on term finance certificates	15	87,381	8,423
Profit on commercial papers		6,807	1,305
Profit on deposit accounts with banks		19,582	9,164
Profit on placements with financial institutions		1,756	94
		118,269	26,897
Unrealised appreciation in fair value of investments "at fair value through profit or loss"	6.2.2	<u>1,952</u>	<u>671</u>
Total income		120,221	27,568
Expenses			
Remuneration to Pak Oman Asset Management Company Limited - Management Company of the Fund	10	13,464	1,832
Remuneration to Central Depository Company of Pakistan Limited - Trustee of the Fund	11	1,230	287
Annual fee - Securities and Exchange Commission of Pakistan	12	1,077	147
Auditors' remuneration	16	410	175
Fees and subscription		120	68
Amortisation of preliminary expenses and floatation costs		1,624	1,624
Transaction cost		191	92
Bank and settlement charges		127	36
Other expenses		35	-
		<u>18,278</u>	<u>4,261</u>
Net income for the year / period		101,943	23,307
		(Rupees)	
Basic and diluted earnings per certificate		<u>1.02</u>	<u>0.23</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



Pak Oman Advantage Fund

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2008

	June 30, 2008 (Rupees in '000)	For the period from May 10, 2007 to June 30, 2007
Unappropriated profit brought forward	23,307	-
Final cash dividend @ Re. 0.215 (for the period from May 10, 2007 to June 30, 2007)	(21,500)	-
Net income for the year / period	101,943	23,307
Unappropriated income carried forward	103,750	23,307

The annexed notes 1 to 23 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



Pak Oman Advantage Fund

**STATEMENT OF MOVEMENT IN EQUITY
AND RESERVE PER CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2008**

	June 30, 2008	For the period from May 10, 2007 to June 30, 2007 (Rupees)
Net assets per certificate at the beginning of the year / period	10.267	10.000
Gain on sale of investments	0.024	0.065
Income from continuous funding system	0.003	0.014
Profit on term finance certificates	0.874	0.084
Profit on commercial papers	0.068	0.013
Profit on deposit accounts with banks	0.196	0.092
Profit on placements with financial institutions	0.018	0.001
Unrealised appreciation in fair value of investments "at fair value through profit or loss"	0.020	0.007
Other net operating expenses	(0.183)	(0.043)
Net income for the period	1.019	0.233
Unrealised appreciation in fair value of investments classified as available-for-sale financial assets	0.076	0.034
Final Cash Dividend for the Period from May 10, 2007 to June 30, 2007	(0.215)	-
Net assets value per certificate at the end of the year / period.	11.147	10.267

The annexed notes 1 to 23 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



Pak Oman Advantage Fund

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008	For the period from May 10, 2007 to June 30, 2007
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year / period		101,943	23,307
Adjustments for:			
Income from continuous funding system		(328)	(1,439)
Profit on term finance certificates		(87,381)	(8,423)
Profit on commercial papers		(6,807)	(1,305)
Profit on deposit accounts with banks		(19,582)	(9,164)
Profit on placements with financial institutions		(1,756)	(94)
Unrealised appreciation in fair value of investments at fair value through profit or loss		(1,952)	(671)
Amortisation of preliminary expenses and floatation costs		1,624	1,624
		<u>(14,239)</u>	<u>3,835</u>
(Increase) / decrease in assets			
Investments		(176,349)	(643,118)
Receivable against continuous funding system		124,835	(124,835)
Advances, deposits, prepayments and other receivables		(2,565)	(1,200)
Preliminary expenses and floatation cost		-	(8,120)
		<u>(54,079)</u>	<u>(777,273)</u>
Increase / (decrease) in liabilities			
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund		(2,313)	9,952
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund		(54)	166
Payable to Securities and Exchange Commission of Pakistan		930	147
Accrued expenses and other liabilities		68	296
		<u>(1,369)</u>	<u>10,561</u>
Cash used in operations		<u>(69,687)</u>	<u>(762,877)</u>
Income received on continuous funding system		1,100	667
Profit received on term finance certificates		80,616	(8,994)
Profit received on deposit accounts with bank		18,928	7,409
Profit received on commercial papers		6,807	1,305
Profit received on placement with financial institutions		727	94
Net cash generated by / (used in) operating activities		<u>38,491</u>	<u>(762,396)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issue of certificates		-	1,000,000
Dividend Paid		(21,500)	-
Net cash (used in) / generated from financing activities		<u>(21,500)</u>	<u>1,000,000</u>
Net increase in cash and cash equivalents during the period		16,991	237,604
Cash and cash equivalents at the beginning of the year / period		237,604	-
Cash and cash equivalents at the end of the year / period	5	<u>254,595</u>	<u>237,604</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



Pak Oman Advantage Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pak Oman Advantage Fund (the Fund) was established as a closed-end scheme under a Trust Deed executed between Pak Oman Asset Management Company Limited (POAMCL) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on February 12, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 16, 2007 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). These rules were amended by SRO No. 1131(I)/2007 on November 21, 2007. The registered office of the Management Company is situated at First Floor, Tower A', Finance and Trade Centre (FTC), Sharah-e-Faisal, Karachi, Pakistan. The Fund's certificates are listed on the Karachi Stock Exchange.
- 1.2 The investment objective of the Fund is to provide low risk fixed income returns to investors by investing in instruments that carry minimal credit, liquidity and price risks. The Fund has a limited life of 8 years after which it will be wound up; any investment made in the Fund will therefore mature within this period. However, this restriction will not apply to securities held against reverse repurchase transactions provided that the such deal itself matures within this period. The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under NBFC Rules and Regulations.
- 1.3 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

3. BASIS OF PRESENTATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments classified as available-for-sale and "at fair value through profit or loss upon initial recognition", which are carried at fair value.



3.2 Initial application of a standard or an interpretation

During the year, amendments to International Accounting Standards (IAS) 1, Presentation of Financial Statements relating to capital disclosures became effective and have resulted in an additional disclosure. International Financial Reporting Standard (IFRS) 2 - Share Based Payment, IFRS 3 - Business Combinations, IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, IFRS 6 - Exploration for and Extraction of Mineral Resources, IFRIC 8 - Scope of IFRS 2 - Share Based Payment and IFRIC 10 - Interim Financial Reporting and Impairment became effective during the year. The application of these standards and interpretations did not have any material effect on the Fund's financial statements.

3.3 New accounting standards and IFRIC interpretation that are not yet effective

The following standards, amendments and the interpretations of approved accounting standards are only effective for accounting periods beginning on or after July 01, 2008 are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain increased disclosures.

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The objective of revising IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics.

IAS 29- Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 July 2008).

Revised IAS 23-Borrowing costs (effective from 1 January 2009). Amendments relating to mandatory capitalisation of borrowing costs relating to qualifying assets.

IAS 32 (amendment)-Financial instruments: Presentation and consequential amendment to IAS 1- Presentation of Financial Statements(effective for annual period beginning on or after 1 January 2009). IAS 32 amended classification of Puttable Financial Instruments.

IFRS 2 (amendment)-Share-based payments (effective for annual periods beginning on or after 1 January 2009). IFRS 2 clarifies the vesting conditions and cancellations in the share-based payment arrangement.

IFRS 3 (amendment)-Business Combinations and consequential amendments to IAS 27-Consolidated and separate financial statements, IAS 28-Investment in associates and IAS 31-Interest in Joint Ventures. (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 July 2008).

IFRIC 12 – Service Concession Arrangements (effective for annual period beginning on or after 1 January 2008).

IFRIC 13- Customer Loyalty Programmes (effective for annual period beginning on or after 1 July 2008).

IFRIC 14 IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual period beginning on or after 1 January 2008).



IFRIC 15- Agreement for the Construction of Real Estate (effective for annual period beginning on or after 1 January 2009).

IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual period beginning on or after 1 October 2008).

3.4. Functional and presentation currency

These financial statements are presented in Pakistani Rupees (PKR) which is the functional currency of the Fund and the figures have been rounded off to the nearest thousand Rupees.

3.5. Use of estimates and judgments

The preparation of these financial statements in conformity with the approved accounting standards requires the Management Company to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have most significant effect on the amounts recognised in the financial statements are given as follows:

Fair values of financial instruments

The fair value of investment in marketable securities is based on the closing market prices ruling at the day-end. Investments on the Statement of Financial Assets and Financial Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since financial assets and financial liabilities are essentially short term in nature.

Furthermore, the Management Company of the Fund estimates that the fair value of Commercial Papers (CP's) is equal to its carrying value, therefore no gains or losses on these CP's have been recognised in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently to all periods presented.

4.1 Financial instruments

A). Classification

The Fund has classified its investments into financial instruments at fair value through profit or loss and available-for-sale categories.



- i) *The category of financial assets 'at fair value through profit or loss' comprises of investments designated as at fair value through profit or loss upon initial recognition.*

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

All purchases or sales of investments in this category are recognised using trade date accounting.

- ii) *Available-for-sale financial assets*

Financial instruments that do not fall under the aforementioned category are available for sale financial assets which are non-derivatives, that are either designated in this category or not classified as financial instruments at fair value through profit or loss.

All purchases or sales of financial assets in this category are recognised using trade date accounting.

B). Receivable against Continuous Funding System

Transactions of purchase of securities under Continuous Funding System are entered into at contracted rates for specified period of time. Securities purchased with a corresponding commitment to resell are not recognised in the statement of assets and liabilities. Amount paid under these agreements are included in receivable against Continuous Funding system. The difference between purchase and resale price is treated as income from Continuous Funding System and is recognised using effective yield method.

All purchases under Continuous Funding System are recognised using settlement date accounting.

C). Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

D). Measurement

Financial instruments are measured initially at fair value (transaction price) plus, transaction costs that are directly attributable acquisition costs except in case of a financial asset or financial liability 'at fair value through profit or loss', which are recognised at fair value. Transaction costs on financial assets and financial liabilities 'at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale financial assets' are measured at fair value except for unlisted instruments that are valued at cost / amortised cost or break up value, whichever is lower, in accordance with the requirements of NBFC Rules. Gains or losses arising from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the income statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in equity until derecognised or impaired, at that time the accumulated fair value adjustments, recognised in equity are included in the Income Statement.



Financial liabilities, other than those 'at fair value through profit or loss' are subsequently measured at amortised cost using the effective yield rate method.

E). Fair value measurement principles

Basis of valuation of Listed Term Finance Certificates (TFCs)

During the period, with effect from 19 December 2007, management changed the basis for the determination of the fair value of investments in TFCs. The investment of the Fund in TFCs is now valued at the rates, notified by the Mutual Funds Association of Pakistan (MUFAP) . This change has been made to comply with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulations, 2007. Uptil 18 December 2007, investments of the Fund in TFCs had been valued on the basis of rates obtained from reputable brokerage houses.

Basis of valuation of Unlisted Term Finance Certificates (TFCs)

The investment of the Fund in unlisted term finance certificates are carried at cost except for those TFCs in respect of which value is provided by MUFAP. Furthermore, the Management Company of the Fund estimates that the fair value of the term finance certificates is equal to its carrying value, therefore no gains or losses on these TFC's have been recognised in these financial statements.

F). Impairment

Financial assets not carried at fair value through profit or loss are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Income Statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective yield rate.

If in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the impairment is reversed through the income statement.

G). Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

The Fund uses the weighted average method to determine the cost of assets derecognised and realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.2 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.



4.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from May 10, 2007.

4.4 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of part I of the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the certificate holders.

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilised tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund intends to continue to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its certificate holders. Accordingly, no current and deferred tax has been recognised in these financial statements.

4.5 Revenue recognition

Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

Gains / (losses) arising on the revaluation of derivatives to the fair value are taken to the Income Statement.

Profit on deposit accounts with banks and investments in debt instruments are recognised on accrual basis using the effective yield rate method.

The difference between purchase and resale price is treated as income from Continuous Funding System (CFS) and accrued over the life of the CFS agreement.

4.6 Expenses

All expenses, including Management Company fee and custodian fee, are recognised in the Income Statement on an accrual basis.



4.7 Offsetting financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the Statement of Assets and Liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.8 Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.9 Dividend and bonus certificates

Dividends declared (including distribution in the form of bonus certificates) subsequent to the balance sheet date are considered as a non-adjusting event and are recognised in the period in which they are authorised or approved.

5 BANK BALANCES

	Note	June 30, 2008 (Rupees in '000)	June 30, 2007
In deposit accounts	5.1	229,595	237,604
Clean placement - First Punjab Modaraba	5.2	25,000	-
		<u>254,595</u>	<u>237,604</u>

5.1 These represent deposits receivable on demand carrying interest rate ranging from 2.5% to 15% (2007: from 2.5% to 10%)

5.2 This represents the clean placement, deposited with First Punjab Modaraba at the rate of 11.05% and will mature on August 16, 2008.

6. INVESTMENTS

Investment in Marketable Securities - classified as 'available-for-sale financial assets'	6.1	628,321	441,196
Investment - classified as 'at fair value through profit or loss'	6.2	204,737	205,959
		<u>833,058</u>	<u>647,155</u>



6.1 Investment in Marketable Securities - classified as 'available-for-sale financial assets'

Name of the Investee Company	Note	Opening balance as at July 01, 2007	Purchases during the year	Sales during the year	Redemption during the year	As at 30 June 2008	Carrying value as at June 30, 2008	Market value as at June 30, 2008	Appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
Term finance certificates											
Allied Bank Limited - I	6.1.1	8,000	-	-	-	8,000	41,786	42,391	605	3.80	5.09
Askari Bank Limited - I	6.1.2	20,000	-	-	-	20,000	101,531	103,236	1,705	9.26	12.39
Bank AL Habib Limited - I	6.1.3	14,000	-	-	-	14,000	67,456	66,756	(700)	5.99	8.01
Bank Alfalah Limited - I	6.1.4	4,960	-	-	-	4,960	12,726	12,432	(294)	1.12	1.49
Bank Alfalah Limited - II	6.1.5	5,000	-	-	-	5,000	25,372	25,873	501	2.32	3.11
Bank Alfalah Limited - III	6.1.6	9,000	2,000	-	-	11,000	55,820	56,892	1,072	5.10	6.83
United Bank Limited - II	6.1.7	-	5,000	-	-	5,000	23,704	22,342	(1,362)	2.00	2.68
United Bank Limited - III	6.1.8	26,000	-	-	-	26,000	133,592	136,315	2,723	12.23	16.36
Faysal Bank Limited	6.1.9	-	20,000	-	-	20,000	99,980	102,689	2,709	9.21	12.33
Trakker (Private) Limited *	6.1.10	-	200	100	-	100	8,750	8,750	-	0.78	1.05
Pak Arab Fertilizer Limited		-	4,000	4,000	-	-	-	-	-	-	-
PACE (Pakistan) Limited	6.1.11	-	10,000	-	-	10,000	50,000	50,645	645	4.54	6.08
June 30, 2008							620,717	628,321	7,604	56.37	75.42
June 30, 2007							437,830	441,196	3,366	42.98	68.17

All term finance certificates have a face value of Rs. 5,000 each.

* These term finance certificates have a face value of Rs. 100,000 each.

6.1.1 These term finance certificates (TFC's) carry mark-up equal to the base rate of 1.90% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on December 06, 2006 and will mature on December 06, 2014. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 14.96% per annum was due on the above TFC's.

6.1.2 These TFC's carry mark-up equal to the base rate of 1.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on February 04, 2005 and will mature on February 04, 2013. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 11.84% per annum was due on the above TFC's.

6.1.3 These TFC's carry mark-up equal to the base rate of 1.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with 3.5% floor, 10% cap per annum and were issued on July 15, 2004 and will mature in July 15, 2012. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 10.00% per annum was due on the above TFC's.

6.1.4 These TFC's carry mark-up equal to the base rate of 1.35% plus cut-off yield on last successful auction of 5 years' Pakistan Investment Bond i.e. 9.54% per annum, receivable semi-annually in arrears with 10% floor, 15% cap per annum and were issued on December 19, 2002 and will mature on December 19, 2008. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 12.1495% per annum was due on the above TFC's.

6.1.5 These TFC's carry mark-up equal to the base rate of 1.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on November 23, 2004 and will mature on November 23, 2012. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. As at June 30, 2008, profit at 14.83% per annum was due on the above TFC's.



- 6.1.6 These TFC's carry mark-up equal to the base rate of 1.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on November 25, 2005 and will mature on November 25, 2013. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 15.3% per annum was due on the above TFC's.
- 6.1.7 These TFC's carry mark-up equal to the fix rate of 9.49% per annum, receivable semi-annually in arrears with no floor or cap and were issued on March 15, 2005 and will mature on March 15, 2013. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 9.49% per annum was due on the above TFC's.
- 6.1.8 These TFC's carry mark-up equal to the base rate of 1.70% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on September 08, 2006 and will mature on September 08, 2014. The principal redemption is on semi-annual basis. These TFC's are unsecured and subordinated. At June 30, 2008, Profit at 11.96% was due on the above TFC's.
- 6.1.9 These TFC's carry mark-up equal to the base rate of 1.4% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on November 12, 2007 and will mature on November 12, 2014. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 11.88% per annum was due on the above TFC's.
- 6.1.10 These TFC's carry mark-up equal to the base rate of 3.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on September 15, 2007 and will mature on September 15, 2011. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 13.84% per annum was due on the above TFC's.
- 6.1.11 These TFC's carry mark-up equal to the base rate of 3.00% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and were issued on February 15, 2007 and will mature on February 15, 2013. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 13.26% per annum was due on the above TFC's.

6.2 Investment in marketable securities - classified as 'at fair value through profit or loss'

	Note	June 30, 2008 (Rupees in '000)	June 30, 2007
'At fair value through profit or loss upon initial recognition'			
Equity securities purchased under future sale contracts	6.2.1	-	-
Term finance certificates	6.2.2	156,727	145,467
Commercial papers	6.2.3	48,010	60,492
		<u>204,737</u>	<u>205,959</u>



6.2.1 Equity securities purchased under future sale contracts

These securities were held under ready future transactions. These securities were purchased in the ready "T+2" market and simultaneously sold in the future market. The detail is as follows

Name of the Investee Company	Purchases during the year	Bonus	Sales during the year	As at June 30, 2008	Market value as at June 30, 2008	Market value as percentage of total investment
	----- Number of Shares -----				(Rupees in '000)	
National Bank of Pakistan	275,000	-	275,000	-	-	-

6.2.2 Term finance certificates

Name of the Investee Company	Note	Opening balance as at July 01, 2007	Purchases during the year	Sales during the year	Redemption during the year	As at 30 June 2008	Carrying value as at June 30, 2008	Market value as at June 30, 2008	Appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
		----- Number of Certificates -----					(Rupees in '000)			Percentage (%)	
Allied Bank Limited - I	6.1.1	15,000	-	10,000	-	5,000	26,214	26,494	280	2.38	3.18
Askari Bank Limited - II	6.2.2.1	1,194	-	-	-	1,194	6,058	6,172	114	0.55	0.74
Bank Alfalah Limited - III	6.1.6	2,600	-	-	-	2,600	13,269	13,447	178	1.21	1.61
Prime Commercial Bank Limited - I	-	4,000	-	4,000	-	-	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited- III	-	5,000	-	5,000	-	-	-	-	-	-	-
United Bank Limited - III	6.1.8	-	3,900	-	-	3,900	16,259	17,427	1,168	1.56	2.09
United Bank Limited - I	6.2.2.2	-	4,000	-	-	4,000	17,975	17,542	(433)	1.57	2.11
PACE (Pakistan) Limited	6.1.11	-	10,000	-	-	10,000	50,000	50,645	645	4.54	6.08
KASHF Foundation - PPTFC	6.2.2.3	-	5,000	-	-	5,000	25,000	25,000	-	2.24	3.00
June 30, 2008							154,775	156,727	1,952	14.06	18.81
June 30, 2007							144,796	145,467	671	14.17	22.48

6.2.2.1 These TFC's carry mark - up equal to the base rate of 1.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi - annually in arrears with no floor or cap and were issued on October 31, 2005 and will mature on October 31, 2013. The principal redemption is on semi-annual basis. These term finance certificates are unsecured and subordinated. At June 30, 2008, profit at 11.88% per annum was due on the above TFCs.

6.2.2.2 These TFC's carry fixed mark-up of 8.45%, The principal redemption and profit receivable is on semi-annually and were issued on August 10, 2004 and will mature on August 10, 2012.

6.2.2.3 These represent Pre-IPO investment and carry mark - up equal to the base rate of 2.45% plus 3 months Karachi Interbank Offer Rate per annum.



6.2.3 Commercial paper - unsecured

Name of the Investee Company	Note	Tenor	Opening balance as at July 01, 2007	Purchases during the year	Sales during the year	Maturities during the year	As at June 30, 2008	Carrying value as at June 30, 2008	Market value as percentage of net assets	Market value as percentage of total investment
			----- Number of Certificates -----					(Rupees in '000)	Percentage (%)	
Azgard Nine Limited-V June 30, 2008	6.2.3.1	270 Days	-	1	-	-	1	48,010 <u>48,010</u>	4.31 <u>4.31</u>	5.76 <u>5.76</u>
June 30, 2007								60,492	5.89	9.35

6.2.3.1 This commercial paper (CP's) has a face value of Rs. 50 million, it carries mark-up of 11.25% per annum and will mature on November 17, 2008.

6.3 Securities and Exchange Commission of Pakistan has granted relaxation to Pak Oman Advantage Fund which is stated as below:

Pak Oman Advantage Fund may invest upto 75% of its total net asset in term finance certificates issued by the commercial banks rated A- or above.

Investment of Pak Oman Advantage Fund in term finance certificates rated A- to A+ issued by a single commercial bank shall not, at any time, exceed an amount equal to fifteen per cent of the total net asset value of Pak Oman Advantage Fund or fifteen per cent of the size of TFC issue, whichever is lower.

Investment of Pak Oman Advantage Fund in term finance certificates rated AA- or above issued by a single commercial bank shall not, at any time, exceed an amount equal to twenty per cent of the total net asset value of Pak Oman Advantage Fund or twenty per cent of the size of TFC issue, whichever is lower.

The investment made by Pak Oman Investment Company Limited on behalf of Pak Oman Asset Management Company Limited shall be subject to conditions applicable to Management Company in terms of Rule 33(b) of NBFC Rules i.e. Pak Oman Investment Company Limited shall at all times hold or beneficially own equity securities of Pak Oman Advantage Fund of an amount which is neither less than ten per cent nor more than twenty per cent of the paid-up value of such securities as provided in Rule 33(b) of the NBFC Rules.

7. PROFIT RECEIVABLE	Note	June 30, 2008	June 30, 2007
(Rupees in '000)			
Profit receivable on continuous funding system		-	772
Profit receivable on term finance certificates		24,182	17,417
Profit receivable on deposit accounts with banks		2,409	1,755
Profit receivable on clean placement		1,029	-
		<u>27,620</u>	<u>19,944</u>
8. DEPOSITS AND PREPAYMENTS			
Security deposits with Central Depository Company of Pakistan Limited	8.1	200	200
Security deposits with National Clearing Company of Pakistan Limited	8.1	3,500	1,000
Annual listing fee Karachi stock exchange		65	-
		<u>3,765</u>	<u>1,200</u>



8.1 These deposits are interest free and are expected to be recovered at the end of Fund's life.

9. PRELIMINARY EXPENSES AND FLOATATION COSTS

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange of Pakistan, permits the deferral of the expenses over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from the May 10, 2007, the date of receipt of the initial investment in the Fund.

	Note	June 30, 2008	June 30, 2007
		(Rupees in '000)	
Preliminary expenses and floatation costs		6,496	8,120
Amortisation during the period		(1,624)	(1,624)
		<u>4,872</u>	<u>6,496</u>

10. PAYABLE TO PAK OMAN ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY OF THE FUND

Remuneration	10.1	1,143	1,832
Preliminary expenses and floatation costs		<u>6,496</u>	<u>8,120</u>
		<u>7,639</u>	<u>9,952</u>

10.1 Under the provisions of NBFC Rules and NBFC Regulations, the Management Company is entitled to a remuneration of an amount not exceeding three percent of the average annual net assets of the Fund during the first five years of the Fund's existence and thereafter an amount equal to two percent of such assets of the Fund. The remuneration of the Management Company has been charged at a rate of one and a quarter percent (1.25%) per annum of the average annual net assets of the Fund, calculated on monthly basis during the year.

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE OF THE FUND

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

Net Assets	Tariff
Up to Rs. 250 million	0.2% per annum
>250 million upto 500 million	Rs.0.5 million + .15% per annum >Rs.250
>500 million upto 2,000 million	Rs.0.875 million + .08% per annum >Rs.500
>2000 million upto 5,000 million	Rs.2.075 million + .06% per annum >Rs.2,000
>5,000 million	Rs.3.875 million + .05% per annum >Rs.5,000

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of one tenth of one percent of the average annual net assets of the Fund payable to SECP under Regulation 71 of Non Banking Finance Companies and Notified Entities Regulation 2007, calculated on monthly basis during the year.



	June 30, 2008	June 30, 2007
(Rupees in '000)		
13. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	275	175
Brokerage payable	-	98
Others	87	23
	<u>362</u>	<u>296</u>
		For the period from May 10, 2007 to June 30, 2007
	June 30, 2008	
(Rupees in '000)		
14. GAIN ON SALE OF INVESTMENTS		
Classified as 'available-for-sale financial assets'	1,413	694
Classified as 'at fair value through profit or loss'	1,002	5,778
	<u>2,415</u>	<u>6,472</u>
15. PROFIT ON TERM FINANCE CERTIFICATES		
Classified as 'available-for-sale financial assets'	71,180	6,114
Classified as 'at fair value through profit or loss'	16,201	2,309
	<u>87,381</u>	<u>8,423</u>
16. AUDITORS' REMUNERATION		
Fee for Annual Audit	225	100
Fee for the review of half yearly condensed interim financial statements	100	-
Fee for the review of statement of compliance with the Code of Corporate Governance	50	50
Out of pocket expenses	35	25
	<u>410</u>	<u>175</u>
17. BASIC AND DILUTED EARNINGS PER CERTIFICATE		
Net income for the period	<u>101,943</u>	<u>23,307</u>
	(Number of certificates)	
Number of certificates in issue	<u>100,000,000</u>	<u>100,000,000</u>
	(Rupees)	
Basic earnings per certificate	<u>1.02</u>	<u>0.23</u>

There is no dilutive effect on the basic earnings per certificate of the Fund.



18. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include Pak Oman Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, and Pak Oman Investment Company Limited being the Holding Company of Management Company, Bank Alfalah Limited and National Insurance Corporation Limited having certificate holdings of 15% and 10% respectively.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulation, and the Trust Deed respectively.

18.1 Transactions and balances with connected persons - unsecured

Details of transactions with connected persons and balances with them at year end are as follows:

	June 30, 2008	For the period from May 10, 2007 to June 30, 2007
	(Rupees in '000)	
18.1.1 Pak Oman Asset Management Company Limited - Management Company of the Fund		
Balance at the beginning of the year / period	9,952	-
Remuneration for the year / period	13,464	1,832
	<u>23,416</u>	<u>1,832</u>
Remuneration paid during the year / period	15,777	-
Formation cost paid during the year / period	-	8,120
Balance at the end of the year / period	<u>7,639</u>	<u>9,952</u>
18.1.2 Central Depository Company of Pakistan Limited		
Balance at the beginning of the year / period	188	-
Trustee remuneration for the year / period	1,230	287
Central Depository System charges for the year / period	90	27
	<u>1,508</u>	<u>314</u>
Amount paid during the year / period	(1,396)	(126)
Balance at the end of the year / period	<u>112</u>	<u>188</u>
Break up of closing balance:		
Payable to CDC Trustee-Trustee fee	112	166
Settlement charges payable (included in accrued expenses and other liabilities)	-	22
Balance at the end of the year / period	<u>112</u>	<u>188</u>



	June 30, 2008	For the period from May 10, 2007 to June 30, 2007
	(Rupees in '000)	
18.1.3 Bank Alfalah Limited		
Deposit with Bank as at the year / period end	913	237,604
Profit on bank deposits as at the year / period end	4,997	9,164
Bank Charges for the year / period end	12	-
-Investment in Term Finance Certificates of Bank Al-Falah Limited	108,644	109,879
Balance at the beginning of the year / period	109,879	-
Add: Purchase during the year / period	9,995	109,084
Less: Amortisation of premium	(255)	-
Add: Appreciation during the year / period	1,457	795
	11,197	109,879
Less: Redemption during the year	(12,432)	-
Balance at the end of the year / period	108,644	109,879
Interest Receivable against TFCs	1,149	1,058
Interest Income against TFCs	13,277	1,065
Investment of Bank Alfalah Limited in certificates of the Fund	150,000	150,000
Dividend paid	3,225	-
18.1.4 National Insurance Company Limited		
Investment of National Insurance Company Limited in certificates of the Fund	100,000	100,000
Dividend paid	2,150	-
18.1.5 Pak Oman Investment Company Limited		
Investment of Pak Oman Investment Company Limited in certificates of the Fund	271,090	188,455
Consultant to the issue fee for Pak Oman Advantage Fund	-	1,000
Dividend paid	4,052	-

19. RISK MANAGEMENT

The Fund is a closed end scheme having a life of 8 years after which it shall be wound up. All investments made are therefore in instruments that mature within this period. This fund invests upto 75% in a diversified portfolio of high quality TFC's issued by Commercial Banks and remaining 25% in Corporate TFCs, listed securities, rated corporate debts, Certificate of Investments, Continuous Funding System, Reverse Repurchase transactions, Ready Future spread transactions, Commercial papers and other money market instruments. The risk emanates from various factors that include, but are not limited to:



19.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of securities due to a change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages the market risk exposure of the fund by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the SECP.

19.2 Credit risk and concentration of credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of reverse repurchase transactions and receivable against continuous funding system or other arrangements, to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits, obtaining adequate collaterals and by following strict credit evaluation criteria laid down by the management.

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As at June 30, 2008, instrument amounting to Rs. 698.018 million are made in debt securities of banking companies.

19.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

19.4 Market rate of return (MROR) risk

MROR risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Fund is exposed to an insignificant MROR risk as it mainly invests in floating rate instruments.



Annual Report 2008

19.4.1 Market rate of return (MROR) sensitivity position

The Fund's MROR sensitivity related to financial assets and financial liabilities as at June 30, 2008 can be determined from the following:

2008							
Interest / mark-up bearing				Non-interest / mark-up bearing			
Effective rate of profit / return	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total 2008
(%)	----- (Rupees in '000) -----						
Financial assets							
Bank balances	2.5 to 15	254,595	-	254,595	-	-	254,595
Investments	8.8-15.3	833,058	-	833,058	-	-	833,058
Receivable against continuous funding system	-	-	-	-	-	-	-
Profit receivable	2.5-15.3	-	-	-	27,620	-	27,620
Deposits	-	-	-	-	3,700	3,700	3,700
Total financial assets		1,087,653	-	1,087,653	31,320	31,320	1,118,973
Financial liabilities							
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	-	7,639	-	7,639	7,639
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	-	112	-	112	112
Payable to Securities and Exchange Commission of Pakistan	-	-	-	1,077	-	1,077	1,077
Accrued expenses and other liabilities	-	-	-	362	-	362	362
Total financial liabilities		-	-	9,190	-	9,190	9,190
Total MROR sensitivity gap		1,087,653	-	1,087,653	22,130	22,130	1,109,783
cumulative MROR		1,087,653	-	1,087,653	22,130	22,130	1,109,783

2007							
Interest / mark-up bearing				Non-interest / mark-up bearing			
Effective rate of profit / return	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total 2008
(%)	----- (Rupees in '000) -----						
Financial assets							
Bank balances	2.5 to 10	237,604	-	237,604	-	-	237,604
Investments	8.8-13.8	647,155	-	647,155	-	-	647,155
Receivable against continuous funding system	11.4-11.95	124,835	-	124,835	-	-	124,835
Profit receivable	8.8-13.8	-	-	-	19,944	-	19,944
Deposits	-	-	-	-	1,200	1,200	1,200
Total financial assets		1,009,594	-	1,009,594	21,144	21,144	1,030,738
Financial liabilities							
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	-	9,952	-	9,952	9,952
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	-	166	-	166	166
Payable to Securities and Exchange Commission of Pakistan	-	-	-	147	-	147	147
Accrued expenses and other liabilities	-	-	-	296	-	296	296
Total financial liabilities		-	-	10,561	-	10,561	10,561
Total MROR sensitivity gap		1,009,594	-	1,009,594	10,583	10,583	1,020,177
Cumulative MROR		1,009,594	-	1,009,594	10,583	10,583	1,020,177



19.4.2 Capital risk management

The Fund's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Fund manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Fund may adjust the amount of dividend paid to certificate holders or issue new shares.

The Fund is not subject to externally imposed capital requirements.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

As the financial assets and financial liabilities are essentially short term in nature, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

21. SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER CLAUSE 6(D), (F), (G), (H), (I), (J) AND (K) OF THE FORTH SCHEDULE TO SUPPLEMENTARY NON FINANCIAL INFORMATION

21.1 Certificates holding pattern of the fund

Category	2008		
	No. of investors	Investment (Rupees)	% of total
Individuals	95	103,500	0.1035
Associated Companies / Directors	-	-	-
Insurance Companies	3	10,788,500	10.7885
Banks / DFIs	16	74,775,500	74.7755
NBFCs	-	-	-
Modarabas and Mutual Funds	1	240,500	0.2405
Public Limited Companies	4	9,826,500	9.8265
Others	12	4,265,500	4.2655
As at June 30, 2008	131	100,000,000	100.0000

Category	2007		
	No. of investors	Investment (Rupees)	% of total
Individuals	151	377,000	0.3770
Joint Stock Companies	7	11,760,000	11.7600
Insurance Companies	3	10,788,500	10.7885
Banks / DFIs	13	63,748,000	63.7480
Others	10	13,326,500	13.3265
As at June 30, 2007	184	100,000,000	100.0000



Annual Report 2008

21.2 List of top ten brokers by percentage of commission

Name of Broker	June 30, 2008	June 30, 2007
Dawood Equity Limited	28%	58%
JS Global Capital Limited	24%	1%
First National Equity	12%	20%
Invisor Securities (Pvt) Limited	11%	1%
Global Securities (Pvt) Limited	9%	-
IGI Finex Securities Limited	6%	-
DJM Securities	4%	-
Arif Habib Limited	4%	20%
Invest Cap Securities (Pvt) Limited	0%	-
First Capital Securities Corporation	0%	-
	100%	100%

21.3 Detail of members of board of investment committee

Name	Qualification	Experience (Years)
Mr. Akbar Habib (Chairman)	B.Sc.	22
Mr. Saeed-ur-Rahman	FCA	24
Mr. Zaigham Hasan Shah	MBA	14
Mr. Ali Said Ali	MBA & B.Sc.	
	Mechanical	21
Ms. Hina Ghazanfar (MD & CEO)	MBA	16

21.4 Detail of funds manager

Name	Qualification	Funds managed
Mr. Nabeel Malik	MBA	Pak Oman Advantage Fund (POAF) POBOP Advantage Plus Fund (PAPF)

21.5 Detail of meetings of board of Directors

Name	Designation	Dates of board of directors meetings and directors' present therein			
		August 25, 2007	October 31, 2007	February 13, 2008	April 16, 2008
H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓
Mr. Zafar Iqbal	Director	✓	✓	-	✓
Dr. Waqar Masood Khan *	Director	✓	-	-	N/A
Mr. Javed Mahmood *	Director	N/A	N/A	N/A	N/A
Mr. Sulaiman Al Hartay	Director	-	✓	✓	-
Mr. Ali Said Ali	Director	✓	-	✓	✓
Mr. Akbar Habib	Director	-	-	✓	✓
Mr. Zaigham Hasan Shah	Director	✓	-	-	✓
Maj. Gen. Khalid Zahir Akhtar *	Director	✓	✓	✓	N/A
Mr. Saeed-ur-Rahman	Director	-	✓	✓	✓
Brig. Shahjahan Ali Khan *	Director	N/A	N/A	N/A	N/A
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	✓

* Mr. Javed Mahmood and Brig. Shahjahan Ali Khan were nominated on March 11, 2008 and March 20, 2008 respectively in place of Dr. Waqar Masood Khan, Esq. and Maj. Gen. Khalid Zahir Akhtar, Esq. and were appointed as directors after SECP approval on May 16, 2008 and May 09, 2008 respectively.



21.6 Rating of Fund and Management Company

JCR-VIS has reaffirmed an AA-(Double A Minus) Fund stability rating to the Fund which reflect the moderate degree of stability and returns at moderate risk level.

JCR-VIS has assigned an AM3+ rating to the management company which is defined as good management quality.

June 30, 2008	For the period from May 10, 2007 to June 30, 2007
(Rupees in '000)	

21.6.1 Performance table

Net assets (Rupees in '000)	1,114,720	1,026,673
Net income (Rupees in '000)	101,943	23,307
Net assets value (NAV) per certificate as at June 30, 2008 (Rupees)	11.15	10.27
Basic earnings per certificate (Rupees)	1.02	0.23
Dividend distribution 2007 (%)	15.09	-
Highest NAV per certificate during the period (Rupees)	11.15	10.28
Lowest NAV per certificate during the period (Rupees)	10.26	10.00

21.6.2 Investment portfolio composition of the fund

Commercial papers		
- Textile composite	48,010	-
- Automobile Assembler	-	60,492
	<u>48,010</u>	<u>60,492</u>
Term finance certificates- AFS		
- Commercial banks	568,926	441,196
- Miscellaneous	50,645	-
- Trakker (Private) Limited	8,750	-
	<u>628,321</u>	<u>441,196</u>
Term finance certificates-FVIR		
- Commercial banks	81,082	145,467
- Miscellaneous	50,645	-
- KASHF Foundation - PPTFC	25,000	-
	<u>156,727</u>	<u>145,467</u>



22. NON ADJUSTING EVENTS

The Board of Directors of the Management Company in its meeting held on August 20, 2008 has announced a cash dividend of 9% amounting to Rs. 89.99 million. The financial statements for the period ended June 30, 2008 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending June 30, 2009.

23. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue on August 20, 2008 by the Board of Directors of the Management Company.

**For Pak Oman Asset Management Company Limited
(Management Company)**

MD & CEO

Director



Pak Oman Advantage Fund

PATTERN OF CERTIFICATE HOLDING
AS AT 30 JUNE 2008

No. of Shareholders	Having Certificates		Shares held	Percentage
	From	To		
69	101	500	34000	.0340
14	501	1000	14000	.0140
17	1001	5000	55000	.0550
2	5001	10000	15000	.0150
3	95001	100000	288000	.2880
2	240001	245000	481000	.4810
1	245001	250000	250000	.2500
1	285001	290000	288500	.2885
1	495001	500000	500000	.5000
2	960001	965000	1923000	1.9230
2	995001	1000000	2000000	2.0000
2	1920001	1925000	3846000	3.8460
1	1995001	2000000	2000000	2.0000
2	2400001	2405000	4807000	4.8070
1	2505001	2510000	2505500	2.5055
1	2880001	2885000	2884000	2.8840
1	3495001	3500000	3500000	3.5000
4	4995001	5000000	20000000	20.0000
1	7495001	7500000	7500000	7.5000
2	9995001	10000000	20000000	20.0000
1	12105001	12110000	12109000	12.1090
1	14995001	15000000	15000000	15.0000
131			100000000	100.0000



CATEGORIES OF CERTIFICATE HOLDERS
AS AT 30 JUNE 2008

Particulars	No. of holders	No. of Certificates held	Percentage
BANKS, DFI & NBFI	16	74775500	74.78%
INSURANCE COMPANIES	3	10788500	10.79%
MODARABAS & MUTUAL FUNDS	1	240500	0.24%
PUBLIC SECTOR COS. & CORP.	4	9826500	9.83%
GENERAL PUBLIC (LOCAL)	94	102500	0.10%
GENERAL PUBLIC (FORGEIN)	1	1000	0.00%
OTHERS	12	4265500	4.27%
COMPANY TOTAL	131	100000000	100.00%



**PATTERN OF CERTIFICATE HOLDING AS PER
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE
AS AT 30 JUNE 2008**

Particulars	No. of Certificates held
Individuals	3,199,500
Non-resident	-
Associated companies	-
- Pak Oman Investment Company Limited	27,109,000
- Pak Oman Microfinance Bank Limited	2,403,500
- National Logistic Cell - SRBF	5,423,000
Chief Executive & her spouse	-
Directors and their spouses	-
Executives	-
Public sector companies and corporations	-
Banks	12,700,500
Development financial institutions	15,242,000
Non-banking finance companies	-
Non-banking finance institutions	8,134,000
Insurance companies	788,500
Modarabas	-
Mutual funds	-
Shareholders holding ten percent or more other than associated companies and directors	
- Bank Alfalah Limited	15,000,000
- National Insurance Company Limited	10,000,000
Total	100,000,000



**STATEMENT OF INCOME & EXPENDITURE OF
MANAGEMENT COMPANY IN RELATION TO THE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

(Rs in '000)

INCOME

Management company's remuneration 13,464

OPERATING EXPENSES

Salaries and allowances	5,223
Travelling and accommodation	307
Rent, rates and taxes	568
Utilities	220
Communication	35
Fees and subscriptions	270
Printing, stationery and periodicals	306
Depreciation	720
Amortisation	270
Legal and professional charges	470
Formation cost	-
Repairs and maintenance	19
Transportation	316
Insurance	92
Entertainment	23
Advertising	1,603
	10,442
Net income for the period	3,022

Note: The above expenses are allocated based on the income earned by the management company. Other revenue and expense not relating to the fund has not been included in the above statement.





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