

PAK OMAN ADVANTAGE FUND

Condensed Interim Financial Information (Unaudited)

For the nine months & quarter ended 31 March 2014

Our Mission

“To provide higher 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.
Horizon Vista, Mezzanine Floor – 2,
Plot No. Commercial – 10, Scheme – 5,
Block – 4, Clifton, Karachi – 75600.
Phone : +92 – 21 – 35361465 – 68
Fax : +92 – 21 – 35361469
Web site : www.pakomanfunds.com

Board of Director of The Management Company

H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman
Mr. Humayun Murad	Director
Mr. Agha Ahmed Shah	Director
Mr. Sulaiman Hamad Al Harthy	Director
Mr. Ali Said Ali	Director
Mr. Saif Said Salim Al Yazidi	Director
Mr. Parveiz Usman	Director
Ms. Hina Ghazanfar	MD & CEO

Audit Committee

Mr. Humayun Murad	Chairman
Mr. Sulaiman Hamad Al Harthy	Member
Mr. Saif Said Salim Al Yazidi	Member

Investment Committee

Mr. Ali Said Ali	Chairman
Mr. Agha Ahmed Shah	Member
Mr. Sulaiman Hamad Al Harthy	Member
Mr. Saif Said Salim Al Yazidi	Member

Human Resource & Remuneration Committee

Mr. Saif Said Salim Al Yazidi	Chairman
Mr. Humayun Murad	Member
Ms. Hina Ghazanfar	Member

Acting Unit Head Finance

Mr. Shahzad Abid

Company Secretary

Mr. Asif Javed

Trustee

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

Auditors

A.F. Fergusons & Co.
Chartered Accountants
State Life Building No. 1C,
Off I. I. Chundrigar Road,
Karachi – 4716, Pakistan

Bankers to the Fund

Bank Al – Falah Limited

Legal Advisor

Mohsin Tayebaly & Co.
2nd Floor, Dime Center,
BC – 4, Block – 9,
KDA Scheme 5, Clifton,
Karachi.
Phone : +92 – 21 – 35375658 – 9

Transfer Agent

THK Associate (Pvt.) Limited
Ground Floor,
State Life Building No. - 3
Dr. Ziauddin Ahmed Road.
Karachi – 75530
Phone : +92 – 21 – 111-000-322

Rating of The Funds

A + (f) PACRA

DIRECTORS REPORT 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 financial statements of the Fund for the **nine months & quarter ended March 31, 2014**.

Economic Review

Economy of Pakistan has entered into growth phase and recorded a GDP growth of 4.10% during the first half of the current fiscal year 2014. This growth of GDP was mainly on the back of Large Scale Manufacturing (LSM) growth, which comprises 70% of the total industrial production and contributes around 11% in the GDP. LSM posted an impressive growth of 6.76% in the six months of current fiscal year 2014 due to improved energy supply and better business opportunities provided by the country. Based on the strong growth of LSM, GDP growth for the year will likely to be inline with expectation of SBP.

Foreign inflows from different multilateral projects as well as International Monetary Fund (IMF) and other international lenders continued on the back of improvement in economic condition. Foreign Direct Investment (FDI) recorded an inflow of USD 669.8mn during the period of 9MFY14 showed a growth of 6.14% over the same period last year. Pakistan received three tranches from IMF on account of Extended Fund Facility (EFF) with a total amount of USD 1.65bn during the period of 9MFY14. Remittances also stood at USD 11.58bn for the period of 9MFY14, as compared to USD 10.35bn in the corresponding period last year, translated into a growth of 11.87%. Pakistan has recently re-entered in the International Bond Market after 2007 by issuing Eurobond with a target of USD 500mn, which was oversubscribed by 14 times with total offers of USD 6.90bn out of which Pakistan subscribed USD 2.00bn, which was credited into the account of State Bank of Pakistan. These huge foreign inflows helped to rebuild the foreign exchange reserves of the country, which stood at USD 9.85bn.

Current account witnessed continuous improvement on quarterly basis as the current account gap was USD 1.20bn in the first quarter of fiscal year 2014, which reduced to USD 551mn in the second quarter FY14 and further reduced to USD 416mn in the third quarter FY14. Cumulatively, current account deficit stood at USD 2.17bn as compared to a deficit of USD 1.26bn in the corresponding period last year. Trade deficit also narrowed by 5.50% to USD 13.93bn during the period of 9MFY14 as compared to USD 14.74bn in the same period last year mainly due to better power supply to industrial units and increased demand of Pakistani's products in international markets. Exports recorded as USD 19.10bn during the period of 9MFY14, increased by 6.11% from the same period last year whereas imports just increased by 0.86% to USD 33.04bn in the period of 9MFY14.

CPI Inflation recorded at 8.64% during the nine month of the current fiscal year FY14 as compared to 8.00% in the corresponding period last year. On the back of higher inflation, State Bank of Pakistan (SBP) went for monetary tightening in the first two monetary policy statements (MPS) and increased the discount rate by 50bps in each MPS to 10%. Whereas, in the last two MPS during the period, SBP kept the discount rate unchanged due to an impressive PKR appreciation of around 10% against USD from 108 to 97.

Money Market Review

The average overnight repo rate stood at 9.17% for the 9MFY14. The State Bank of Pakistan conducted nineteen T-bill auctions during the period and assimilated PKR 5,327.39bn collectively from all the

**Pak Oman Advantage Fund**

auctions. The breakup of which is as follows: PKR 4,529.41bn in the 3-month tenor, PKR 550.23bn in the 6-month tenor and PKR 247.75bn in the 12-month tenor. Nine PIB auctions were also conducted during the period in which SBP accepted PKR 1,328.44bn against the participation of PKR 2,939.49bn. State Bank of Pakistan tightens the policy rate in the first two MPS and policy makers raised discount rate by 50bps to 10.00% in each of the MPS while SBP kept the discount rate unchanged in the third and fourth MPS.

Operating Performance

The fund during the 9 months period ended March 31, 2014 earned a total income of PKR 82.127m. The income for the period comprised mainly of profit on Sukuk and TFCs amounting to PKR 30.137m, profit on Government securities amounting to PKR 27.439m, profit on bank deposits amounting to PKR 21.675m, loss on sale of investments of PKR 1.197m, and other income amounting to PKR 0.034m. The unrealized gain on investment at fair value through profit or loss for the period were PKR 4.039m. After accounting for expenses of PKR 18.172m the net income for the period was PKR 63.955m which translates into the gain of PKR 0.64 /certificate outstanding as at March 31, 2014. The net assets of the fund as at March 31, 2014 were PKR 1109.35m resulting in a net asset value of PKR 11.09/certificate.

Future Outlook

Economic conditions of the country have improved so far due to grant from a friendly country, receipts of Coalition Support Fund (CSF), issuance of Eurobond in the international market and other foreign inflows helped to rebuild the foreign exchange reserves of the country. Moreover, increasing foreign remittances and decreasing trade deficit helped further to stabilize the economic conditions of the country.

These increasing inflows altogether helped in the remarkable appreciation of PKR against USD during 9MFY14 which would help the monetary authorities to stable the discount rate in the future. Furthermore, lower inflation figures in the coming months after PKR appreciation could help to make a room for cut in discount rate from the current level of 10% to single digit.

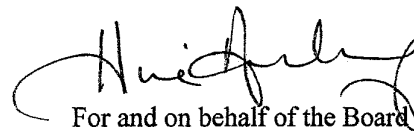
Mutual Fund Rating

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of 'A+(A Plus)' to the Fund. Further, Quality Rating of the Management Company is 'AM3-'; by the Credit Rating Agency JCR-VIS which is defined as stable management quality.

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.

April 28, 2014
Karachi



For and on behalf of the Board

Hina Ghazanfar

MD & CEO



Pak Oman Advantage Fund

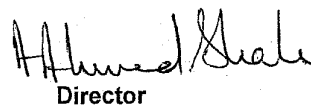
**PAK OMAN ADVANTAGE FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2014 (UNAUDITED)**

	Note	March 31, 2014	June 30, 2013
(Rupees in '000)			
Assets			
Balances with banks	4	485,688	199,125
Investments	5	616,690	921,703
Profit receivable		22,627	8,368
Deposits, prepayments and other receivable		3,652	3,702
Total assets		<u>1,128,657</u>	<u>1,132,898</u>
Liabilities			
Payable to Pak Oman Asset Management Company Limited (POAMCL) - Management Company of the Fund		1,559	1,455
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		222	103
Payable to Securities and Exchange Commission of Pakistan (SECP)		627	837
Dividend payable		4,690	266
Accrued expenses and other liabilities		12,200	10,834
Total liabilities		<u>19,298</u>	<u>13,495</u>
Net assets		<u>1,109,359</u>	<u>1,119,403</u>
Certificate holders' equity (as per statement attached)			
Issued, subscribed and paid-up capital			
100,000,000 (June 30, 2013: 100,000,000) ordinary certificates of Rs 10 each issued as fully paid-up in cash		1,000,000	1,000,000
Revenue reserves			
Undistributed income		108,979	119,364
Surplus / (deficit) on revaluation of 'available for sale' investments - (net)		380	39
		<u>1,109,359</u>	<u>1,119,403</u>
Contingencies & Commitment	6	-	-
Net assets value per certificate - (Rupees)		<u>11.09</u>	<u>11.19</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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


MD & CEO


Director

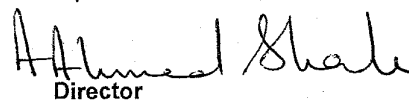
PAK OMAN ADVANTAGE FUND
CONDENSED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)

	Note	Nine months period ended March 31,		Quarter ended March 31,	
		2014	2013	2014	2013
------(Rupees in '000)-----					
Income					
Net realised gain on sale of investments		(1,197)	2,568	(338)	(78)
Profit on					
- term finance and sukuk certificates		30,137	71,471	9,195	32,474
- government securities		27,439	1,915	8,587	(9,962)
- savings accounts with banks		21,675	22,911	7,086	6,336
- placement with financial institutions		-	-	-	-
Other income		34	88	2	-
		<u>78,088</u>	<u>98,953</u>	<u>24,532</u>	<u>28,770</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)		4,039	(1,061)	5,701	(1,276)
Provision against non performing debt security	5.2.1.3	-	(11,237)	-	(2,498)
		<u>4,039</u>	<u>(12,298)</u>	<u>5,701</u>	<u>(3,774)</u>
Total income		<u>82,127</u>	<u>86,655</u>	<u>30,233</u>	<u>24,996</u>
Expenses					
Remuneration to POAMCL - Management Company of the Fund		10,451	10,599	3,377	3,401
FED & Sindh sales tax on management fee		3,610	1,696	1,167	544
Remuneration to CDC - trustee of the Fund		1,040	1,028	348	332
Annual fee to the SECP		627	630	203	198
Auditors' remuneration		407	426	(30)	141
Fees and subscription		345	340	114	119
Workers' Welfare Fund	6.1	1,149	1,412	364	387
Brokerage		164	174	65	24
Bank, settlement and other charges		379	313	(96)	29
		<u>0</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses		<u>18,172</u>	<u>16,618</u>	<u>5,512</u>	<u>5,175</u>
Net income for the period		<u>63,955</u>	<u>70,037</u>	<u>24,721</u>	<u>19,821</u>
Earnings per certificate - basic (Rupees)		<u>0.64</u>	<u>0.70</u>	<u>0.25</u>	<u>0.20</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)


MD & CEO


Director

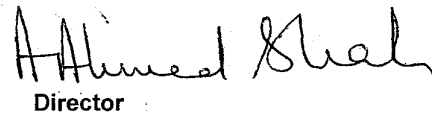
**PAK OMAN ADVANTAGE FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)**

	Nine months period ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net income for the period	63,955	70,037	24,721	19,821
Other comprehensive income:				
Deficit / Appreciation on revaluation of 'available for sale investments' - net of provision	341	(7,864)	401	(1,186)
Provision against non performing debt security included in income statement	-	11,237	-	2,498
Other comprehensive income for the period	341	3,373	401	1,312
Total comprehensive income for the period	64,296	73,410	25,122	21,133

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


MD & CEO


Director

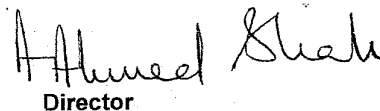
**PAK OMAN ADVANTAGE FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)**

	Nine months period ended March 31,	
	2014	2013
	(Rupees in '000)	
Undistributed income brought forward	119,364	142,894
Net income for the period	63,955	70,037
Less: Final distribution for the year ended June 30, 2013 in the form of cash dividend @7.43% (June 30, 2012: 10.178%)	(74,340) (10,385)	(101,780) (31,743)
Undistributed income carried forward	108,979	111,151

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For Pak Oman Asset Management Company Limited
(Management Company)


MD & CEO

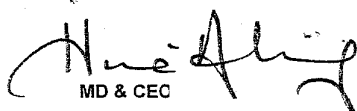

Director

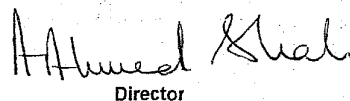
PAK OMAN ADVANTAGE FUND
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)

	Issued, subscribed and paid-up capital	Undistributed income	(Deficit) / surplus on revaluation of investments	Total
(Rupees in '000)				
Balance as at July 1, 2012	1,000,000	142,894	(1,222)	1,141,672
Comprehensive income for the period				
Net income for the nine months period ended March 31, 2012	-	70,037	-	70,037
<i>Other comprehensive income</i>				
- Deficit on revaluation of 'available for sale investments' - (net)	-	-	(7,864)	(7,864)
- Provision against non performing debt security included in income statement	-	-	11,237	11,237
<i>Total other comprehensive income</i>	-	-	3,373	3,373
Total comprehensive income for the six months period ended March 31, 2013	-	70,037	3,373	73,410
<i>Transactions with owners</i>				
Final distribution for the year ended June 30, 2012 in the form of cash dividend @10.178%	-	(101,780)	-	(101,780)
Balance as at March 31, 2013	<u>1,000,000</u>	<u>111,151</u>	<u>2,151</u>	<u>1,113,302</u>
Balance as at July 1, 2013	1,000,000	119,364	39	1,119,403
Comprehensive income for the period				
Net income for the nine months period ended March 31, 2014	-	63,955	-	63,955
<i>Other comprehensive income</i>				
- Deficit on revaluation of 'available for sale investments' - (net)	-	-	341	341
- Provision against non performing debt security included in income statement	-	-	-	-
<i>Total other comprehensive income</i>	-	-	341	341
Total comprehensive income for the six months period ended March 31, 2014	-	63,955	341	64,296
<i>Transactions with owners</i>				
Final distribution for the year ended June 30, 2013 in the form of cash dividend @7.43%	-	(74,340)	-	(74,340)
Balance as at March 31, 2014	<u>1,000,000</u>	<u>108,979</u>	<u>380</u>	<u>1,109,359</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
 (Management Company)


 MD & CEC


 Director

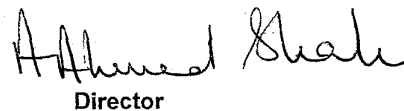
**PAK OMAN ADVANTAGE FUND
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)**

	Note Nine months period ended	
	March 31,	
	2014	2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	63,955	70,037
Adjustments for:		
Net realised gain on sale of investments	1,197	(2,568)
Profit on		
- term finance and sukuk certificates	(30,137)	(71,471)
- government securities	(27,439)	(1,915)
- savings accounts with banks	(21,675)	(22,911)
- placement with financial institutions	-	-
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	(4,039)	1,061
Provision against non performing debt security	-	11,237
	<u>(18,138)</u>	<u>(16,530)</u>
(Increase) / decrease in assets		
Investments (net)	308,196	64,886
Deposits, prepayments and other receivable	50	-
	<u>308,246</u>	<u>64,886</u>
Increase / (decrease) in liabilities		
Payable to POAMCL - Management Company of the Fund	104	16
Payable to CDC - trustee of the Fund	119	100
Payable to the SECP	(210)	(200)
Accrued expenses and other liabilities	1,366	1,621
	<u>1,379</u>	<u>1,537</u>
Profit received on		
- term finance and sukuk certificates	16,806	67,227
- government securities	27,439	2,693
- savings accounts with banks	20,747	18,890
Net cash (outflow) / inflow from operating activities	<u>356,479</u>	<u>138,703</u>
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	(69,916)	(101,515)
Net cash outflow from financing activity	<u>(69,916)</u>	<u>(101,515)</u>
Net (decrease) / increase in cash and cash equivalents during the period	286,563	37,188
Cash and cash equivalents at the beginning of the period	199,125	368,179
Cash and cash equivalents at the end of the period	<u>485,688</u>	<u>405,367</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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


MD & CEO


Director

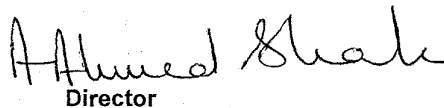
**PAK OMAN ADVANTAGE FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY
AND RESERVES PER CERTIFICATE
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UNAUDITED)**

	Nine months period ended March 31,	
	2014	2013
	(Rupees)	
Net assets value per certificate at the beginning of the period	11.19	11.42
Net realised gain on sale of investments	(0.01)	0.03
Profit on		
- term finance and sukuk certificates	0.31	0.72
- government securities	0.27	0.02
- savings accounts with banks	0.21	0.22
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	0.04	(0.01)
Provision against non performing debt securities	-	(0.11)
Expenses	(0.18)	(0.17)
Net income for the period	0.64	0.70
Final distribution for the year ended June 30, 2013 in the form of cash dividend @7.4% (June 30, 2012: 10.178%)	(0.74)	(1.020)
Surplus on revaluation of 'available for sale investments' (net)	-	0.030
Net assets value per certificate at the end of the period	<u>11.09</u>	<u>11.13</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)


MD & CEO


Director

**PAK OMAN ADVANTAGE FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UNAUDITED)**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pak Oman Advantage Fund (the Fund) was established as a closed-end scheme under a Trust Deed executed between Pak Oman Asset Management Company Limited (the Management Company) as the management company and the Central Depository Company of Pakistan Limited (the Trustee) as the trustee of the Fund. The Trust Deed was executed on February 12, 2007 and was approved by the Securities and Exchange Commission of Pakistan (the SECP) on March 16, 2007 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). At present the Non-Banking Finance Companies and Notified Entities Regulation, 2008 issued by the SECP through SRO No. 1203(I)/2008 dated November 21, 2008 (NBFC Regulations) are also applicable on the Fund. The registered office of the Management Company is situated at Horizon Vista, Mezzanine Floor - 2, Plot No. Commercial - 10 Scheme - 5, Block 4, Clifton, Karachi, Pakistan.
- 1.2 The investment objective of the Fund is to provide low risk fixed income returns to investors by investing in instruments that carry minimal credit, liquidity and price risks. The Fund invests in term finance certificates issued by commercial banks, sukuk certificates, government securities, short term placements in financial institution, reverse repurchase transactions.
- 1.3 The Fund is a closed-end scheme and its certificates are listed on the Karachi Stock Exchange. The Management Company of the Fund has been given quality rating of AM3- by JCR-VIS Credit Rating Company Limited. PACRA has assigned an A+(f) (Single A Plus fund) Fund stability rating to the Fund which reflect the moderate degree of stability and returns at moderate risk level.
- 1.4 Title to the assets of the Fund are held in the name of the Trustee.
- 1.5 In accordance with clause 65 of the NBFC Regulations (read with SRO 1399(I)/2012 and 1492(I)/2012 dated November 28, 2012 and December 26, 2012 respectively) an asset management company managing a closed end fund shall, upon expiry of five years from November 21, 2007 or the date of launch of the fund whichever is later, had to hold a meeting of the certificate holders of the closed end scheme upto January 31, 2013 to seek their approval for conversion of the closed end fund into an open end scheme or revocation of the closed end scheme, subject to applicable provisions of the NBFC Rules and the NBFC Regulations. The Management Company is, however, of the view that in accordance with the Fund's offering document, it (the Fund) has a fixed life of eight (8) years which will be completed by March 15, 2015. Further, the investors at the time of launch of the Fund had based their decision to invest in the Fund keeping in view its fixed duration of eight (8) years and the investment policy of the Fund was made on the similar basis. Accordingly, a clarification for application of clause 65 of the NBFC Regulations to the Fund has been sought from the SECP by the Management Company which is at present under consideration of the SECP.

In view of the above, the Management Company believes that the SECP will allow the Fund to complete its fixed life of eight years and, therefore, these condensed interim financial statements have been prepared on a 'going concern' basis.

- 1.6 The Management Company is non complaint with regards to its minimum capital requirement as per Non Banking Finance Companies and Notified Entities Regulation, 2008. To comply with the above requirement of the equity, the Board accepted the management's proposal to merge the Company with another entity who is also engaged in similar business subject to the Regulatory approvals.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) issued by the International Accounting Standards Board, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2013.

3.1 Estimates and judgements

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended and as at June 30, 2013.

		March 31, 2014	June 30, 2013
		(Rupees in '000)	
4.	BALANCES WITH BANKS		
	In savings accounts	485,012	198,699
	In current accounts	676	426
		<u>485,688</u>	<u>199,125</u>
		March 31, 2014	June 30, 2013
		(Rupees in '000)	
5.	INVESTMENTS		
	Investments - at 'fair value through profit or loss'	581,271	827,829
	Investments - 'available for sale'	35,420	93,763
		<u>616,690</u>	<u>921,592</u>
5.1	Investments - at 'fair value through profit or loss'		
	Listed term finance certificates	292,690	297,829
	Unlisted term finance certificates	-	-
	Unlisted sukuk certificates	160	569
	Government securities	288,421	529,542
		<u>581,271</u>	<u>827,940</u>

5.1.1 Listed term finance certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at March 31, 2014	Amortised cost as at March 31, 2014	Fair value as at March 31, 2014	Unrealised (loss) / gain as at March 31, 2014	Net assets of the Fund on the basis of investments (See note 6.1.1.2. below)	Percentage in relation to	
											Paid up capital of investee company on the basis of face value	Total market value of investments
Number of certificates												
(Rupees in '000)												
Commercial banks												
(note 6.1.1.1)												
Allied Bank Limited - I	December 6, 2014	6 months KIBOR + 1.90%	1,000	-	-	1,000	2,535	2,514	(21)	0.23	0.05	0.41
Askeri Bank Limited - II	October 31, 2013	6 months KIBOR + 1.50%	12,589	-	12,589	-	-	-	-	-	0.00	-
Askeri Bank Limited - IV	December 23, 2021	6 months KIBOR + 1.75%	69	-	-	69	73,248	77,944	4,696	7.03	0.00	12.64
Bank Alfalah Limited - III	November 25, 2013	6 months KIBOR + 1.50%	6,400	-	6,400	-	-	-	-	-	0.00	-
Bank Alfalah Limited - (Fixed)	December 2, 2017	Fixed 15%	3,320	10,334	-	13,654	73,511	73,232	(279)	6.60	0.51	11.88
Bank Alfalah Limited - (Floating)	December 2, 2017	6 months KIBOR + 2.50%	3,000	10,550	1,800	11,750	62,870	63,009	139	5.68	0.44	10.22
Bank Alfalah Limited - IV	February 20, 2021	6 months KIBOR + 1.25%	6,125	5,400	5,400	6,125	31,763	31,214	(549)	2.81	0.23	5.06
Faysal Bank Limited - I	November 12, 2014	6 months KIBOR + 1.40%	4,000	-	-	4,000	10,081	10,068	(13)	0.91	0.24	1.63
Bank Al-Habib Limited - II	February 7, 2015	6 months KIBOR + 1.85%	3,000	-	-	3,000	15,125	15,130	5	1.36	0.15	2.45
Bank Al-Habib Limited - III	June 15, 2017	Fixed 15.50%	5,800	1,800	7,600	-	-	-	-	-	0.00	-
Standard Chartered Bank (Pakistan) Limited	June 29, 2022	6 Months KIBOR + 0.75%	3,800	-	-	3,800	18,877	19,078	201	1.72	0.05	3.09
										26.34	1.67	47.38
Leasing												
Orix Leasing Pakistan Limited	June 30, 2014	3 months Kibor + 2.15%	50	-	-	50	495	501	6	0.05	0.05	0.06
										288,505	292,690	4,185
										379,318		
Total cost of investment												

5.1.1.1 All term finance certificates have a nominal value of Rs 5,000 each, other than term finance certificates of Orix Leasing Pakistan Limited which have a face value of Rs 100,000 each.

5.1.1.2 Net assets are as defined in regulation 66 of NBFC Regulations.

5.1.2 Unlisted term finance certificates

Name of the investee company	Maturity date	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at March 31, 2014	Amortised cost as at March 31, 2014	Fair value as at March 31, 2014	Unrealised (loss) / gain as at March 31, 2014	Net assets of the Fund on the basis of investments (See note 6.1.1.2. above)	Percentage in relation to		
										Paid up capital of investee company on the basis of face value	Total market value of investments	
Number of certificates												
(Rupees in '000)												
Others												
Agritech Limited (Formerly Pak American Fertilizers Limited) - note 5.1.2.2												
	January 1, 2017	168	-	-	-	-	-	-	-	-	-	-
This term finance certificate had a nominal value of Rs 5,000 each.												

5.1.2.1

5.1.2.2

On May 29, 2010, i.e. the scheduled redemption, the accrued profit aggregating Rs 0.84 million was not received by the Fund. In accordance with the requirements of the Circular No. 1 of 2009 dated January 6, 2008 issued by the SECP, the TFCs were classified as 'non performing assets' and the profit receivable of Rs 0.84 million was provided for, and no further profit was accrued thereafter. The Fund disposed off its investment in such TFCs on December 20, 2010. On January 11, 2012, Agritech Limited transferred its zero coupon TFCs to the Fund's security account maintained with the Central Depository Company of Pakistan Limited against the overdue markup due as of May 29, 2010. However, the same are being carried at nil value in these condensed interim financial statements as the Management Company is of the view that such additional TFCs represent markup for the period when the TFCs of Agritech Limited were classified as non-performing and such markup shall only be recognised on a receipt basis.

5.1.3 Unlisted sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at March 31, 2014	Amortised cost as at March 31, 2014	Fair value as at March 31, 2014	Unrealised gain as at March 31, 2014	Net assets of the Fund on the basis of investments (See note 6.1.1.2 above)	Percentage in relation to	
											Paid up capital of investee company on the basis of face value	Total market value of investments
Cement Kohat Cement Company Limited (note 6.1.3.1 & 6.1.3.2)	September 20, 2016	3 months KIBOR + 1.50%	1,000			1,000	213	180	(53)	0.01	0.09	0.03
			(Rupees in '000)									

Total	213	180	(53)
Total cost of investment	340		

5.1.3.1 The nominal value of the sukuk certificates of Kohat Cement Company Limited is Rs 1,148 each.

5.1.3.2 The sukuk certificates of Kohat Cement Company Limited were restructured in May 2009, February 2010 and September 2011. Under the latest revised terms, the first principal was due on September 20, 2011, which was received accordingly. The security will mature on September 20, 2016. Under the latest revised terms the profit rate is 3 months KIBOR plus 1.5% which shall be accrued from June 20, 2011. The profit for the period September 20, 2011 to June 20, 2012 shall be taken to a frozen account and the profit for the period commencing from June 20, 2012 to September 20, 2016 will be charged and disbursed regularly on quarterly basis. The frozen account will be adjusted through payments to be made from June 20, 2014 to September 20, 2016.

5.1.4 Government securities

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at March 31, 2014	Amortised cost as at March 31, 2014	Fair value as at March 31, 2014	Unrealised gain as at March 31, 2014	Percentage in relation to		
										Net assets of the Fund on the basis of Investments (See note 6.1.1.2 above)	Total market value of investments	
Number of certificates												
(Rupees in '000)												
Treasury bills - Government of Pakistan												
-do-	September 19, 2013	8.55%	-	2,000	2,000	-	-	-	-	-	-	
-do-	December 12, 2013	9.41%	-	6,000	6,000	-	-	-	-	-	-	
-do-	December 12, 2013	8.82%	1,000	-	1,000	-	-	-	-	-	-	
-do-	January 9, 2014	9.62%	-	2,450	2,450	-	-	-	-	-	-	
-do-	February 20, 2014	9.79%	-	750	750	74,120	74,074	-	-	-	-	
-do-	June 12, 2014	9.28%	1,000	-	1,000	-	-	-	-	-	-	
-do-	June 26, 2014	9.29%	1,000	-	1,000	-	-	-	-	-	-	
-do-	April 17, 2014	9.09%	-	2,000	-	2,000	199,150	199,056	-	-	-	
GoP Ijara Sukuk - VI	December 20, 2013	9.28%	1,540	-	1,540	-	-	-	-	-	-	
GoP Ijara Sukuk - VII	March 07, 2014	10.28%	150	-	150	-	-	-	-	-	-	
GoP Ijara Sukuk - XII	June 28, 2015	9.18%	800	-	650	150	15,384	15,291	(93)	1.38	2.48	
Total							288,654	288,421	288,421	(93)		
Total cost of investment							288,654	288,421	288,421	(93)		

5.1.4.1 All treasury bills, Pakistan investment bonds and GoP Ijara Sukuks have a nominal value of Rs 100,000 each.

Note
 March 31, 2014 (Rupees in '000) June 30, 2013

5.2 Investments available for sale
 Listed term finance certificates

5.2.1 35,420 93,763

Name of the investee company	Maturity date	Profit rate	Number of certificates		As at March 31, 2014	Amortised cost as at March 31, 2014	Fair value as at March 31, 2014	Unrealised gain / (loss) as at March 31, 2014	Net assets of the Fund on the basis of investments (See note 6.1.1.2 above)	Percentage in relation to paid up capital of investee company on the basis of face value	Total market value of investments
			As at July 1, 2013	Purchases during the period							
Commercial banks											
Allied Bank Limited - I	December 6, 2014	6 months KIBOR + 1.90%	8,000	-	8,000	20,016	20,113	97	1.81	0.42	3.26
Bank Al-Jahiz Limited - III	November 25, 2013	6 months KIBOR + 1.50%	11,000	-	11,000	-	-	-	-	-	-
United Bank Limited - III	September 8, 2014	6 months KIBOR + 1.70%	18,000	-	18,000	15,024	15,307	283	1.38	0.74	2.48
Miscellaneous											
PACE (Pakistan) Limited (note 5.2.1.2 and note 5.3)	February 15, 2013	6 months Kibor + 3.00%	5,000	-	5,000	-	-	-	3.19	1.16	5.74
Total						35,040	35,420	380			
Total cost of investment						35,040	35,040				

* Provision of Rs 22,474 million has been netted off from the amortised cost of the investment amounting to Rs 24,970 million.

Term finance certificate of Bank Al Habib Limited carry a profit equal to 6 months KIBOR plus 1.5% per annum, receivable semi annually in arrears with 3.5% floor, 10% cap per annum.

On August 15, 2011 i.e. the scheduled redemption date, principal repayment along with the accrued profit aggregating Rs 0,005 million and Rs 1,962 million respectively were not received by the Fund. In accordance with the requirements of the Circular No. 1 of 2009, the term finance certificates were classified as 'non performing assets' and principal repayment and profit receivable of Rs 0,005 million and Rs 1,962 million were provided for, and no further profit has been accrued thereafter. As at March 31, 2013, in accordance with the provisioning policy of the Fund as per Circular No. 33 of 2012, an amount of Rs 22,473 million is being carried as provision against the outstanding principal.

Provision against impairment

Balance as at July 1

Provision for the period / year

Balance as on March 31 / June 30

The following investments of the Fund are below 'investment grade' securities:

Name of investee company	Type of investment	Value of investment before provision		Provision held as at March 31, 2014	Value of investment after provision	Percentage of net assets	Percentage of total assets
		(Rupees in '000)	(Rupees in '000)				
Kichat Cement Company Limited	Non-traded sukuk	149	-	-	149	0.01	0.01
PACE (Pakistan) Limited	Non performing Term Finance Certificate	24,970	24,970	-	-	0.00	0.00
Wapla Leaf Cement Factory Limited - additional sukuk certificates	Non-traded sukuk	25,119	24,970	-	149	-	-

March 31, 2014 (Rupees in '000)

(11,237)

(11,237)

(11,237)

June 30, 2013

(11,237)

(11,237)

(11,237)

6. Contingencies

6.1 WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. Further, in December 2010 the Ministry filed its responses against the Constitutional Petition requesting SHC to dismiss the same. However, thereafter, show cause notices were issued by the Federal Board of Revenue (FBR) to certain mutual funds for the collection of WWF. In respect of such show cause notices, mutual funds have been granted stay by SHC on the basis of the pending Constitutional Petition as referred above.

During the year ended June 30, 2012 the Lahore High Court (LHC) in another Constitutional Petition relating to the amendments brought in the WWF Ordinance through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. While, the Constitutional Petition filed in the SHC is still pending.

As the matter relating to levy of WWF is currently pending in SHC, the Management Company, as a matter of prudence, has recognised WWF charge upto March 31, 2013 amounting to Rs 11.47 million, which includes Rs 1.149 million pertaining to the current period.

Had the above recognition not been made, the net asset value per certificate of the Fund would have been higher by Rs 0.110 per certificate (i.e. 1.00% of the net asset value per certificate).

6.2 Federal Excise Duty

As per the requirement of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in the note above, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. As a matter of abundant caution, the Management Company has charged Rs. 1.67 million to the Fund during the year on account of the FED.

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Pak Oman Asset Management Company Limited (POAMCL) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Pak Oman Investment Company Limited (POICL) being the Holding Company of the 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. Pak Oman Advantage Asset Allocation Fund (POAAAF), Pak Oman Islamic Asset Allocation Fund (POIAAF), Pak Oman Advantage Islamic Income Fund (POAIIIF) and Pak Oman Government Securities Fund (POGSF).

Other transactions with connected persons are at mutually 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.

7.1 Transactions and balances with connected persons / related parties

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

	March 31, 2014	June 30, 2013
	(Rupees in '000)	
POAMCL - Management Company of the Fund		
Remuneration payable	1,169	1,155
Sindh sales tax & FED payable on management fee	389	300
Investment of 250,000 certificates	2,500	2,500
CDC - trustee of the Fund		
Trustee fee payable	222	103
Bank Alfalah Limited		
Bank balance	484,605	198,697
Profit receivable	1,219,983	292
Investments by the Fund in term finance certificates	See notes 5.1.1 & 5.2.1	
Profit receivable on term finance certificates	5,235	1,920
Investment of 15,000,000 certificates	150,000	150,000
National Insurance Company Limited		
Investment of 10,000,000 certificates	100,000	100,000
POICL - holding company of the Management Company		
Investment of 27,109,000 certificates	271,090	271,090
Directors and officers of the Management Company		
Investment of 500 certificates	5	5

For the nine months period ended

	March 31 2014	March 31 2013
	(Rupees in '000)	
POAMCL - Management Company of the Fund		
Remuneration for the period	10,451	10,599
Sindh sales tax & FED on management fee	3,610	1,696
Dividend for the period	185	254
CDC - trustee of the Fund		
Remuneration for the period	1,040	1,028
Central Depository System charges for the period	123	123
Bank Alfalah Limited		
Profit on bank deposits	21,675	22,911
Bank charges	53	53
Dividend paid	11,151	15,267
Profit on term finance certificate	6,612	13,316
National Insurance Company Limited		
Dividend paid	7,434	10,173
POICL - holding company of the Management Company		
Dividend paid	20,153	27,952
Directors and officers of the Management Company		
Dividend paid	0.37	1

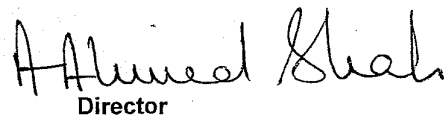
8. DATE OF AUTHORISATION FOR ISSUE

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

These condensed interim financial statements were authorised for issue on April 28, 2014 by the Board of Directors of the Management Company.

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


MD & CEO


Director

**PAK OMAN ADVANTAGE FUND
STATEMENT OF INCOME & EXPENDITURE OF MANAGEMENT COMPANY IN RELATION
TO THE FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

Rupees in 000

INCOME

Management Company Remuneration 10,451

OPERATING EXPENSES

Salaries and allowances	6,219
Traveling and accommodation	392
Rent, rates and taxes	343
Utilities	366
Communication	5
Membership and subscriptions	538
Printing, stationery and periodicals	176
Depreciation	136
Legal and professional charges	907
Repairs and maintenance	264
Transportation	434
Insurance	17
Entertainment	62
Advertisement	194
	10,053

Net income for the year

398

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.