CONTENTS

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) 35631020-24
Fax: (9221) 35631025
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. Humayun Murad	Director
Mr. Zafar Iqbal	Director
Mr. Agha Ahmed Shah	Director
Mr. Sulaiman Hamad Al Harthy	Director
Mr. Ali Said Ali	Director
Major General Imtiaz Ahmed	Director
Mr. Parveiz Usman	Director
Ms. Hina Ghazanfar	MD & CEO

AUDIT COMMITTEE

H.E. Yahya Bin Said Bin Abdullah Al–Jabri	Chairman of the Committee
Mr. Humayun Murad	Member
Mr. Agha Ahmed Shah	Member
Mr. Parveiz Usman	Member

HEAD OF FINANCE, OPERATION & COMPANY SECRETARY
Mr. Najm-ul- Hassan

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

BANKER TO THE FUND
Bank Al-Falah Ltd
The Bank of Punjab
Albarka Islamic Bank
NIB Bank Limited
MCB Bank Limited

LEGAL ADVISER
Mohsin Tayebaly & Co.
2nd Floor, Dime Center, BC-4, Block 9
KDA Scheme 5, Clifton, Karachi.
Phone: (9221) 35375658-9

TRANSFER AGENT
THK Associated (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 (BOD) of Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage Fund (POAF) is pleased to present the audited financial statements of the Fund for the year ended June 30, 2010.

ECONOMIC REVIEW

While over viewing the economic outlook, one would be able to observe that the measure of macroeconomic stability achieved over the year has kindled a moderate recovery in the economy. Despite the challenges brought on by the global downturn and difficult security situation, Pakistan's GDP expanded 4.1% over the last four quarters. At the end of the outgoing fiscal year, Pakistan's Gross Domestic Product stood at a healthy USD177bn or 0.3% of the world economy. The year was also marked by high foreign inflows from both, foreigners and emigrants. A strong support for foreign interest and inflows in Pakistan can be spotted in the colossal remittances and FIPI figures generated over FY10. Workers' remittances totaled at a towering USD8.91bn in FY10 against USD7.81bn in FY09, depicting an increase of 14.07%; while FIPI turned from a massive outflow of USD445mn in FY09 to an inflow of USD568mn in FY10. Moreover, notwithstanding the high monthly variation, yearly CPI condensed down to a relatively acceptable 11.7% for FY10 as compared to the overwhelming and acerbic 20.8% for FY09.

The country's current account was a witness to the economic recovery as well, having recorded an exceptional performance over 11MFY10 by reporting an account deficit of USD2.56bn as compared to USD8.68bn over the corresponding period last year. This 65.66% improvement was based largely on a steep reduction in the import bill, which led to a 13% decline in the trade deficit. In addition, improvement also materialized from lower international crude oil prices, with some of the benefit being offset by higher local consumption of petroleum products. Large scale manufacturing served as the engine of economic growth over the year, witnessing an improvement of 4.52% over 10MFY10, mainly stoked by Fertilizer, Automotive and Pharmaceutical production.

The efforts mounted by the tax administration in Pakistan during the last fifteen years supported by the extension of tax base to wholesalers and retailers through planned application of Value Added Tax (VAT) will lead to significant improvement in the tax collection figures over the foreseeable future. The execution of VAT in Pakistan has been encouraging in terms of tax collection and basic principles, and encompasses the contentious areas where the tax administration and taxpayers on one end; and federal government and provincial subjects on the other, are trying to develop uniform solutions consistent with the overall methodology of VAT. At present, Pakistan's Tax-to-GDP ratio of about 9% - 9.5% is one of the lowest in the world, and the recent imposition of the Capital Gain Tax on investment securities as well as planned imposition of VAT will certainly help increase tax revenues going forward.

The average repo rate stood at 11.68% while making a high of 13.90% and a low of 2.5%.The State bank Of Pakistan conducted twenty five T-bill actions during the year. The SBP assimilated PKR 1,048.83bn collectively from all auctions combined, with PKR123.127bn in the 3-month tenor, PKR239.094bn in the 6-month tenor and PKR686.609bn in the 12-month tenor. Approximately 65% of the total acceptance was made in the 12 month tenor because of the government's need of liquidity for budgetary support. Ten PIB auctions were also conducted during the year, which registered a collective pick-up of PKR64.73bn from the market.

OPERATING PERFORMANCE

The Fund during the year ended June 30, 2010, earned a total income of PKR131.18mn. The income for the year comprised mainly of profit on Sukuk and TFCs amounting to PKR116.97mn, profit on government securities amounting to PKR1.62mn, profit on placements with financial institutions amounting to PKR0.04mn, loss on sale of investments of PKR9.33mn and profit earned on deposits with banks amounting to PKR23.58mn. The unrealized loss on investments at fair value through profit or loss and the provision against debt securities for the year were PKR1.70mn and PKR4.19mn respectively. After accounting for expenses of PKR22.71mn, the net income for the year was PKR104.27mn which translates into the gain of PKR1.04/certificate outstanding as at June 30, 2010. The net assets of the fund as at June 30, 2010 were PKR1,112.42mn, resulting in a net asset value of PKR11.12/certificate. The fund also declared a dividend of PKR1.0377/certificate for the year ended from July 1, 2009 to June 30, 2010.

FUTURE OUTLOOK

Despite some economic obstacles over the year, Pakistan was resilient in achieving and surpassing the targeted growth of 3.3%. Over FY10, LSM growth of 4.52% was instrumental in setting up the GDP growth figure of 4.1%. Looking ahead over FY11, we foresee the manufacturing sector to once again play a pivotal role in propelling the overall growth. That said, this growth can certainly be dampened by a factor to look out for - inflation. Settling down at 11.73% for FY10, the CPI basket has significant potential of spiking yet again; however, this time owing not simply to a commodity escalation but to power tariff hike, VAT implementation and pricing of Ramadan dynamics. Consequently, Pakistan's key policy rate might just end its stagnancy and initiate an upward reversal by the end of 1HFY11.

Pakistan's constrained fiscal space still continues to be a pressing problem and hindrance for social and economic development. The country's reserve and fiscal space are still dependent upon foreign aid and assistance. In the near future Government's effort in successfully implementing reforms will tackle inflation, build up the forex reserves and restore investor confidence. The reforms aim to address the most severe constraints on economic growth, including a challenging power crisis and limited government resources due to low tax collection. The focus is on creating fiscal room for the government to increase investment spending to support growth. On the inflationary front, pressures might force the central bank to continue to maintain a tight monetary stance, keeping the recovery weak in the near term.

The most essential is the USD11.4bn IMF stabilization program with only USD3.76bn left to be disbursed; the program is nearing its completion. Since IMF tranches have mostly come with attached conditionalities, we expect the next tranche to be of the same nature, especially with the 6% power hike and VAT implementation still outstanding.

With the IMF program coming to its end all eyes now rest on FoDP inflows that would help Pakistan build up the desperately needed energy-based infrastructure. With FY10 FoDP collection figure settling at a grim note (50% pledges materialized), the Government is expected to put additional efforts in the two upcoming FoDP platforms (July 17, 2010 SOM and Oct 15, 2010 Ministerial Moot) to convince partners to expedite inflows and help the country with its energy based dilemmas.

INVESTMENT POLICY

Investment Policy of the Fund is stated in Clause 2.2 of the Offering Document. The Investment Policy of the Scheme is constructed to help ensure overall compliance with the investment objective stated above. The Investment Policy shall focus on selecting investments, executing transactions and constructing a portfolio to match the investment objective. 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 maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied (except for a change in accounting policy as stated in note 2.5 to the financial statements) 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 Directors, CEO, CFO and Company Secretary of the Management Company including their spouse and minor children do not hold any interest in the shares of the Company other than those disclosed in the financial statements.
- Pattern of certificates holding is given on note 24.1 of the financial statements.
- Key financial data for the year ended June 30, 2010 is given in note 24.7 of the financial statements.

Board Meetings

During the period five board meetings were held. The details of the attendance by each director in the board meetings are given below:

Name	Designation	Dates of board of directors meetings and directors present therein				
		Jul 06, 2009	Aug 18, 2009	Aug 18, 2009	Feb 09, 2010	Apr 18, 2010
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓	✓
Mr. Javed Mahmood	Director	×	✓	×	✓	✓
Mr. Agha Ahmed Shah	Director	✓	✓	✓	✓	✓
Mr. Humayun Murad	Director	×	✓	×	×	✓
Mr. Zafar Iqbal	Director	×	✓	✓	✓	✓
Maj. General Imtiaz Ahmed	Director	×	×	×	×	×
Mr. Parveiz Usman	Director	×	✓	×	×	✓
Mr. Sulaiman Hammad Al Harthy	Director	×	✓	✓	✓	✓
Mr. Ali Said Ali	Director	✓	✓	✓	✓	✓
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	×	✓

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 17, 2010 recommended and the Board of Directors in their meeting held on August 18, 2010 approved their re-appointment as auditors for the year ending June 30, 2011.

Mutual Fund Rating

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of 'AA-(Double A minus)' to the Fund, which denotes a very strong capacity to manage relative stability in returns and very low exposure to risks. Further, Quality Rating of the Management Company is 'AM3'; by the Credit Rating Agency JCR-VIS.

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 18, 2010
Muscat, Oman

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

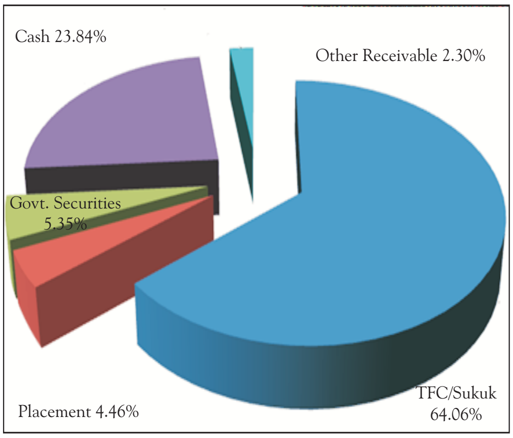
REPORT OF THE FUND MANAGERS OF THE MANAGEMENT COMPANY

Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage (the fund) is pleased to present the Fund Manager's Report of the Fund for the year ended June 30, 2010.

Terms and Structure

Type of Scheme	Close-End Fund
Nature of Scheme	Fixed Income
Inception Date	May 10, 2007
Face Value	PKR10 per Certificate
Fund Size (June 30, 2010)	PKR 1.11bn
NAV (June 30, 2010)	PKR 11.12 per Unit
Benchmark	3-month Kibor
Duration	8 years
Fund Stability Rating	AA- (f) by JCR-VIS
AMC Rating	AM3 by JCR- VIS
Listing	KSE (Guaranteed) Limited
KSE Symbol	POAF
Trustee	CDC Pakistan Limited.
Auditor	KPMG Taseer Hadi & Co. Charetered Accountant
Legal Advisor	Mohsin Tayebaly & Co..
Registrar	THK Associates (Pvt.) Limited
Management Fee	1.25%p.a.
Fund Manager	Mr. Nabeel Malik

POAF Asset Allocation



POAF Performance

Yield since inception	9.21%
Year to date return (FY10)	11.43%
Risk free rate (3M T-Bill)*	12.11%
Sharpe Ratio	-0.081

*Based on average FY10 3M-T Bill cutoff yield

Fund Review

Pak Oman Advantage Fund yielded a return of 11.43% for the year ended on June 30th 2010. This performance was due to timely investments in TFCs at a good yield. The fund outperformed its benchmark return during the first half of the year due to reduction in discount rate by the SBP because of the improving macroeconomic factors. However in the later half the fund underperformed its benchmark due to revaluation losses, as the fund is heavily invested in TFC.

July 22, 2010
Karachi.

Nabeel Malik
Head of Fixed Income

TRUSTEE REPORT TO THE CERTIFICATE HOLDERS
PAKOMAN ADVANTAGE FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The Pak Oman Advantage Fund (the Fund), a closed-end fund 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, 2010 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) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

September 01, 2010
Karachi.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

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 NBFI 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, overall corporate strategy and significant policies of the Company. 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 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, along with 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) of the management company and his terms of employment.

11. The directors' report relating to the Fund, for the year ended June 30, 2010 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 an audit committee. It comprises of four non-executive directors of the management company as its members including chairman 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. The Board has set-up an effective internal audit function and personnel involved are considered suitably qualified and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

18. The related party transactions entered during the year ended June 30, 2010 have been placed before the audit committee along with their basis and approved by the Board of directors in their respective meetings.

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program 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.

20. 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.

21. We confirm that all other material principles contained in the Code have been complied with.

August 18, 2010
Muscat, Oman

Hina Ghazanfar
MD & CEO

REVIEW REPORT TO THE CERTIFICATE HOLDERS OF PAK OMAN ADVANTAGE FUND ON THE STATEMENT OF COMPLIANCE WITH THE 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 Pak Oman Advantage Fund ("the Fund") to comply with the listing regulations of the Karachi Stock Exchanges, 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 Fund personnel and review of various documents prepared by the Fund 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 are not required to consider whether the Board' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such controls, the Fund's corporate governance procedures and risks.

Further sub-regulation (xiii-a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Fund to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 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 30 June 2010.

August 18, 2010
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 of the statement of assets and liabilities as at 30 June 2010, and the income statement, statement of comprehensive income, distribution statement, statement of cash flows, statement of changes in equity, statement of movement in equity and reserves per certificate for the year ended 30 June 2010 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 control 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 control 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 control. 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 30 June 2010, and of its financial performance, cash flows and transactions for the year ended 30 June 2010 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 Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

August 18, 2010
Karachi.

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2010

	Note	30 June 2010	30 June 2009
		(Rupees in '000)	
Assets			
Bank balances	4	**317,413**	25,386
Investments	5	**778,421**	1,019,328
Profit receivables	6	**23,966**	40,510
Deposits and prepayments	7	**200**	2,800
Preliminary expenses and floatation costs	8	**1,624**	3,248
Total assets		**1,121,624**	1,091,272
Liabilities			
Payable to the Management Company	9	**3,438**	6,024
Remuneration payable to the Trustee	10	**112**	114
Annual fee payable to Securities and Exchange Commission of Pakistan	11	**809**	891
Dividend payable		**229**	223
Accrued expenses and other liabilities	12	**4,618**	362
Total liabilities		**9,206**	7,614
Net assets		**1,112,418**	1,083,658
Issued, subscribed and paid-up capital			
100,000,000 ordinary certificates of Rs. 10 each issued as fully paid-up in cash (2009: 100,000,000 certificates of Rs.10 each)		**1,000,000**	1,000,000
Revenue Reserves			
Deficit on revaluation of investments investments classified as available for sale	5.5.7	**(16,272)**	(36,810)
Unappropriated income		**128,690**	120,468
TOTAL CERTIFICATE HOLDERS' FUND		**1,112,418**	1,083,658
NET ASSETS VALUE PER CERTIFICATE	20	**11.12**	10.84

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive　　　　　　　　　　Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	30 June 2010	30 June 2009
		(Rupees in '000)	
Income (financial income)			
Net (loss) from sale of marketable securities	13	(9,329)	(13,140)
Profit on term finance certificates and sukuks	14	116,970	136,565
Profit on commercial papers		-	1,990
Profit on deposit with banks		23,577	14,687
Profit on placements with financial institution		39	480
Profit on government securities		1,621	-
Other income		-	144
		132,878	140,726
Unrealised loss in fair value of marketable securities "at fair value through profit or loss"	5.1 - 5.4	(1,702)	(14,262)
Total income		131,176	126,464
Expenses			
Net loss from sale of marketable securities			
Remuneration of the Management Company	9.1	13,478	13,342
Remuneration of the Trustee	10	1,338	1,328
Annual fee to Securities and Exchange Commission of Pakistan	11	809	891
Auditors' remuneration	15	466	416
Fees and subscriptions		175	175
Amortisation of preliminary expenses and floatation costs	8	1,624	1,624
Transaction cost		210	108
Bank and settlement charges		264	190
Provision on investments		4,193	1,463
Other expenses	16	4,347	209
		26,904	19,746
Net income for the year		104,272	106,718
		(Rupees)	
Basic and diluted earnings per certificate	17	1.04	1.07

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2010

	30 June 2010	30 June 2009
	(Rupees in '000)	
Net income for the year	**104,272**	106,718
Other comprehensive income:		
Net unrealised appreciation / (diminution) during the year in the value of investment classified as 'available for sale'	**13,357**	(50,061)
Diminution in fair value of available-for-sale investments transferred to profit and loss account on sale	**7,181**	2,281
	20,538	(47,780)
Total comprehensive income / (loss) for the year	**124,810**	58,938

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive | Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	30 June 2010	30 June 2009
	(Rupees in '000)	
Undistributed income at beginning of the year (realised)	**133,826**	76,393
Undistributed income at beginning of the year (un-realised)	**(13,358)**	27,357
	120,468	103,750
Final cash dividend @ Re. 0.96 for the year ended 30 June 2010 (2009: Final cash dividend @ Re. 0.90)	**(96,050)**	(90,000)
Net income for the year ended 30 June 2010 and 30 June 2009, respectively	**104,272**	106,718
Undistributed income at end of the year	**128,690**	120,468
Undistributed income at end of the year (realised)	**160,310**	133,826
Undistributed income at end of the year (un-realised)	**(31,620)**	(13,358)
	128,690	120,468

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY AND RESERVE PER CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid up capital	Unappropriated income	(Diminution) / surplus on revaluation of Investments classified as available for sale	Total
	----------------------(Rupees in '000)----------------------			
Balance as at 01 July 2008	1,000,000	103,750	10,970	1,114,720
Changes in equity for the year ended 30 June 2009				
Total comprehensive income for the year	-	106,718	(47,780)	58,938
Transactions with owners recorded directly in equity				
Final cash dividend @ Re. 0.90 for the year ended 30 June 2008	-	(90,000)	-	(90,000)
Balance as at 30 June 2009	1,000,000	120,468	(36,810)	1,083,658
Changes in equity for the year ended 30 June 2010				
Total comprehensive income for the	-	104,272	20,538	124,810
Transactions with owners recorded directly in equity				
Final cash dividend @ Re. 0.96 for the year ended 30 June 2009	-	(96,050)	-	(96,050)
Balance as at 30 June 2010	**1,000,000**	**128,690**	**(16,272)**	**1,112,418**

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	30 June 2010	30 June 2009
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		104,272	106,718
Adjustments for:			
Profit on term finance certificates			(136,565)
Profit on commercial papers		-	(1,990)
Profit on deposit accounts with banks		(23,577)	(14,687)
Profit on placements with financial institution		(39)	(480)
Unrealised loss in fair value of marketable securities "at fair value through profit or loss"		1,702	14,262
Provision against Investments		4,193	1,463
Amortisation of preliminary expenses and floatation costs		1,624	1,624
		(28,795)	(29,655)
(Increase) / decrease in assets			
Investments		255,550	(249,775)
Deposits and prepayments		2,600	25,965
		258,150	(223,810)
Increase / (decrease) in liabilities			
Payable to the Management Company		(2,586)	(1,615)
Remuneration payable to the Trustee		(2)	2
Payable to Securities and Exchange Commission of Pakistan		(82)	(186)
Dividend payable		6	223
Accrued expenses and other liabilities		4,256	-
		1,592	(1,576)
		230,947	(255,041)
Profit received on term finance certificates		133,949	120,248
Profit received on deposit accounts with banks		23,142	17,085
Profit received on commercial papers		-	1,990
Profit received on placement with financial institution		39	1,509
Net cash flows from operating activities		388,077	(114,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(96,050)	(90,000)
Net cash flows from financing activities		(96,050)	(90,000)
Net decrease in cash and cash equivalents during the year		292,027	(204,209)
Cash and cash equivalents at beginning of the year		25,386	229,595
Cash and cash equivalents at end of the year	4	317,413	25,386

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive　　　　Director

STATEMENT OF MOVEMENT IN EQUITY AND RESERVE PER CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2010

	30 June 2010	30 June 2009
	(Rupees)	
Net assets per certificate at beginning of the year	**10.838**	11.148
Loss on sale of investments	**(0.093)**	(0.131)
Profit on term finance certificates	**1.170**	1.366
Profit on commercial papers	**-**	0.020
Profit on deposit accounts with banks	**0.236**	0.147
Profit on placements with financial institution	**-**	0.005
Profit on government securities	**0.016**	-
Other income	**-**	0.001
Unrealised diminution in fair value of investments "at fair value through profit or loss"	**(0.017)**	(0.143)
Other net operating expenses	**(0.269)**	(0.197)
Net income for the period	**1.043**	1.068
Unrealised appreciation / (diminution) in fair value of investments classified as available-for-sale financial assets	**0.200**	(0.478)
Final cash dividend @ Re. 0.96 for the year ended 30 June 2009 (2008: Final cash dividend @ Re. 0.90)	**(0.961)**	(0.900)
Net assets value per certificate at end of the year	**11.12**	10.838

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive　　　　　　　　　　Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

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 theTrustee. 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 amendedby the Securities and Exchange Commission of Pakistan (SECP) through SRO No. 1131(I)/2007 and issued Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) through SRO No. 1132(I)/2007 dated 21 November 2007. Later, these regulations wereamended by SECP through SRO No. 1203(I)/2008 dated 21 November 2008. The Fund has been approved as a notified entity by the Securities and Exchange Commission of Pakistan (SECP) on 22 January 2009. 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.

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 (by May 2015); any investment made in the Fund will therefore mature within this period or be disposed off. The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under NBFC Rules and Regulations.

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. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Fund as at and for the period as at 30 June 2010 have been prepared in accordance with 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, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC rules and regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities
Regulations, 2008 shall prevail.

2.2 Basis of measurement

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 initialrecognition", are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described as follows:

Investment stated at fair value

Management has determined fair value of investments by using the prices quoted by Mutual Fund Association of Pakistan. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Impairment of investment

Please refer note 3.9.

Other assets

Judgment is involved in assessing the realisability of the assets balances.

Workers welfare fund liability

For details please refer note 16.1 to these financial statements.

2.5 Changes in accounting policies

2.5.1 The Fund has applied "Revised IAS 1 Presentation of Financial Statements (2007)" which became effective from the accounting period beginning on or after 1 January 2009. This standard requires an entity to present in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in statement of comprehensive income. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The Fund has opted for single statement approach to present its comprehensive income for the year ended 30 June 2010 and the comparative period.

2.5.2 Furthermore, effective the annual period beginning 1 January 2009, International Financial Reporting Standard (IFRS) 8 dealing with "Operating Segment" also became applicable. Under this IFRS, the Fund determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Fund's chief operating decision maker. The application of this standard has resulted in certain increased disclosures only as disclosed in note 22.

Comparative segment information has been re-presented in conformity with the above revised IAS / IFRS. The change in accounting policy only impacts presentation and disclosure aspects.

2.6 Other accounting developments

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Fund has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Revised disclosures in respect of fair values of financial instruments are included in note 21.

2.7 Standards, interpretations and amendments to published approved accounting

standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010. However these are not relevant to the Fund except in few cases these may require additional disclosures:

Improvements to IFRSs 2009	**Effective date**
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	01 January 2010
- Amendments to IFRS 8 Operating Segments	01 January 2010
- Amendments to IAS 1 Presentation of Financial Statements	01 January 2010
- Amendments to IAS 7 Statement of Cash Flows	01 January 2010
- Amendments to IAS 17 Leases	01 January 2010
- Amendments to IAS 36 Impairment of Assets	01 January 2010
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters.	
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions	01 January 2010
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues	01 January 2010
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
Improvements to IFRSs 2010	
- Amendments to IFRS 3 Business Combinations	1 July 2010
- Amendments to IAS 27 Consolidated and Separate Financial Statements	1 July 2010

	Effective Date
- IAS 24 Related Party Disclosures (revised 2009) These amendments will result in increase in disclosures in the Fund's financial statements.	1 January 2011
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2011
- IFRS 1 First-time Adoption of IFRSs	1 January 2011
- IFRS 7 Financial Instruments: Disclosures	1 January 2011
- IAS 1 Presentation of Financial Statements	1 January 2011
- IAS 34 Interim Financial Reporting	1 January 2011
- IFRIC 13 Customer Loyalty Programmes	1 January 2011

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no changes in accounting policies except for the changes mentioned in note 2.5.

3.1 Financial instruments

3.1.1 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.

3.1.2 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.

3.1.3 Measurement

Financial instruments are measured initially at fair value (transaction price) plus transaction costs that are directly attributable acquisition costs. However, 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. 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 the certificate holders fund until derecognised or impaired. At that time the accumulated fair value adjustments, recognised in certificate holder fund are included in the Income Statement. Amortization of premium and discount on the acquisition of investments is carried out at the effective yield method.

Profit accrued on treasury bills are included in the carrying value of these bills.

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

3.1.4 Basis of valuation of investments

Term Finance Certificates (TFCs) and sukuk certificates are valued on the basis of period end rates quoted by the Mutual Fund Association of Pakistan (MUFAP).

The investment of the Fund in government securities are valued at their fair values (determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page), based on the remaining tenor of the security.

Commercial papers (with residual maturity of upto six months) are valued at their amortized cost in accordance with requirements of circular no. 1/2009 dated 06 January 2009 issued by the SECP.

Provision against non-performing debt securities is made on accordance with the provisioning criteria prescribed by the Securities and Exchange Commission of Pakistan and the Fund's provision criteria discussed in note 3.9 below.

3.1.5 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.

3.2 Provisions

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. In accordance with the Trust Deed approved by the Securities and Exchange Commission of Pakistan, these costs are being amortised over a period of five years commencing from 10 May 2007.

3.4 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 these arise.

- Income from continuous funding system, clean placements, bank deposits and investments in debt and government securities are recognised at rate of return implicit in the instrument on a time proportionate basis.

3.5 Expenses

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

3.6 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.

3.7 Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents for cash flow purposes 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.

3.8 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.

3.9 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment for investments in debt securities is determined in accordance with the provisioning criteria for non performing debt securities specified by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular no. 1 of 2009 dated 06 January 2009, Circular no.3 of 2010 dated 20 January 2010 and the provisioning criteria / policy for non performing exposures approved by the Board of Directors of the management company in accordance with the requirements of SECP vide its Circular no. 13 of 2009 dated 4 May 2009. Amount of impairment is the higher of the amount determined under the above provisioning criterias.

As per the policy approved by the Board of Directors of the management company, the debt security will be further provided, in addition to the minimum criteria defined in the above circulars, if any singly event and / or together with the group of events in relation to the financial assets and the investee institution, materially corroborates the objective evidence of the continuity of non performance. The provision criteria for restructured issues would be the same as given in the above circulars of SECP.

In respect of other financial assets, assessment of impairment is carried out at each balance sheet date to determine whether there is any objective evidence of impairment. It is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

3.10 Operating Segments

The Fund determines and presents operating segment based on the information that is internally provided to the Board of Directors (Fund's chief decision maker). However the Fund is considered to be a single reportable segment entity, as such entity wide disclosures as required under International Financial Reporting Standard 8 (Operating Segment) has been made in the financial statements.

The Fund operates in Pakistan only and all of the revenue is generated from investments, etc within Pakistan.

4. BANK BALANCES - local currency

		30 June 2010	30 June 2009
		(Rupees in '000)	
In profit and loss sharing accounts	4.1	**267,080**	25,319
In term deposit	4.2	**50,000**	-
In current accounts		**333**	67
		317,413	25,386

4.1 The profit and loss sharing accounts carry profit rates ranging from 2.5% to 11.60% (30 June 2009: 2.5%) per annum. This includes Rs. 1,014 (30 June 2009: Rs. 360) with a related party on which return is earned at 2.5% to 11% (30 June 2009: 2.5%) per annum.

4.2 This carries profit rate at 12.35% per annum and is due to mature on 10 August 2010.

5. INVESTMENTS

At fair value through profit or loss			
Listed term finance certificates	5.1	**131,886**	353,769
Unlisted term finance certificates	5.2	**7,457**	38,240
Unlisted sukuk certificates	5.3	**71,825**	82,916
Government securities	5.4	**59,961**	-
Available-for-sale			
Listed term finance certificates	5.5	**507,292**	538,218
Unlisted term finance certificates	5.6	**-**	6,185
		778,421	1,019,328

5.1 At fair value through profit or loss (listed term finance certificates)

Quoted (Refer Note 5.8)	Note	Holdings as at at 01 July 2009	Acquired during the year	Matured / disposed during the year	Holdings as at 30 June 2010	Carrying value as at 30 June 2010 (before revaluation as of 30 June 2010)	Market value as at 30 June 2010 (carrying value)	Appreciation / (diminution)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
		---------------- Number of Certificates ----------------				----------- (Rupees in '000) -----------				Percentage (%)	
Commercial Banks											
Allied Bank Limited - I	*5.1.1*	1,000	-	-	1,000	4,833	4,879	46	AA-	0.44	0.63
Askari Bank Limited - II	*5.1.2*	8,399	-	-	8,399	40,060	40,617	557	AA-	3.65	5.22
United Bank Limited - II		5,900	1,000	6,900	-	-	-	-	-	-	-
United Bank Limited - I		7,000	-	7,000	-	-	-	-	-	-	-
Bank Al-Habib Limited - II		5,000	-	5,000	-	-	-	-	-	-	-
Bank Alfalah Limited - III	*5.1.3*	6,600	-	200	6,400	30,695	31,218	523	AA-	2.81	4.01
Bank Alfalah Limited - II	*5.1.4*	4,100	-	-	4,100	19,949	20,128	179	AA-	1.81	2.59
The Royal Bank Of Scotland Limited	*5.1.5*	2,971	-	-	2,971	10,943	11,039	96	AA-	0.99	1.42
NIB Bank Limited		18,900	-	18,900	-	-	-	-		-	-
Soneri Bank Limited	*5.1.6*	5,000	-	-	5,000	24,087	24,005	(82)	A+	2.16	3.08
Technology and Communication											
Pakistan Mobile Communication Limited III		-	2,500	2,500	-	-	-	-	-	-	-
World Call Telecom Limited II		2,250	-	2,250	-	-	-	-	-	-	-
Real Estate Investment and Services											
PACE (Pakistan) Limited		10,000	-	10,000	-	-	-	-	-	-	-
Fertilizers											
Pak Arab Fertilizers Limited		2,200	-	2,200	-	-	-	-	-	-	-
30 June 2010						**130,567**	**131,886**	**1,319**		**11.86**	**16.94**
Cost of Investments							156,738				
30 June 2009						381,858	364,255	(17,603)		33.62	35.71

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

5.1.1 These TFCs 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 and will matureon 06 December 2014. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.1.2 These TFCs 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 and will mature on 31 October 2013. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.1.3 These TFCs 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 will mature on 25 November 2013. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.1.4 These TFCs 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 and will mature on 23 November 2012 . The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.1.5 These TFCs carry mark - up equal to the base rate of 1.93% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi - annually in arrears and will mature on 10 February 2013. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.1.6 These TFCs carry mark - up equal to the base rate of 1.60% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi - annually in arrears and will mature on 05 May 2013 . The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.2 At fair value through profit or loss (unlisted term finance certificates)

Quoted (Refer Note 5.8)	Note	Holdings as at at 01 July 2009	Acquired during the year	Matured / disposed during the year	Holdings as at 30 June 2010	Carrying value as at 30 June 2010 (before revaluation as of 30 June 2010)	Market value as at 30 June 2010 (carrying value)	Appreciation / (diminution)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
		---------------- Number of Certificates	----------------			----------- (Rupees in '000)	----------			Percentage (%)	
Fertilizers											
Agritech Limited -(formerly Pak American Fertilizers Limited)	5.2.1 & 5.3.5	2,200	-	1400	800	3,895	3,895	-		0.35	0.50
Microfinance											
KASHF Foundation - Privately placed	5.2.2	5,000	-	-	5,000	3,407	3,562	155	A	0.32	0.46
						7,302	**7,457**	**155**		**0.67**	**0.46**
Cost of Investments							7,404				
30 June 2009						27,201	27,754	553		2.56	2.72

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

5.2.1 These TFCs carry mark - up equal to the base rate of 1.75% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi - annually in arrears and will mature on 29 November 2014. The principal redemption is on a semi-annual basis. These TFCs are secured by way of charge on the operating assets of the company.

The instalment due on 29 May 2010 have not been paid by the above company, accordingly the interest payment have been suspended by the fund. Furthermore, provision have been made in accordance with the provision criteria approved by the Board of Director of the management company (in accordance with the SECP'sguidelines).

5.2.2 These TFCs carry mark - up equal to the base rate of 2.45% plus 3 months Karachi Interbank Offer Rate per annum, receivable semi - annually in arrears and will mature on 14 July 2010. The principal redemption is on a semi-annual basis. These TFCs are secured by way of hypothecation charge over all present and future receivables of the borrower.

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

5.3 At fair value through profit or loss (unlisted sukuk

Quoted (Refer Note 5.8)	Note	Holdings as at at July 01, 2009	Acquired during the year	Matured / Disposed during the year	Holdings as at June 30, 2010	Carrying value as at June 30, 2010 (before revaluation as of 30 June 2010)	Market value as at June 30, 2010 (carrying value)	Appreciation / (diminution)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
		---------------- Number of Certificates	----------------			----------- (Rupees in '000)	----------			Percentage (%)	
Modaraba											
B.R.R Guardian Modaraba	5.3.1	3,700	-	-	3,700	17,748	16,175	(1,573)	BBB+	1.45	2.08
Chemical											
Sitara Chemical Industries Limited	5.3.2	2,500	7,100	2,500	7,100	32,405	32,029	(376)	AA-	2.88	4.11
Cement											
Kohat Cement Company Limited	5.3.3 & 5.3.5	1,000	-	-	1,000	4,830	3,623	(1,207)	NPA	0.33	0.47
Maple Leaf Cement Factory Limited	5.3.4 &5.3.5	5,700	-	-	5,700	28,500	28,500		NPA	2.56	3.66

Quoted (Refer Note 5.8)	Note	Holdings as at July 01, 2009	Acquired during the year	Matured / Disposed during the year	Holdings as at June 30, 2010	Carrying value as at June 30, 2010 (before revaluation as of 30 June 2010)	Market value as at June 30, 2010 (carrying value)	Appreciation / (diminution)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
		---------------- Number of Certificates ----------------				----------- (Rupees in '000) -----------				Percentage (%)	
Cable and Electrical Goods											
Pak Elektron Limited		-	5,000	5,000	-	-	-	-	-	-	-
Miscellaneous											
House Building Finance Corporation		5,000	-	5,000	-	-	-	-	-	-	-
						83,483	80,327	(3,156)		7.22	10.32
Provision against impairment	5.3.4 & 5.3.5						8,502				
							71,825				
Cost of Investments							80,247				
30 June 2009						81,591	84,379	2,788		7.79	8.27

Above sukuk certificates have a face value of Rs. 5,000 each.

5.3.1 These sukuk certificates carry mark - up equal to the base rate of 1.30% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi - annually in arrearsand will mature on 7 July 2014. The principal redemption is on a semi-annual basis. These sukuks are secured by way of exclusive charge on land and specific charge on leased assets and receivable of Modarba with a margin of 25%. Furthermore a profit coupon due on 7 July 2010 was not paid by the borrower on the due date and assuch subsequent to the year end the exposure has been classified as a non-performing asset by MUFAP. At the year end exposure was performing.

5.3.2 These sukuk certificates carry mark - up equal to the base rate of 1.00% plus 3 months Karachi Interbank Offer Rate per annum, receivable quarterly in arrears and willmature on 2 January 2013. The principal redemption is on a quarterly basis. These sukuks are secured by way of specific and exclusive hypothecation charge on the musharika assets of the borrower.

5.3.3 These sukuk certificates were restructured twice in May 2009 and February 2010. Under the latest revised terms, the first principal instalment is due on 20 September 2012 and will mature on 20 December 2015. Furthermore under the latest revised terms the exposure carries mark up equal to the 3 months KIBOR plus 1.8% per annum up to 20 December 2011 and 3 months KIBOR plus 2.5% per annum up to maturity. Provision of Rs. 4.623 million, previously held against the above investments, have since then been reversed by the Fund as the exposure has been declared as performing by MUFAP and as per the guidelines given by the SECP. Accordingly the Fund has started accrual of mark up on its outstanding principal. However mark up for the period prior to the latest restructuring, so for not collected amounting to Rs.0.242 million, have not taken to income and remains suspended. It shall be taken to income on receipt basis. The exposure is secured against first pari passu charge over all present and future fixed assets of the borrower.

5.3.4 Accrued profit on the Sukuks aggregating to Rs. 2.2 million was due on 3 December 2009 but was not received by the Fund on the due date. Therefore, in accordance with the SECP's guidelines, these sukuk certificates have been classified as 'non performing assets' and accordingly accrued mark-up has been reversed and further accrual of mark-up has also been suspended. The Fund has made a provision of amounting to Rs. 7.125 million against the outstanding principal amounting to Rs. 28.5 million.

Since then the exposure have been restructured and the revised terms agreed between the issuer and the investors are as follows:

- Payment of principal amount shall be made on a quarterly basis in arrears commencing from 3 March 2012 with final redemption on 3 December 2018.

- Payment of mark up shall be as follow:

- mark-up for the period from 3 December 2010 to 3 March 2011 equal to 0.5% of the mark-up amount due on their respective due dates in quarterly instalments.Remaining 99.5% mark up for the above period to be paid by the borrower during 3 March 2012 to 2 December 2017 in 24 equal Quarterly instalments.

- mark-up for the period due 3 from March 2011 to 2 March 2012 to be collected on their respective quarterly due dates except that the mark up for the 3 June 2011quarter shall be payable along with the 3 September 2011 quarter.

- mark-up for the period from 3 March 2017 to 2 December 2018 shall be payable on the respective quarterly due dates.

The exposure is secured against first pari passu charge over all present and future fixed assets of the borrower.

Provision against impairment	**30 June 2010**	30 June 2009
	(Rupees in '000)	
Balance as at 01 July (against Kohat Cement Company Limited)	**1,463**	-
Provision for the year	**11,662**	1,463
Reversal during the year	**(4,623)**	-
	8,502	1,463

Balance as on 30 June (30 June 2010 : against Maple Leaf Cement Factory Limited & Agritech Limited)

5.4 At fair value through profit or loss (Government securities)

	Note	Holdings as at at 01 July 2009	Purchases during the year	Maturities during the year	Holdings as at 30 June 2010	Carrying Value as at 30 June 2009 (before revaluation as of 30 June 2010)	Market value as at 30 June 2010 (carrying value)	Appreciation / (diminution)	Credit Rating	Market value as percentage of net assets	Market value as percentage of total investment
		------------- Number of Perpers----------				(Rupees in '000)				Percentage	
3 Months Treasury Bills	5.4.1	-	58,360	-	58,360	**59,981**	**59,961**	**(20)**	-	**5.39**	**7.65**
Cost of Investments							**58,360**				

5.4.1 These treasury bills were purchased at discount of Rs. 1.640 million and will mature on 2 July, 2010. Unamortized discount as of 30 June 2010 amounted to Rs 0.0195 million.

5.5 Available-for-sale (listed term finance certificates)

Quoted (Refer Note 5.8)	Note	Holdings as at at 01 July 2009	Acquired during the year	Matured / disposed during the year	Holdings as at 30 June 2010	Carrying value as at 30 June 2010 (before revaluation as of 30 June 2010) Original amortized cost	Market value as at 30 June 2010 (carrying value)	Appreciation / (diminution) (Note 5.5.7)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
		----------------- Number of Certificates ---------------- -				---------- (Rupees in '000) ----------				Percentage (%)	
Commercial Banks											
Allied Bank Limited - I	5.1.1	8,000	-	-	8,000	40,858	39,035	(1,823)	AA-	3.51	5.01
Askari Bank Limited - I	5.5.1	20,000	-	400	19,600	97,617	95,793	(1,824)	AA-	8.61	12.20
Bank Alfalah Limited - II	5.5.2	5,000	-	-	5,000	25,168	24,546	(622)	AA-	2.21	3.15
Bank Alfalah Limited - III	5.1.3	11,000	-	-	11,000	55,374	53,655	(1,719)	AA-	4.82	6.89
United Bank Limited - II		5,000	-	5,000	-	-	-	-		-	-
United Bank Limited - III	5.5.3	22,000	-	-	22,000	110,858	108,371	(2,487)	AA	9.74	13.92
Faysal Bank Limited	5.5.4	20,000	-	-	20,000	99,900	96,285	(3,615)	AA-	8.66	12.37
Bank AL Habib Limited - I	5.5.5	14,000	-	-	14,000	68,809	65,291	(3,518)	AA	5.87	8.39

Quoted (Refer Note 5.8)	Note	Holdings as at at 01 July 2009	Acquired during the year	Matured / disposed during the year	Holdings as at 30 June 2010	Carrying value as at 30 June 2010 (before revaluation as of 30 June 2010) Original amortized cost	Market value as at 30 June 2010 (carrying value)	Appreciation / (diminution) (Note 5.5.7)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
		---------------- Number of Certificates ----------------				----------- (Rupees in '000) -----------				Percentage (%)	
Miscellaneous											
PACE (Pakistan) Limited	5.5.6	10,000	-	5,000	5,000	24,980	24,316	(664)	AA-	2.19	3.12
						523,564	**507,292**	**(16,272)**		**45.60**	**65.06**
Cost of Investments							483,346				
30 June 2009						585,933	538,218	47,715		49.68	52.70

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

5.5.1 These TFCs 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 and will mature on 4 February 2013. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.5.2 These TFCs 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 and will mature on 23 November 2012. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.5.3 These TFCs 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 and will mature on 08 September 2014. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.5.4 These TFCs 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 and will mature on 12 November 2014. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.5.5 These TFCs 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 will mature in July 15, 2012. The principal redemption is on a semi-annual basis. These TFCs are unsecured.

5.5.6 These TFCs 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 and will mature on 15 February 2013. The principal redemption is on a semi-annual basis. These TFCs are secured by way of charge on moveable assets of the company.

5.5.7 Details of surplus on revaluation of above securities taken to the equity is as follow:

	30 June 2010	30 June 2009
	(Rupees in '000)	
Balance as on 1 July	**(36,810)**	10,970
Surplus / (deficit) for the year	**13,357**	(50,061)
Amount transferred to profit and loss account on sale	**7,181**	2,281
Balance as at 30 June	**(16,272)**	(36,810)

5.6 Available-for-sale (unlisted term finance certificates)

Quoted (Refer Note 5.8)	Holdings as at at 01 July 2009	Acquired during the year	Matured / disposed during the year	Holdings as at 30 June 2010	Carrying value as at 30 June 2010 (before revaluation)	Market value as at 30 June 2010 (carrying value)	Appreciation / (diminution)	Credit rating	Market value as percentage of net assets	Market value as percentage of total investment
	---------- Number of Certificates ----------				---------- (Rupees in '000) ----------				Percentage (%)	
Trakker (Private) Limited	100	-	100	-	-	-	-	-	-	-
Cost of Investments						-				
30 June 209					6,250	6,185	(65)		0.57	0.61

5.7 Credit ratings as disclosed above are the credit ratings of the securities / issuing entity and are based on the ratings mentioned by the Mutual Fund Association of Pakistan on its website as of 30 June 2010.

5.8 The term "listed" indicated in note 5.1 to 5.3 and 5.5 refers to listing in the stock exchanges. However their rates are quoted by MUFAP. 'Quoted' where ever mentioned means as quoted by MUFAP.

5.9 SECP vide its letter no. NBFC - II / AD / POAMC/ 944 / 2006 dated 19 December 2006 has increased the investment limit of the Fund in TFCs rate A- to A+ issued by a time, exceed an amount equal to 15% of the total net asset value of the fund or 15 % of the size of TFC issue, whichever is lower. Further, investment of the fund in TFCs rated AA- or above issued by a single commercial Bank shall not, at any time, exceed an amount equal to 20% of total net asset value of the fund or 20 % of the size of TFC issue, whichever is lower.

SECP has approved vide its letter no. NBFC - II / AD / POAMC/ 944 / 2006 dated 19 December 2006 upto 75 % of its total net assets in TFCs issued by commercial banks rated A- or above. The fund property may be invested in Tier II Capital issue of Commercial Banks. The remaining 25% of the fund property may be invested in high grade TFCs, Bank placements, Reverse Repurchase transactions against GOP backed instruments, Spread transactions and CFS including authorized investments as defined in clause 2.3 of Offering document of the fund. After first five years when principal maturities of underlying asset pool start, the 75 : 25 ratio may be relaxed as per Investments advisors discretion keeping in consideration the duration of the Fund.

6. PROFIT RECEIVABLES

	30 June 2010	30 June 2009
	(Rupees in '000)	
Profit receivable on term finance certificates	**23,520**	40,499
Profit receivable on balances with banks	**446**	11
	23,966	40,510

7. DEPOSITS AND PREPAYMENTS

	Note		
Security deposits with Central Depository Company of Pakistan Limited	*7.1*	**200**	200
Security deposits with National Clearing Company of Pakistan Limited		-	2,500
Prepayments		-	100
		200	2,800

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

8. 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 Commission of Pakistan, permits the deferral of the expenses over a period of five years. Accordingly, the said expenses are being amortised over a period of five years effective from the 10 May 2007, the date of receipt of the initial investment in the Fund.

	Note	30 June 2010	30 June 2009
		(Rupees in '000)	
Total preliminary expenses and flotation costs incurred		8,120	8,120
Amortization			
Balance as on 1st July		(4,872)	(3,248)
For the year		(1,624)	(1,624)
		(6,496)	(4,872)
		1,624	3,248

9. 'PAYABLE TO THE MANAGEMENT COMPANY'

	Note	30 June 2010	30 June 2009
Remuneration	9.1	190	1,152
Preliminary expenses and floatation costs	8	3,248	4,872
		3,438	6,024

9.1 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.

10. REMUNERATION TO THE TRUSTEE

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 netasset value of the Fund.

11. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represent annual fee on the basis of average annual net assets of the Fund payable to SECPunder regulation 62 of the NBFC Regulations 2008.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	30 June 2010	30 June 2009
Auditor's remuneration		275	275
Workers' Welfare Fund	16.1	4,243	-
Others		100	87
		4,618	362

13. NET LOSS FROM SALE OF MARKETABLE SECURITIES

	30 June 2010	30 June 2009
Classified as 'available-for-sale financial assets'	6,812	3,360
Classified as 'at fair value through profit or loss'	2,517	9,780
	9,329	13,140

14.	PROFIT ON TERM FINANCE CERTIFICATES AND SUKUKS		30 June 2010	30 June 2009
			(Rupees in '000)	
	Classified as 'available-for-sale financial assets'		74,844	85,846
	Classified as 'at fair value through profit or loss'		42,126	50,719
			116,970	136,565
15.	AUDITORS' REMUNERATION			
	Fee for Annual Audit		250	225
	Fee for the review of half yearly condensed interim financial statements		125	100
	Fee for the review of statement of compliance with the Code of Corporate Governance		50	50
	Out of pocket expenses		41	41
			466	416
16.	OTHER EXPENSES			
	Workers' Welfare Fund	*16.1*	4,243	-
	Others		104	209
			4,347	209

16.1 The Finance Act, 2008 brought an amendment in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) with the intention to make the definition of "Industrial Establishment" applicable to any establishment to which the West Pakistan Shop and Establishment Ordinance, 1969 (1969 Ordinance) applies. As a result of this amendment, the WWF Ordinance has become applicable to all Collective Investment Schemes (CIS) whose income exceeds Rs. 0.5 million in a tax year, thus rendering them liable to pay two percent of their total income to Workers Welfare Fund (as defined in section 4 & 2(i) of the WWF Ordinance). The Mutual Fund Association of Pakistan (MUFAP) had filed a constitutional petition before High Court of Sindh on the major grounds that CIS are not covered under the definition of industrial establishment, CIS do not have any worker and amendment was made through money bill.

The Honourable High Court of Sindh vide its order dated 25 May 2010 has dismissed the petition on the main ground that the MUFAP (petitioner) cannot be held to be entitled to maintain a petition in respect of its members as MUFAP is not the aggrieved party in respect of its members. Consequently, few CISs have filed constitutional petitions.

However, the Management Company in pursuance of the order passed by the Honourable High Court of Sindh considers it prudent to record the provision for WWF for the years ended 30 June 2009 and 30 June 2010 amounting to Rs. 4.243 million in these financial statements.

17.	BASIC AND DILUTED EARNINGS PER CERTIFICATE	30 June 2010	30 June 2009
		(Rupees in '000)	
	Net income for the period	104,272	106,718
		(Number of certificates)	
	Number of certificates in issue	100,000,000	100,000,000
		(Rupees)	
	Basic earnings per certificate	1.04	1.07

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

18. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the certificate holders. Details of distribution for the year ended 30 June 2010 in accordance with the above mentioned requirements are given in note 23 to the financial statements and accordingly, no provision has been made in these financial statements.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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. Other Connected persons are Collective Investment schemes managed by the Management Company i.e. POBOP Advantage Plus Fund (PAPF), Pak Oman Advantage Islamic Fund (POAIF), Pak Oman Advantage Islamic Income Fund (POAIIF) and Pak Oman Advantage Stock Fund (POASF).

Other transactions with connected persons are at agreed 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.

19.1 Transactions and balances with connected persons / related parties

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

19.1.1 **Pak Oman Asset Management Company Limited - Management Company of the Fund**	*Note*	**30 June 2010**	30 June 2009
		(Rupees in '000)	
Balance payable at beginning of the year		**6,024**	7,639
Remuneration for the year		**13,478**	13,342
		19,502	20,981
Payments made during the year		**(16,064)**	(14,957)
Balance at the of the year	9	**3,438**	6,024
Investment of Pak Oman Asset Management Company Limited in the certificates of the Fund		**2,500**	2,500
Dividend paid		**240**	225

19.1.2 Central Depository Company of Pakistan Limited - Trustee of the Fund

Balance payable at beginning of the year		**114**	112
Trustee remuneration for the year		**1,338**	1,328
Central Depository System charges for the year		**218**	134
		1,670	1,574
Amount paid during the year		**(1,558)**	(1,460)
Balance at end of the year (Trustee fees)	10	**112**	114

19.1.3 Bank Alfalah Limited

	30 June 2010	30 June 2009
	(Rupees in '000)	
Deposits with Bank as at year end	1,014	293
Profit due from bank deposits as at year end	20	11
Profit for the year on bank deposits	5,995	195
Bank charges for the year	34	19
Investment in Term Finance Certificates of Bank Al-Falah Limited	125,833	128,741
Balance at beginning of the year	128,741	108,644
Add: Purchases during the year	-	39,277
Less: Amortisation of premium	(219)	(323)
Add: Effects of revaluation as at the year end	(1,639)	(6,473)
	(1,858)	32,481
Less: Redemptions / Sales during the year	(1,050)	(12,384)
Balance at end of the year	125,833	128,741
Interest Receivable against TFCs as at the year end	1,855	2,047
Interest Income against TFCs for the year end	19,381	17,998
Investment of Bank Alfalah Limited in certificates of the Fund	150,000	150,000
Dividend paid	14,408	13,500

19.1.4 National Insurance Company Limited

Investment of National Insurance Company Limited in certificates of the Fund	100,000	100,000
Dividend paid	9,605	9,000

19.1.5 Pak Oman Investment Company Limited

Investment of Pak Oman Investment Company Limited in certificates of the Fund	271,090	271,090
Dividend paid	26,038	24,398
Purchase of Pakistan Investment Bond	-	23,959

		30 June 2010	30 June 2009
		(Rupees in '000)	
19.1.6 Transactions with Collective Investment Schemes			
Pak Oman Advantage Islamic Income Fund (POAIIF)			
Sale of Sukuk certificates - cost		-	47,155
Pak Oman Advantage Islamic Fund (POAIF)			
Sale of Sukuk certificates - cost		-	21,325
Pak Oman Advantage Stock Fund (POASF)			
Purchase of Sukuk certificates - cost		-	11,882
POBOP Advantage Plus Fund (PAPF)			
Purchase of Term Finance certificates - cost		-	229,473

20. NET ASSET VALUE PER CERTIFICATE

		30 June 2010	30 June 2009
Total net assets	*Rupees*	**1,112,418,000**	1,083,658,000
Total certificates in issue	*Number*	**100,000,000**	100,000,000
Net assets value per certificate	*Rupees*	**11.12**	10.84

21. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

The Fund maintains positions in a variety of financial instruments in accordance with its investment management strategy. The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, government securities, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements).

Management of these risks is done by the Investment Committee under the policies and procedures approved by the Board of Directors and the guidelines given by SECP. Asset purchases and sales are made by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Board of Directors of the management company. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

21.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. In the Fund's case it arises principally from debt securities held, bank balances, balances due from brokers,profit / mark up recoverable etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations.

Credit risk is managed by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Assignment of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by periodic review of trade reports, credit ratings and financial statements on regular basis.

- Cash is held only with reputable banks with high quality external credit enhancements.

Exposure to credit risk

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 30 June 2010 is as follows:

	30 June 2010		30 June 2009	
	Statement of Assets and Liabilities	**Maximum exposure**	Statement of Assets and Liabilities	Maximum exposure
	(Rupees in '000)			
Investments				
- Available-for-sale investments	**507,292**	**507,292**	544,403	544,403
- Held for trading			474,925	474,925
Profit receivable	**23,966**	**23,966**	40,510	40,510
Deposits	**200**	**200**	2,800	2,800
Bank balances	**317,413**	**317,413**	25,386	25,386
	1,120,000	**1,060,039**	1,088,024	1,088,024

Difference in the balances as per the Statement of Assets and Liabilities and maximum exposure is due to the fact that investments of Rs. 59,961 (2009: Rs. Nil) in Government securities are not considered to carry credit risk.

Past due / impaired financial assets

None of the financial assets of the Fund are past due / impaired except as disclosed in note 5.2, 5.3.3, 5.3.4 and 5.3.5 to the financial statements. Details of provision held against the impaired debts are also given in the above respective notes.

Credit ratings and collaterals held

Credit risk arising on debt securities is mitigated by investing primarily in investment-grade rated instruments published by MUFAP (and as determined by Pakistan Credit Rating Agency or JCR-VIS). The Fund may also invest in unrated debt securities whereby the Investment Manager carries out its own credit assessment in accordance with the approved guidelines as discussed above, which is then approved by the Investment Committee. Details of the credit ratings of investments and collaterals (if any) are given in notes 5.1 to 5.3 and 5.5 to these financial statements. Bank balances are unsecured.

At 30 June, the Fund had invested in debt securities and had bank balances with the following credit rating .

	Debt Securities (Including profit due)		**Bank Balances (Including profit due)**	
Rating	**2010**	2009	**2010**	2009
	%	%	%	%
AA+ to AA-	**83.40**	78.86	**99.83**	100.00
A+ to A-	**3.45**	20.83	**0.17**	
BBB+	**2.17**	-	-	-
Un - rated	**3.12**	0.32	-	-
Government guaranteed (treasury bills)	**7.48**	-	-	-
Total	**100**	100	**100**	100

Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly effect group of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentration of credit risk.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution /economic sectors are as follows:

	30 June 2010		30 June 2009	
	(Rupees in '000)	**Percentage**	(Rupees in '000)	Percentage
Commercial banks	**952,157**	89.82	791,829	77.12
Technology and communication	**-**	-	11,082	1.08
Fertilizers	**2,518**	0.24	21,906	2.13
Modaraba	**17,385**	1.64	19,274	1.88
Chemicals	**33,099**	3.12	12,826	1.25
Cement	**25,015**	2.36	30,484	2.97
Microfinance	**3,670**	0.35	17,042	1.66
Miscellaneous	**26,195**	2.47	122,270	11.91
	1,060,039	100	1,026,713	100

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financialinstruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

Maturity analysis for financial liabilities

The maturity profile of the Funds' financial liabilities as referred below is based on the remaining period at the balance sheet date to the contractual maturity date and represent the undiscounted cash flows:

	Carrying amount	Less than 1 months	1 to 3 months	3 months to 1 year	1 Year and above
30 June 2010	------------------------------------		(Rupees in '000)	------------------------------------	
Non-derivative liabilities					
Payable to Management Company	3,438	190	-	1,624	1,624
Remuneration payable to Trustee	112	112	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	809	-	809	-	-
Accrued expenses and other liabilities	375	100	275	-	-
Dividend payable	229	229	-	-	-
	4,963	**631**	**1,084**	**1,624**	**1,624**
30 June 2009					
Non-derivative liabilities					
Payable to Management Company	6,024	1,152	-	1,624	3,248
Remuneration payable to Trustee	114	114	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	891	-	891	-	-
Accrued expenses and other liabilities	362	-	362	-	-
Dividend payable	223	223	-	-	-
	7,614	1,489	1,253	1,624	3,248

Above financial liabilities do not carry any mark-up.

21.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Management Company manages market risk 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 Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The fund is exposed to interest rate risk only.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fund's interest rate exposure arises on investment in debt securities, Government securities and profit and loss sharing bank balances. Most of the Fund's interest bearing assets carry variable interest rates (and mature within a period ranging from one month to five years), except for the exposure in fixed rate instruments in Government securities and term deposit with a bank (amounting to Rs 110 million approximately), However to enhance the earning potential of the Fund, the Fund invests in variable rate instruments as most of the instruments currently available are indexed to KIBOR. The Fund monitors the interest rate environment on a regular basis and may also alter the portfolio mix of fixed and floating rate securities. Other risk management procedures are the same as those mentioned in the credit risk management.

At 30 June 2010, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	(Rupees in '000)
Fixed rate instruments	
Financial assets	109,961
Variable rate instruments	
Financial assets	985,873

The composition of the Fund's investment portfolio, KIBOR rates and the trade rates announced by MUFAP isexpected to change over time. Accordingly, the actual trading results may differ from the below sensitivity analysis and the difference could be material.

Fair value sensitivity analysis for fixed rate instruments

Interest bearing Government Securities as at 30 June 2010 exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / (decrease) in yield rate on 30 June 2010, profit for the year would have been higher / lower by Rs. 3,248 (2009: Rs. 0.8 million). The analysis is performed on same basis for 2009.

Term deposit balance with a bank are not carried at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not effect the income statement and certificate holders fund.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased / (decreased) the income for the year certificate holders fund by Rs. 0.585 million (2009: Rs. 0.346 million). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

A summary of the Fund's interest rate position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

30 June 2010	Mrk-up / profit %	Up to one month	One to three months	Three months to six months	Total
		(Rupees in '000)			
Assets					
Bank balances	2.75 to 12.75	50,000	267,413	-	**317,413**
Investments	8.45 to 16.17	177,018	263,140	334,368	**774,526**
Total assets		227,018	530,553	334,368	**1,091,939**

30 June 2009	Mrk-up / profit %	Up to one month	One to three months	Three months to six months	Total
		(Rupees in '000)			
Assets					
Bank balances	2.5 to 17	25,386	-	-	25,386
Investments	8.45 to 17.20	116,146	497,677	405,505	1,019,328
Total assets		141,532	497,677	405,505	1,044,714

None of the Fund's liability is subject to interest rate risk.

21.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the management company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

21.5 Certificate Holder's fund risk management

Management's objective when managing certificate holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and to ensure reasonable safety of certificate holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to any externally imposed minimum Fund maintenance requirement.

21.6 Fair value of financial instruments

The Fund's accounting policy on fair value measurements is discussed in note 3.1.3.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e.unobservable inputs).

The table below analyses the Fund's investment at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investments (debt securities)	-	59,961	718,460	778,421

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	30 June 2010 (Rupees)
Balance as at 1 July 2009	1,019,328
Revaluation loss included in the income statement (net of discount)	(1,847)
Revaluation gain included in comprehensive income	13,357
Purchase during the year (at cost)	69,148
Sold during the year	(353,548)
Redemption during the year	(19,475)
Provision for investment	(8,502)
	718,460

22. OPERATING SEGMENT

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Investment Committee of the Management Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments. The Fund manager works under the supervision of the Investment Committee and follows the directions given by the Committee.

The Investment Committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The Investment Committee's asset allocation decisions are based on a single integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The internal reporting provided to the Investment Committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no change in the reportable segments during the period.

The Fund is domiciled in Pakistan. The Fund's income is generated from resources invested in term finance certificates, Government securities, short term placement and balances maintained with banks which are based in Pakistan. Revenue from four customers of the Fund's investments and bank balances represent Rs. 80.371 million (30 June 2009: Rs. 59.008 million) of the Fund's total revenue.

23. DIVIDEND DISTRIBUTION

The Board of Directors of the Management Company in its meeting held on August 18, 2010 has announced a cash dividend of 10.377% amounting to Rs.103.77 million. The financial statements for the year ended 30 June 2010 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 June 2011.

24. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding certificate holding pattern, top brokers, members of the Investment Committee, Fund Manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

24.1 Certificate holding pattern of the Fund

Category	2010		
	Number of investors	Investment face value	% of total
	------------- (Rupees in '000) -------------		
Individuals	96	2,095	0.21%
Insurance Companies	3	107,885	10.79%
Banks / DFIs	14	738,725	73.87%
Public Limited	4	98,265	9.83%
Others	12	53,030	5.30%
As at 30 June 2010	129	1,000,000	100%

Category	2009		
	Number of investors	Investment face value	% of total
	------------- (Rupees in '000) -------------		
Individuals	89	1,060	0.11%
Insurance Companies	3	107,885	10.79%
Banks / DFIs	15	739,760	73.98%
Public Limited	4	98,265	9.83%
Others	12	53,030	5.30%
As at 30 June 2009	123	1,000,000	100%

24.2 List of top ten brokers by percentage of commission

30 June 2010	Percentage of Commission
Alafalah Securities (Private) Limited	26.58%
First Capital Securities Corporation	22.05%
KASB Securities Limited	16.19%
IGI Finex Securities	14.19%
JS Global Capital Limited	12.14%
Atlas Capital Limited	7.06%
Global Securities	1.80%

30 June 2009	
JS Global Capital Limited	34.13%
Alafalah Securities (Private) Limited	21.28%
First Capital Securities Corporation	21.27%
KASB Securities Limited	19.63%
Atlas Capital Limited	3.40%
Elixir Securities Limited	0.30%

24.3 Detail of members of the investment committee

Name	Qualification	Experience (Years)
Mr. Ali Said Ali (Chairman)	MBA & B.Sc. Mechanical	22 years
Zafar Iqbal	FCA	20 years
Sulaiman Hammad Al Harthy	MBA	20 years
Agha Ahmed Shah	MBA	25 years

24.4 Detail of the Fund manager

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

24.5 Detail of meetings of board of Directors

Name	Designation	Dates of board of directors meetings and directors present therein				
		Jul 06, 2009	Aug 18, 2009	Aug 18, 2009	Feb 09, 2010	Apr 18, 2010
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓	✓
Mr. Javed Mahmood	Director	×	✓	×	✓	✓
Mr. Agha Ahmed Shah	Director	✓	✓	✓	✓	✓
Mr. Humayun Murad	Director	×	✓	×	×	✓
Mr. Zafar Iqbal	Director	×	✓	✓	✓	✓
Maj. General Imtiaz Ahmed	Director	×	×	×	×	×
Mr. Parveiz Usman	Director	×	✓	×	×	✓
Mr. Sulaiman Hammad Al Harthy	Director	×	✓	✓	✓	✓
Mr. Ali Said Ali	Director	✓	✓	✓	✓	✓
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	×	✓

24.6 Rating of Fund and Management Company

PACRA 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.

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

24.7 Performance table

	30 June 2010	30 June 2009
Net assets (Rupees in '000)	**1,112,418**	1,083,658
Net income (Rupees in '000)	**104,272**	106,718
Net assets value (NAV) per certificate as (Rupees)	**11.12**	10.84
Basic earnings per certificate (Rupees)	**1.04**	1.07
Dividend distribution for the year ended 30 June 2007 and 2008 respectively (% of face value)	**9.61**	9
Distribution for the above years was on 25 August 2007 and 20 August 2008		
Highest NAV per certificate during the year (Rupees)	**11.24**	11.42
Lowest NAV per certificate during the year (Rupees)	**10.24**	9.35

25. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue on August 18, 2010 by the Board of Directors of the Management Company.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive	**Director**

PATTERN OF CERTIFICATE HOLDING
AS AT 30 JUNE 2010

NO. OF SHAREHOLDERS	< -- HAVING SHARES -- > FROM	TO	SHARES HELD	PERCENTAGE
7	1	100	36	0.0000
66	101	500	32367	0.0324
11	501	1000	11000	0.0110
8	1001	5000	25275	0.0253
3	5001	10000	22500	0.0225
3	10001	15000	33500	0.0335
1	15001	20000	18500	0.0185
1	65001	70000	69323	0.0693
2	95001	100000	192000	0.1920
2	240001	245000	481000	0.4810
1	245001	250000	250000	0.2500
1	285001	290000	288500	0.2885
1	495001	500000	500000	0.5000
1	795001	800000	800000	0.8000
2	960001	965000	1923000	1.9230
2	995001	1000000	2000000	2.0000
1	1705001	1710000	1706000	1.7060
2	1920001	1925000	3846000	3.8460
1	1995001	2000000	2000000	2.0000
2	2400001	2405000	4807000	4.8070
1	2880001	2885000	2883999	2.8840
1	3495001	3500000	3500000	3.5000
1	4985001	4990000	4990000	4.9900
3	4995001	5000000	15000000	15.000
1	7510001	7515000	7511000	7.5110
2	9995001	10000000	20000000	20.000
1	12105001	12110000	12109000	12.109
1	14995001	15000000	15000000	15.000
129			100000000	100

CATEGORIES OF CERTIFICATE HOLDERS
AS AT 30 JUNE 2010

PARTICULARS	No. of holders	No. of Certificates held	PERCENTAGE
BANKS, DFI & NBFI	14	73872499	73.8725
INSURANCE COMPANIES	3	10788500	10.7885
GENERAL PUBLIC (LOCAL)	95	208501	0.2085
GENERAL PUBLIC (FORIEGN)	1	1000	0.0010
OTHERS	12	5303000	5.3030
PUBLIC SECTOR COS. & CORP.	4	9826500	9.8265
Company Total	**129**	**100000000**	**100.0000**

PATTERN OF CERTIFICATE HOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE AS AT 30 JUNE 2010

Particulars	No. of Certificates held
Individuals	209,001
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 & his spouse	-
Directors and their spouses	500
Executives	-
Public sector companies and corporations	1,003,000
Banks	12,607,000
Development financial institutions	11,502,999
Non-banking finance companies	-
Non-banking finance institutions	5,250,000
Insurance companies	788,500
Provident and Gratuity Fund	4,300,000
Others	4,403,500
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, 2010

	(Rupees in '000)
INCOME	
Management Company's remuneration	**13,478**
OPERATING EXPENSES	
Salaries and allowances	5,642
Travelling and accommodation	635
Rent, rates and taxes	1,187
Utilities	282
Communication	37
Fees and subscriptions	681
Printing, stationery and periodicals	321
Depreciation	1,472
Amortisation	513
Legal and professional charges	319
Repairs and maintenance	43
Transportation	113
Insurance	282
Entertainment	140
Advertising	-
	11,667
Net Income for the Year	**1,811**

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.