

PAK OMAN ADVANTAGE FUND

Financial Statements

For the year ended 30 June 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. Tanveer Ahmed

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
Bank Islami Pakistan 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 audited financial statements of the Fund for the year ended **June 30, 2014**.

Economic Review

The financial year 2014 was the first year of new government of PMLN in which the economy has shown some improvement on the back of economic and fiscal reforms. Despite the current political turmoil due to sit-ins that has been prolonged for more than a month, several steps taken by PMLN government to support economic growth and to enhance investments from local as well as foreign side has changed the country's picture on international forum. Privatization process of different State Owned Entities (SOEs) coupled with issuance of Eurobond in International market is also resumed by the government to further support the economic progress.

Foreign exchange reserves stood at USD 14.14bn for the period ended FY14. At the time of taking over the government, foreign exchange reserves was at deteriorating position so the new government signed a loan facility from International Monetary Fund (IMF) of USD 6.7bn to avoid default on the debt service as the country's balance of payment position was in doldrums. Furthermore, inflows from 3G/4G auction coupled with inflows from Eurobond issuance and foreign remittances supported the foreign exchange reserves.

On the back of improved macroeconomic figures, Pakistan's GDP growth rate is expected to rise by 4.1% for the fiscal year ended 2014 as compared to 3.6% in the same period last year. During the year, the CPI inflation remained near the target set by the government of 8.0%. The average CPI inflation for the year FY14 was recorded as 8.6% as compared to 7.4% for the year of FY13.

On account of foreign portfolio investment (FPI), which includes foreign public investment, Pakistan attracted USD 2.74bn during the July 2013-June 2014 period, more than 21 times higher than the FPI worth USD 124.2mn received in the preceding fiscal year. Foreign Direct Investment (FDI) also recorded a growth of 11.99% on year over year basis, as FDI for the fiscal year period ended 2014 stood at USD 1.63bn as compared to USD 1.46bn in the corresponding period last year.

Current account posted a deficit of USD 2.9bn (1.2% of GDP) in the period of FY14 as compared to a deficit of USD 2.3bn in FY13. Current account deficit increased due to decline in the service sector as country received less Coalition Support Fund (CSF) during the year as compared to previous year.

Money Market:

The average overnight repo rate stood at 9.00% for the year ended June 30, 2014. The State Bank of Pakistan conducted twenty six T-bill auctions during the year and assimilated PKR 6,628.55bn collectively from all the auctions. The breakup of which is as follows: PKR 4,824.37bn in the 3-month tenor, PKR 914.23bn in the 6-month tenor and PKR 889.95bn in the 12-month tenor. Twelve PIB auctions were also conducted during the year. SBP accepted PKR 248.70bn against the participation of PKR 603.04bn. Besides T-bill and PIB auctions, one Government of Pakistan Ijara Sukuks auction was also conducted by SBP of which amount accepted equaled to PKR 49.54bn against participation of PKR 113.72bn.

Operating Performance

The Fund during the year ended June 30, 2014, earned a total income of PKR 105.165mn (2013: PKR. 100.160mn). The income for the year comprised mainly of profit on Sukuk and TFCs amounting to PKR



41.143mn (2013: PKR. 64.519mn), profit on government securities amounting to PKR 28.777mn (2013: PKR. 25.151mn), profit on bank deposit amounting to PKR 39.852mn (2013: PKR. 30.402mn), loss (2013: gain) on sale of investments of PKR 0.880mn (2013: PKR. 2.546mn), and other income amounting to PKR 0.069 (2013: PKR. .093mn). The unrealized loss on investments at fair value through profit or loss and Provision for the year was PKR 3.801mn (2013: PKR. 22.546mn). After accounting for expenses of PKR 24.460mn (2013: PKR. 21.915mn), the net income for the year was PKR 80.700mn (2013: PKR. 78.250mn) which translates into the gain of PKR0.81/certificate outstanding as at June 30, 2014 (2013: PKR. 0.78/certificate). The net assets of the fund as at June 30, 2014 were PKR 1,125.185mn (2013: PKR. 1,119.403mn), resulting in a net asset value of PKR 11.25/certificate (2013: PKR. 11.19/certificate).

Emphasis of Matter Paragraph

The Auditors has drawn attention to:

- (i) note 1.3 to the accompanying financial statements which explains the current status of the Management company's license to provide asset management services and the scheme of arrangement of amalgamation; and
- (ii) note 1.5 to the accompanying financial statements which refers to the status that the Fund will automatically be dissolved after its maturity period. As the Fund will not be able to continue as a going concern at least for the next twelve months, accordingly, these financial statements are not prepared on a going concern basis.

The Auditors have however remarked in their report that their opinion was not qualified in respect of the matters stated in paragraphs (i) and (ii) above.

Future Outlook

During June 2014, Consumer Price Index (CPI) went up by 8.22% YoY as against 8.34% YoY a month ago. Healthy foreign exchange reserves that reached to USD 14.14bn at the year end kept PKR/USD parity stabilized at 98.5 with nominal appreciation of PKR against the greenback. After getting a positive response to Eurobond, the government has planned to issue Islamic Bonds/ Sukuks in the international market in upcoming months.

The Key indicators for monetary policy direction for FY15 will be external account developments as the CPI is expected to be well in control in the range of 8.00% - 8.75%. Going forward, a status quo is expected in the upcoming MPS to be announced in September 2014.

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.

Statement on Corporate and Financial Reporting Framework

- These financial statements, prepared by the management of the Fund, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Fund have been maintained.



- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, except for the fact that the assets and liabilities have been reported in the financial statements at the realizable/settlement values.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored:
- The matter relating to going concern status of the Fund is disclosed in note 1.4 to the financial statements.
- The Directors, Executives of the Management Company including their spouse and minor children do not hold any interest in the certificates of the Fund other than those disclosed in the financial statements.
- During the year, there have been no trades in the certificates of the Fund carried out by the Directors, CEO, CFO / Company Secretary and their spouses.
- Pattern of certificates holding is given on page 24.1 of the financial statements.
- Key financial data (performance table) for four years given in note 25 of the financial statements.
- The number of board and committees' meeting held during the year and attendance by each director is as follows

Designation	Board		Audit Committee		HR&R Committee		
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	10	8	0	0	0	0
Agha Ahmed Shah,	Director	10	8	0	0	0	0
Mr. Humayun Murad	Director	10	8	4	3	1	1
Mr. Parveiz Usman	Director	10	3	0	0	0	0
Mr. Sulaiman Hammad Al Harty	Director	10	5	4	2	0	0
Mr. Ali Said Ali	Director	10	7	0	0	0	0
Mr. Saif Said Salim Al Yazidi	Director	10	5	4	3	1	1
Ms. Hina Ghazanfar	MD & CEO	10	10	0	4	1	1

- Mr. Agha Ahmed Shah is a certified director from Pakistan Institute of Corporate Governance. In addition H. E. Yahya Bin Said Bin Abdullah Al-Jabri, Chairman and Mr. Humayun Murad, Director meets the criteria of exemption under clause (xi) of CCG and is accordingly exempted from directors' training program.

Merger of Management Company

The Board of Directors of Pak Oman Asset Management Company Limited (POAMCL), the Management Company of the fund, has approved merger of POAMCL with and into KASB Funds Limited (KFL). The shareholders of Management Company vide a special resolution approved the said merger in their extra ordinary general meeting. Competition Commission of Pakistan vide their letter dated 30 May 2014 has also given a 'No Objection Certificate' for the said merger. Funds' Trustees have also consented for the change of the management company and NOC from SECP has also been received.



Subsequent to the above processes and after fulfilling all the legal requirements, including those stipulated by SECP in its above referred NOC, a joint application has been submitted to the SECP for their final approval and the merger would take effect, from the date as advised by the SECP and subject to their approval.

Dividend

The Board has approved a cash dividend for the year ended June 30, 2014 @ Rs. 0.766 per certificate i.e. 7.66 %.

Re-Appointment of Auditors

The present auditors M/s A.F. Ferguson & Co. Chartered Accountants retired after completing their three years term. The Audit Committee of the Management Company recommended and the Board of Directors approved appointment M/s KPMG Taseer Hadi & Co. Chartered Accountants as auditors for the ensuing financial year in place of retiring auditors.

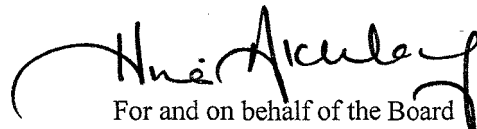
Mutual Fund Rating

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.

September 30, 2014
Karachi – Pakistan.


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



REPORT OF THE FUND MANAGER OF THE MANAGEMENT COMPANY

Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage Fund (the Fund) is pleased to present the Fund Manager’s Report of the Fund for the year ended June 30, 2014.

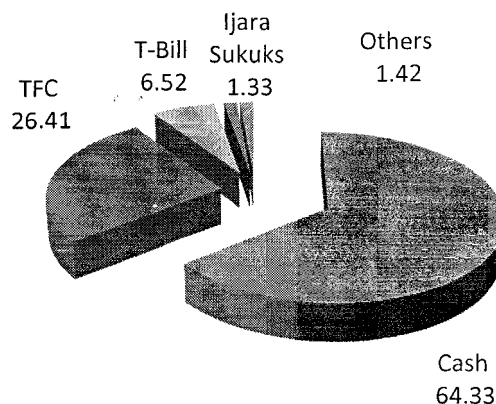
INVESTMENT OBJECTIVE

The basic objective of the fund is to provide low risk fixed income return to investors by investing in instruments that carry minimal credit. Liquidity and price risk.

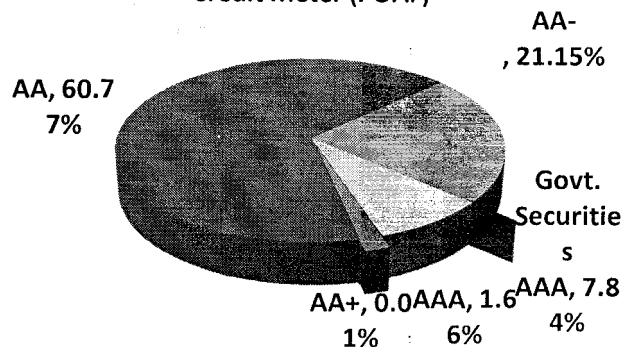
Terms and Structure

Type of Scheme	Closed – End Fund
Nature of Scheme	Fixed Income
Inception Date	May 10 th , 2007
Face Value	PKR 10 per Certificate
Fund Size	PKR 1.125bn
NAV (Jun 30th, 2014)	PKR 11.25 per Certificate
Benchmark	3 – Month KIBOR
Duration	8 Years
Fund Stability Rating	A+ (f) (PACRA)
AMC Rating	AM3- (JCR – VIS)
Listing	Karachi Stock Exchange Limited
KSE Symbol	POAF
Trustee	CDC Pakistan Limited
Auditor	A.F. Ferguson & Co.
Legal Advisor	Mohsin Tayebaly& Co.
Registrar	THK Associates (Pvt.) Limited
Management Fee	1.25% p.a.
Investment Committee	Ms. HinaGhazanfar, CEO Mr. Imran Rahim Khan, Fixed Income Fund Manager Mr.Meraj Uddin Mazhar, Equity Fund Manager

POAF Asset Allocation



Credit Meter (POAF)

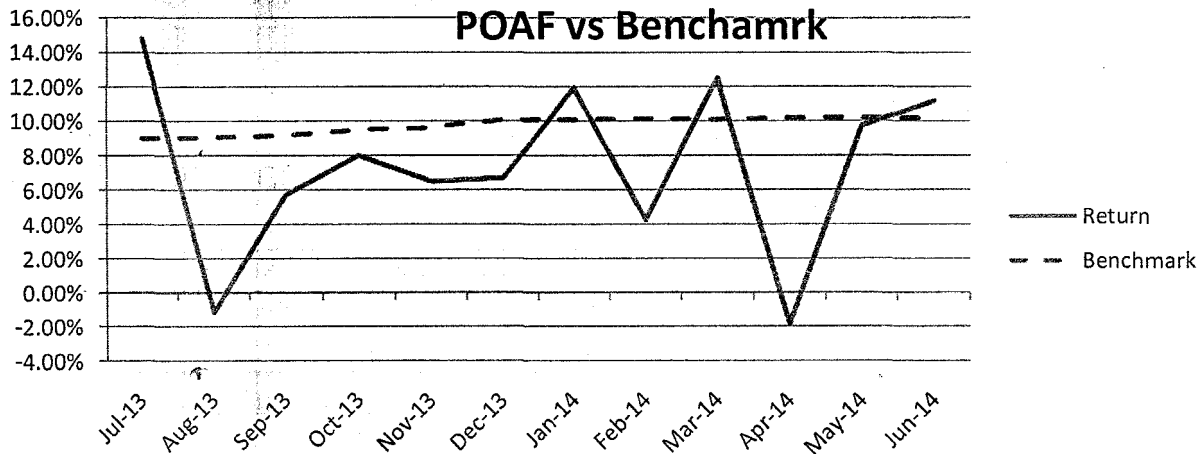


Receivables not accounted for 1.42%

PAK OMAN ADVANTAGE FUND

Fund Returns	POAF	Benchmark
Year-to-Date (YTD)	7.66%	9.77%
Asset Allocation (% of Assets)	2014	2013
Cash	64.33	17.58
TFCs	26.41	34.62
T-Bills	6.52	24.73
Other Including Receivables	1.42	1.07
Ijara/Sukuks	1.33	22.01
Leverage	0.00	0.00

POAF Performance	
Yield since inception	93.07%
Return (FY'14)	7.66%
Risk free rate (12M T-Bill)	9.81%
Sharpe Ratio	-0.2092
Distributions FY14 (PKR)	0.74



Fund Review:

POAF posted a return of 7.66% on FYTD basis against its benchmark of 9.77%. This lower return is mainly due to the mark to market revaluation of TFCs/ Sukuks.

According to the offering document dated April 30, 2007, the Fund has a maturity period of eight years which will end on March 15, 2015. The Fund will automatically be dissolved after the said maturity period. The management has assessed that the dissolution will not result in any impact on the carrying amount of the assets and liabilities of the Fund as these are already stated at the amounts expected to be realised or settled.

**August 29, 2014
Karachi**

[Signature]
**Mr. Imran Rahim Khan
Fixed Income Fund Manager**

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE CERTIFICATE HOLDERS

PAK OMAN 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

We Central Depository Company of Pakistan Limited, being the Trustee of Pak Oman Advantage Fund (the Fund) are of the opinion that Pak Oman Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 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 (NBFC Regulations) and the constitutive documents of the Fund.

We would like to draw the attention of Certificate Holders towards the following:

1. As also highlighted in the Trustee Report for the period ended December 31, 2013, year ended June 30, 2013 and period ended December 31, 2012, regulation 65 of the NBFC Regulations requires that the Management Company upon expiry of five years starting from November 1, 2007 or the date of launch of the Fund whichever is later, hold within one month of such period a meeting of the Certificate Holders to seek their approval to convert the fund into an open end scheme or revoke the closed end scheme.

As per S.R.O.1399 (1)/2012 issued by Securities and Exchange Commission of Pakistan (SECP), the time line to hold such meeting was further extended till January 31, 2013 however, the Management Company did not comply with the said directive with a plea that as per the offering documents, the Fund has a fixed life of eight years and investors have also based their decision to invest in this Fund keeping in view the duration of the Fund. Accordingly, the Management Company has applied to SECP to allow continuation of the Fund for the rest of its life ending on March 15, 2015, the reply of which is still awaited.

2. The Management Company has decided to merge and amalgamate with and into KASB Funds Limited and has also obtained a Conditional No Objection Certificate from SECP. Upon fulfillment of the respective conditions mentioned within the said NOC which includes the completion of the process of amalgamation, the asset management and investment advisory licenses shall stand cancelled and will be surrendered to SECP.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 03, 2014



**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2014**

This statement is being presented to comply with the Code of Corporate Governance ('the Code') contained in Regulation No. 35 of listing regulations of the Karachi Stock Exchange where **Pak Oman Advantage Fund ('the Fund')** is listed. The purpose of the code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

Pak Oman Asset Management Company Limited ('the Management Company') an unlisted public company which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present the Board includes :

Category	Names
Independent directors	Mr. Humayun Murad Mr. Saif Said Salim Al Yazidi
Executive Directors	Ms. Hina Ghazanfar (MD & CEO)
Non – Executive Directors	H.E Yahya Bin Said Abdullah Al-Jabri Mr. Agha Ahmed Shah Mr. Sulaiman Hammad Al Harthy Mr. Ali Said Ali Mr. Parveiz Usman

The independent directors meet the criteria of independence under clause I (b) of the Code.

2. The directors of the Management Company have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There is no casual vacancy on the Board of the Management Company.



5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken place to disseminate it throughout the Management Company along with its supporting policies and procedures .
6. The Board of the Management Company has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including the appointment and determination of remuneration and terms and conditions of the employment of the Chief Executive Officer and other executives and non executive directors have been taken by the Board. There has been no new appointment of the Chief Executive Officer during the year.
8. The meetings of the Board were presided over by the Chairman and, in his absence by a director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One of the directors on the Board has obtained certification from the director's training program offered by a local institution that meet the criteria specified by the Securities Exchange Commission of Pakistan In addition two directors meet the criteria of exemption under clause (xi) of Code and are accordingly exempted from directors' training program.
10. There was no change of Head of Internal Audit and Company Secretary of the Management Company during the year. However, the Chief Financial Officer (CFO) position is still vacant due to expected merger of the Management Company with another asset management company as more fully explained in note 1.6 to the financial statements. However, in his absence another person has been assigned the responsibility of overseeing the finance function. The remuneration and terms and condition of employment of Head of Internal Audit and Company Secretary were approved by the Board of the Management Company.



11. The Directors' Report for this year 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 Chief Executive Officer (CEO). Furthermore, due to the vacant position of CFO, it was endorsed by the finance person responsible for the overseeing of the finance function.
13. The directors, Chief Executive Officer and executives do not hold any interests in the units of the Fund other than those disclose in the Directors' Report.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Fund.
15. The Board of the Management Company has formed an Audit Committee. It comprises of three members of whom two of them are non-executive directors and the Chairman of the Audit Committee is an independent director.
16. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the Fund and as required by the code, except for the first quarter ended 30 September2013 in which no meeting was held (which was held in the second quarter of the year). The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is an independent director.
18. The Board of the Management Company has set up an internal audit function managed by qualified and experienced professionals who are conversant with the policies and procedures of the Management Company and industry best practices. The Head of Internal Audit functionally reports to the Audit Committee. During the year internal audit activities were not performed for most part of the year and no reports were issued.



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 units of the Fund and that the firm and all its partners are in compliance with 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. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the Net Asset Value of Fund's was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other applicable material principles enshrined in the code have been complied with except for the fact that the mechanism for an annual evaluation of the Board's own performance is not in place. This mechanism was not put in place as the management company is in the process of merger.

Ms. Hina Ghazanfar
MD & CEO

30 September 2014
Karachi



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage Fund, for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval the Fund's 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 Management Company's compliance for and behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in point reference where these are stated in the Statement of Compliance:

S. No.	Paragraph reference	Description
(i)	16	The meeting of the Audit Committee was not held in the first quarter ended September 30, 2013.
(ii)	18	During the year internal audit activities were not performed for most part of the year and no reports were issued.
(iii)	23	The mechanism for an annual evaluation of the board's own performance is not in place.

A. Ferguson & Co.
Chartered Accountants
Karachi, October 3, 2014

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS
REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pak Oman Advantage Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2014, and the related income statement, statement of comprehensive income, distribution statement, statement of changes in equity, statement of movement in equity and reserves per certificate and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial position of the Fund as at June 30, 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Aff

Emphasis of matter paragraphs

We draw attention to:

- (i) note 1.3 to the accompanying financial statements which explains the current status of the Management Company's license to provide asset management services and the scheme of arrangement of amalgamation; and
- (ii) note 1.5 to the accompanying financial statements which refers to the status that the Fund will automatically be dissolved after its maturity period. As the Fund will not be able to continue as a 'going concern' atleast for the next twelve months, accordingly, the accompanying financial statements have not been prepared on a 'going concern' basis.

Our opinion is not qualified in respect of the matters stated in paragraphs (i) and (ii) above.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A. Ferguson & Co.
Chartered Accountants
Karachi, October 3, 2014

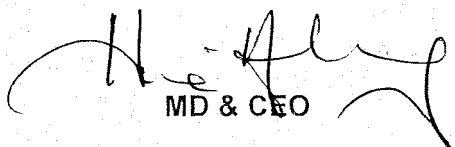
Audit Engagement Partner: Saad Kaliya

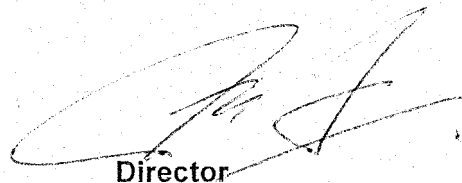
**PAK OMAN ADVANTAGE FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2014**

	Note	2014	2013
-----Rupees in '000-----			
Assets			
Balances with banks	6	736,294	199,125
Investments	7	392,979	921,703
Profit receivable	8	7,977	8,368
Deposits	9	3,702	3,702
Total assets		<u>1,140,952</u>	<u>1,132,898</u>
Liabilities			
Payable to Pak Oman Asset Management Company Limited (POAMCL) - management company of the Fund		1,534	1,455
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		223	103
Payable to Securities and Exchange Commission of Pakistan (SECP)		835	837
Dividend payable		279	266
Accrued expenses and other liabilities	10	12,901	10,834
Total liabilities		<u>15,772</u>	<u>13,495</u>
Net assets		<u>1,125,180</u>	<u>1,119,403</u>
Certificate holders' equity (as per statement attached)			
Issued, subscribed and paid-up capital			
100,000,000 ordinary certificates of Rs 10 each issued as fully paid-up in cash (2013: 100,000,000 ordinary certificates of Rs 10 each)		1,000,000	1,000,000
Revenue reserves			
Undistributed income		125,724	119,364
(Deficit) / surplus on revaluation of 'available for sale' investments		(544)	39
		<u>1,125,180</u>	<u>1,119,403</u>
Net assets value per certificate - (Rupees)	21	<u>11.25</u>	<u>11.19</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)


MD & CEO

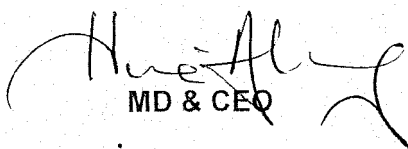

Director

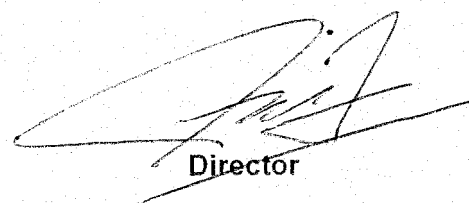
**PAK OMAN ADVANTAGE FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 -----Rupees in '000-----	2013
Income			
Net realised (loss) / gain on sale of investments	11	(880)	2,546
Profit on:			
- term finance and sukuk certificates	12	41,143	64,519
- government securities		28,777	25,151
- savings accounts with banks		39,852	30,402
Other income		69	93
		<u>108,961</u>	<u>122,711</u>
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)		(3,801)	(8,813)
Provision on investments	7.2.1.2	-	(13,733)
		<u>(3,801)</u>	<u>(22,546)</u>
Total income		<u>105,160</u>	<u>100,165</u>
Expenses			
Remuneration to POAMCL - management company of the Fund	13	18,732	16,457
Remuneration to CDC - trustee of the Fund	14	1,372	1,380
Annual fee to the SECP	15	835	837
Auditors' remuneration	16	675	619
Fees and subscription		642	454
Bank and settlement charges		314	526
Other expenses	17	1,890	1,642
Total expenses		<u>24,460</u>	<u>21,915</u>
Net income for the year		<u>80,700</u>	<u>78,250</u>
Earnings per certificate - basic and diluted (Rupees)	19	<u>0.81</u>	<u>0.78</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)


MD & CEO


Director

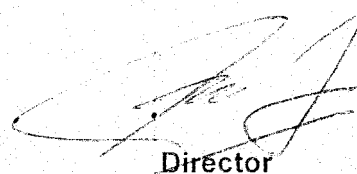
**PAK OMAN ADVANTAGE FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 -----Rupees in '000-----	2013
Net income for the year		80,700	78,250
Other comprehensive income:			
<i>Items that may be reclassified subsequently to income statement</i>			
Deficit on revaluation of 'available for sale investments' - (net)		(591)	(12,688)
Surplus released to income statement on disposal of 'available for sale investments'		8	216
Provision against a non performing debt security included in income statement	7.2.1.2	-	13,733
Other comprehensive income for the year		(583)	1,261
Total comprehensive income for the year		<u>80,117</u>	<u>79,511</u>

The annexed notes.1 to 27 form an integral part of these financial statements.

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


MD & CEO


Director

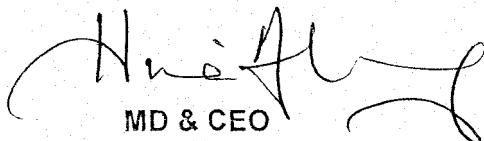
**PAK OMAN ADVANTAGE FUND
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

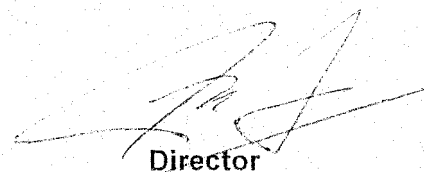
	2014	2013
	-----Rupees in '000-----	
Undistributed income brought forward	119,364	142,894
Net income for the year	80,700	78,250
Less: Final distribution for the year ended June 30, 2013 in the form of cash dividend @ 7.434% (June 30, 2012: 10.178%)	(74,340)	(101,780)
	6,360	(23,530)
Undistributed income carried forward	125,724	119,364

The annexed notes 1.to 27 form an integral part of these financial statements.

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


MD & CEO


Director

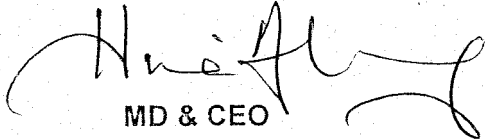
**PAK OMAN ADVANTAGE FUND
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

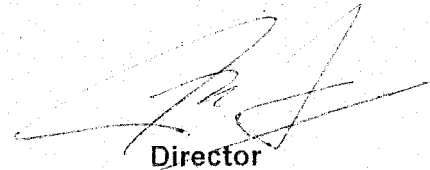
	2014	2013
	-----Rupees in '000-----	
Undistributed income brought forward	119,364	142,894
Net income for the year	80,700	78,250
Less: Final distribution for the year ended June 30, 2013 in the form of cash dividend @ 7.434% (June 30, 2012: 10.178%)	(74,340)	(101,780)
	6,360	(23,530)
Undistributed income carried forward	125,724	119,364

The annexed notes 1 to 27 form an integral part of these financial statements.

ATX

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


MD & CEO


Director

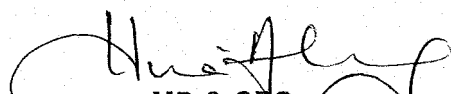
**PAK OMAN ADVANTAGE FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

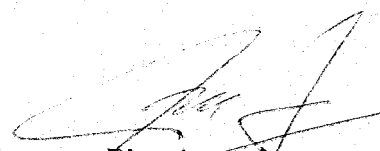
	Issued, subscribed and paid-up capital	Undistributed income	Surplus / (deficit) on revaluation of investments	Total
	-----Rupees in '000-----			
Balance as at July 1, 2012	1,000,000	142,894	(1,222)	1,141,672
Comprehensive income for the year				
Net income for the year ended June 30, 2013	-	78,250	-	78,250
<i>Other comprehensive income</i>				
- Deficit on revaluation of 'available for sale investments' (net)	-	-	(12,688)	(12,688)
- Surplus released to income statement on disposal of available for sale investments'	-	-	216	216
- Provision against non performing debt security included in income statement	-	-	13,733	13,733
<i>Total other comprehensive income</i>	-	-	1,261	1,261
Total comprehensive income for the year ended June 30, 2013	-	78,250	1,261	79,511
<i>Transactions with owners</i>				
Final distribution in the form of cash dividend @ 10.178%	-	(101,780)	-	(101,780)
Balance as at 30 June 2013	1,000,000	119,364	39	1,119,403
Comprehensive income for the year				
Net income for the year ended June 30, 2014	-	80,700	-	80,700
<i>Other comprehensive income</i>				
- Deficit on revaluation of 'available for sale investments' (net)	-	-	(591)	(591)
- Surplus released to income statement on disposal of 'available for sale investments'	-	-	8	8
<i>Total other comprehensive income</i>	-	-	(583)	(583)
Total comprehensive income for the year ended June 30, 2014	-	80,700	(583)	80,117
<i>Transactions with owners</i>				
Final distribution for the year ended June 30, 2013 in the form of cash dividend @ 7.434%	-	(74,340)	-	(74,340)
Balance as at 30 June 2014	1,000,000	125,724	(544)	1,125,180

The annexed notes 1 to 27 form an integral part of these financial statements.

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


MD & CEO


Director

**PAK OMAN ADVANTAGE FUND
STATEMENT OF MOVEMENT IN EQUITY
AND RESERVES PER CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2014**

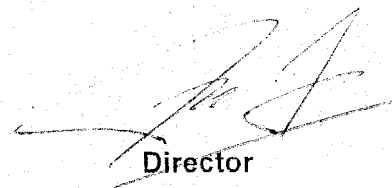
	2014	2013
	-----Rupees in '000-----	
Net assets value per certificate at the beginning of the year	11.19	11.42
Net realised (loss) / gain on sale of investments	(0.01)	0.03
Profit on:		
- term finance and sukuk certificates	0.41	0.65
- government securities	0.29	0.25
- savings accounts with banks	0.40	0.30
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	(0.04)	(0.09)
Provision on investments	-	(0.14)
Expenses	(0.24)	(0.22)
Net income for the year	0.81	0.78
Final distribution for the year ended June 30, 2013 in the form of cash dividend @ 7.434% (June 30, 2012: 10.178%)	(0.74)	(1.02)
Surplus on revaluation of 'available for sale investments' (net)	(0.01)	0.01
Net assets value per certificate at the end of the year	<u>11.25</u>	<u>11.19</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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


MD & CEO

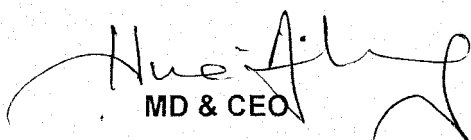

Director

**PAK OMAN ADVANTAGE FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

Note	2014	2013
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	80,700	78,250
Adjustments for:		
Profit on:		
- term finance and sukuk certificates	(41,143)	(64,519)
- government securities	(28,777)	(25,151)
- savings accounts with banks	(39,852)	(30,402)
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	3,801	8,813
Net realised loss / (gain) on sale of investments	880	(2,546)
Provision against Investments	-	13,733
	(24,391)	(21,822)
Decrease / (increase) in assets		
Investments (net)	523,460	(186,253)
	523,460	(186,253)
Increase in liabilities		
Payable to POAMCL - management company of the Fund	79	106
Payable to CDC - trustee of the Fund	120	(10)
Payable to the SECP	(2)	7
Accrued expenses and other liabilities	2,067	1,798
	2,264	1,901
Profit received on:		
- term finance and sukuk certificates	41,952	80,549
- government securities	28,777	25,001
- savings accounts with banks	39,434	33,337
Net cash inflow / (outflow) from operating activities	611,496	(67,287)
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	(74,327)	(101,767)
Net cash outflow from financing activity	(74,327)	(101,767)
Net increase / (decrease) in cash and cash equivalents during the year	537,169	(169,054)
Cash and cash equivalents at the beginning of the year	199,125	368,179
Cash and cash equivalents at the end of the year	736,294	199,125

The annexed notes 1 to 27 form an integral part of these financial statements.

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


MD & CEO


Director

PAK OMAN ADVANTAGE FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 Fund is a closed-end scheme and its 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 invests in term finance certificates issued by commercial banks, sukuk certificates, government securities, short term placements in financial institutions, etc.
- 1.3 The Management Company had obtained a license from the SECP as a Non-Banking Finance Company under the NBFC Rules. However the Management Company's license to provide asset management services has expired. In this respect:
- (i) The Board of Directors of the Management Company has approved its merger and amalgamation with and into KASB Funds Limited in their meeting held on March 31, 2014;
 - (ii) a special resolution has been passed by the shareholders of the Management Company for the approval of the Scheme of Arrangement for Amalgamation between the Management Company, KASB Funds Limited and their respective shareholders, under section 282L of the Companies Ordinance, 1984, at an extraordinary general meeting held on August 6, 2014;
 - (iii) No Objection Certificate (NOC) has been obtained from the Competition Commission of Pakistan in respect of the scheme while an application has been submitted to obtain NOC from the SECP; and
 - (iv) till such time the amalgamation and merger take place, the Management Company is of the view that under the NBFC regulations it can carry on its business as the renewal application has been filed with the SECP and the latter has not declined the renewal.
- 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 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 as more fully explained in note 1.6 below. 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.

- 1.6 In accordance with the offering document of the Fund dated April 30, 2007, the Fund has a maturity period of eight years which will end on March 15, 2015. The Fund will automatically be dissolved after the said maturity period. As the Fund will not be able to continue as a 'going concern' atleast for the next twelve months, accordingly, these financial statements are not prepared on a 'going concern basis'. The Management Company has however assessed that the dissolution will not result in any material impact on the carrying amount of the assets and liabilities of the Fund as such amounts are not materially different from the expected realisable / settlement amounts of the assets and liabilities of the Fund.

2. BASIS OF PRESENTATION AND ACCOUNTING CONVENTION

These financial statements are presented in Pakistan Rupees which is the functional currency of the Fund and the figures have been rounded off to the nearest thousand Rupees. In view of the matter stated in note 1.6 above, these financial statements have been prepared on a basis other than 'going concern' basis. Accordingly, the assets are reported at their realisable values while liabilities are reported at their settlement values. The financial statements of the Fund for the year ended June 30, 2013 were prepared under the historical cost convention, unless otherwise specifically stated in the notes to those financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP.

Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the said directives take precedence.

3.2 New / revised standards, amendments to approved accounting standards and new interpretations

3.2.1 New / revised standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2014:

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

3.2.2 New / revised standards, amendments to approved accounting standards and new interpretations, that are not yet effective:

There are certain new / revised standards, amendments to the approved accounting standards and new interpretations that are mandatory for the Fund's accounting periods beginning on or after July 1, 2014, but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

4. USE OF ESTIMATES AND JUDGMENTS

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

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

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

- (a) Basis of preparation i.e. liquidation basis of accounting (note 2)
- (b) Classification and valuation of financial instruments (notes 5.1, 5.11 and 7)
- (c) Recognition of provision for current and deferred taxation (note 5.4):

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

5.1 Financial instruments

5.1.1 Classification

The Fund classifies its financial instruments in the following categories:

(a) Investments 'at fair value through profit or loss'

- Financial instruments categorised as 'held for trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- Financial instruments designated 'at fair value through profit or loss upon initial recognition'.

Any financial asset within the scope of International Accounting Standard 39 'Financial instruments: Recognition and measurement' (IAS 39) may be designated when initially recognised as a 'financial asset at fair value through profit or loss' except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

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

(b) Held to maturity

These are securities acquired by the Fund with the intention and ability to hold them upto maturity.

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

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c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as at 'fair value through profit or loss' or 'available for sale'.

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

d) Available for sale

These financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories.

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

5.1.2 Recognition

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

5.1.3 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at 'fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial asset or financial liability at 'fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' 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 for the year. Changes in the fair value of instruments classified as 'available for sale' are recognised in the 'statement of comprehensive income' as 'other comprehensive income' until derecognised or impaired, while the accumulated fair value adjustments in 'other comprehensive income', upon sale of investments are included in the income statement for the year.

Financial assets classified as loans and receivables and held-to-maturity are carried at amortised cost using the effective yield method, less impairment losses, if any.

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

5.1.4 Fair value measurement principles

- (a) The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system which are based on the remaining tenor of the securities.
- (b) The fair value of other debt securities and derivatives are based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in circular No. 1/2009 dated January 6, 2009 (the Circular No. 1), circular No. 3/2010 dated January 20, 2010 (the Circular No. 3) and circular No. 33/2012 dated October 24, 2012 (the Circular No. 33) issued by the SECP.
- (c) The fair value of equity securities is based on the prices quoted by the relevant stock

5.1.5 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 weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

5.2 Provisions

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

5.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represented expenditure incurred prior to the commencement of operations of the Fund. In accordance with the Trust Deed approved by the SECP, these costs were amortised over a period of five years commencing from May 10, 2007.

5.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the certificate holders. Accordingly, the Fund has not recorded a tax liability in respect of income relating to the current period as the Fund intends to avail this exemption.

However, as per the amendment proposed in the Income Tax Ordinance, 2001, (the Ordinance) through the Finance Act 2014, issuance of bonus units shall not be considered towards distribution of 90% of income of the Fund. Therefore, only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption under Clause (99) of Part 1 of the Second Schedule to the Ordinance.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that these will be available for set off against future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least 90 percent of its annual accounting income as reduced by capital gains, whether realised or unrealised to its certificate holders every year.

5.5 Performance statement

The Fund presents two performance statements (i.e. the income statement and the statement of comprehensive income) in accordance with the requirements of IAS 1 (revised) 'Presentation of

5.6 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 placements, bank deposits and investments in debt and government securities are recognised using the rate of return implicit in the instrument on a time proportionate basis except for investments in non-performing debt securities where profit is recorded on a receipt basis.

5.7 Expenses

All expenses, including Management Company remuneration and custodian fee, are recognised in the income statement on an accrual basis.

5.8 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.

5.9 Cash and cash equivalents

Cash comprises balance held 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.

5.10 Distributions and bonus issues

Distributions declared (including distribution in the form of bonus issues) 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. In accordance with regulation No. 63 of the NBFC Regulations the Fund is required to distribute 90% of its net accounting income other than unrealised capital gains to the certificate holders.

5.11 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 SECP vide its Circular No. 1 of 2009 dated January 6, 2009, Circular No.3 of 2010 dated January 20, 2010, Circular No. 33 of 2012 dated October 24, 2012 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 May 4, 2009. The amount of impairment is the higher of the amount determined under the above provisioning criteria.

In accordance with 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 single event and / or together with a 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

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 the income statement.

6. BALANCES WITH BANKS

	Note	2014	2013
		-----Rupees in '000-----	
In savings accounts	6.1	735,617	198,699
In current accounts		677	426
		<u>736,294</u>	<u>199,125</u>

- 6.1 The savings accounts carry profit rates ranging from 6% to 9.25% (2013: 6% to 11%) per annum. The balance includes Rs 653,829 million (2013: Rs 198.697 million) with a related party on which return is earned at 7% to 9% (2013: 8.3% to 11%) per annum.

7. INVESTMENTS

	Note	2014	2013
		-----Rupees in '000-----	
Investments - at 'fair value through profit or loss'	7.1	367,999	827,940
Investments - 'available for sale'	7.2	24,980	93,763
		<u>392,979</u>	<u>921,703</u>

7.1 Investments - at 'fair value through profit or loss'

Listed term finance certificates	7.1.1	52,254	171,983
Unlisted term finance certificates	7.1.2	225,519	125,846
Unlisted sukuk certificates	7.1.3	-	569
Government securities	7.1.4	90,226	529,542
		<u>367,999</u>	<u>827,940</u>

AKK

1.1 Listed term finance certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the year	Sales / redemptions during the year	As at June 30, 2014	Amortised cost as at June 30, 2014	Fair value as at June 30, 2014 (note 5.1.4)	Unrealised loss as at June 30, 2014	Percentage in relation to		
										Net assets of the Fund on the basis of investments (See note 7.1.1.2 below)	Total market value of investments	
						Number of Certificates	Rupees in '000		%			
Commercial banks												
Allied Bank Limited - I	December 6, 2014	6 Months Kibor+base rate of 1.90%	1,000	-	-	1,000	1,288	1,249	(39)	0.11	0.32	
Askari Bank Limited - II	October 31, 2013	6 Months Kibor+base rate of 1.50%	12,589	-	12,589	-	-	-	-	-	-	
Bank Alfalah Limited - III	November 25, 2013	6 Months Kibor+base rate of 1.50%	6,400	-	6,400	-	-	-	-	-	-	
Bank Alfalah Limited - V	February 20, 2021	6 Months Kibor+base rate of 1.50%	6,125	5,400	5,400	6,125	31,757	30,995	(762)	2.75	7.89	
Faysal Bank Limited - I	November 12, 2014	6 Months Kibor+base rate of 1.40%	4,000	-	-	4,000	5,091	5,002	(89)	0.44	1.27	
Bank Al Habib Ltd. - II	February 7, 2015	6 Months Kibor+base rate of 1.95%	3,000	-	-	3,000	15,125	15,008	(117)	1.33	3.82	
Bank Al Habib Ltd. - III	June 15, 2017	Fixed rate of 15.50%	5,800	1,800	7,600	-	-	-	-	-	-	
										4.63	13.30	
Leasing												
Orix Leasing Pakistan Limited (note 7.1.1.1)	June 30, 2014	3 Months Kibor+base rate of 2.15%	50	-	50	-	-	-	-	-	-	
Total							53,261	52,254	(1,007)			
Total cost of investment							78,249					

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 and Askari Bank Limited - IV which have a face value of Rs 100,000 and Rs 1,000,000 respectively.

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

1.2 Unlisted term finance certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the year	Sales / redemptions during the year	As at June 30, 2014	Amortised cost as at June 30, 2014	Fair value as at June 30, 2014 (note 5.1.4)	Unrealised loss as at June 30, 2014	Percentage in relation to		
										Net assets of the Fund on the basis of investments (See note 7.1.1.2 above)	Total market value of investments	
						Number of certificates	Rupees in '000		%			
Others												
Agritech Limited - note 7.1.2.2	January 1, 2017	6 Months Kibor+base rate of 1.75%	168	-	-	168	-	-	-	-	-	
Commercial Banks												
Askari Bank Limited - IV (note 7.1.1.1)	December 23, 2021	6 Months Kibor+base rate of 1.75%	69	-	-	69	73,459	72,494	(965)	6.44	18.45	
Bank Alfalah Ltd. - (Fixed)	December 2, 2017	Fixed 15%	3,320	10,334	-	13,654	73,497	73,507	10	6.53	18.71	
Bank Alfalah Ltd. - (Floating)	December 2, 2017	6 Months Kibor+base rate of 2.50%	3,000	10,550	1,800	11,750	62,858	60,480	(2,378)	5.38	15.39	
Standard Chartered Bank (Pakistan) Limited	June 29, 2022	6 Months Kibor+base rate of 0.75%	3,800	-	-	3,800	18,877	19,038	161	1.69	4.84	
Total							228,691	225,519	(3,172)	20.04	57.39	
Total cost of investment							206,744					

ATL

1.2.1 These term finance certificates have a nominal value of Rs 5,000 each.

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 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 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.

1.3 Unlisted sukuk certificates

Name of investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the year	Sales / redemptions during the year	As at June 30, 2014	Amortised cost as at June 30, 2014	Fair value as at June 30, 2014 (note 5.1.4)	Unrealised (loss) / gain as at June 30, 2014	Percentage in relation to		
										Net assets of the Fund on the basis of investments (See note 7.1.1.2 above)	Total market value of investments	
			Number of certificates			Rupees in '000			%			
Cement Kohat Cement Company Limited (notes 7.1.3.1 & 7.1.3.2)	September 20, 2016	3 months KIBOR + 1.50%	1,000			1,000						
Total												
Total cost of investment												

1.3.1 The remaining nominal value of sukuk certificates of Kohat Cement Company Limited is Nil.

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. During the current year, outstanding principal has been redeemed as per the agreed terms; therefore having a nil value of the said investment as at June 30, 2014. However, Rs 1.859 million is receivable in respect of the profit credited to the aforementioned frozen account.

xxx

4 Government securities

Name of the investee	Maturity date	Profit rate	As at July 1, 2013	Purchases during the year	Sales / redemptions during the year	As at June 30, 2014	Amortised cost as at June 30, 2014	Fair value as at June 30, 2014 (note 5.1.4)	Unrealised (loss) / gain as at June 30, 2014	Percentage in relation to	
										Net assets of the Fund on the basis of investments (See note 7.1.1.2 above)	Total market value of investments
						Number of certificates	Rupees in '000		%		
Treasury bills - Government of Pakistan	September 19, 2013	8.55%	-	2,000	2,000	-	-	-	-	-	-
-do-	December 12, 2013	8.82%	1,000	-	1,000	-	-	-	-	-	-
-do-	December 12, 2013	9.41%	-	6,000	6,000	-	-	-	-	-	-
-do-	January 9, 2014	9.82%	-	2,450	2,450	-	-	-	-	-	-
-do-	February 20, 2014	9.79%	-	750	750	-	-	-	-	-	-
-do-	April 17, 2014	9.91%	-	2,000	2,000	-	-	-	-	-	-
-do-	May 15, 2014	9.96%	-	750	750	-	-	-	-	-	-
-do-	June 12, 2014	9.28%	1,000	-	1,000	-	-	-	-	-	-
-do-	June 26, 2014	9.29%	1,000	-	1,000	-	-	-	-	-	-
-do-	July 10, 2014	9.92%	-	750	-	750	74,819	74,801	(18)	7	19
GoP Ijara Sukuk - VI	December 20, 2013	9.28%	1,540	-	1,540	-	-	-	-	-	-
GoP Ijara Sukuk - VII	March 7, 2014	9.02%	150	-	150	-	-	-	-	-	-
GoP Ijara Sukuk - XII	June 28, 2015	9.23%	800	-	650	150	15,029	15,425	396	1.37	3.93
Total							89,848	90,226	378		
Total cost of investment								90,000			

1.4.1 All treasury bills and GoP Ijara Sukuks have a nominal value of Rs 100,000 each.

2 Investments - 'available for sale'

Listed term finance certificates

Note

2014

2013

-----Rupees in '000-----

7.2.1

24,980

93,763

477

.1 Listed term finance certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the year	Sales / redemptions during the year	As at June 30, 2014	Amortised cost as at June 30, 2014	Fair value as at June 30, 2014 (note 5.1.4)	Unrealised loss as at June 30, 2014	Percentage in relation to	
										Net assets of the Fund on the basis of investments (See note 7.1.1.2)	Total market value of investments
							Rupees in '000		%		
Commercial banks											
Bank Alfalah Limited - III	November 25, 2013	6 Months Kibor+base rate of 1.50%	11,000	-	11,000	-	-	-	-	-	-
United Bank Limited - III	September 8, 2014	6 Months Kibor+base rate of 1.70%	18,000	-	-	18,000	15,050	14,986	(64)	1.33	3.81
Allied Bank Limited - I	December 6, 2014	6 Months Kibor+base rate of 1.90%	8,000	-	-	8,000	10,474	9,994	(480)	0.89	2.54
Miscellaneous											
PACE (Pakistan) Limited (note 7.2.1.1 and note 7.3)	February 15, 2013	6 Months Kibor+base rate of 1.50%	5,000	-	-	5,000	*	-	-	2.22	6.35
Total							<u>25,524</u>	<u>24,980</u>	<u>(544)</u>		
Total cost of Investment								<u>25,555</u>			

* Provision of Rs 24.970 million has been netted off from the amortised cost of the investment amounting to Rs 24.970 million.

2.1.1 On August 15, 2011 i.e. the scheduled redemption date as per the restructured agreement, principal repayment alongwith the accrued profit aggregating Rs 0.005 million and Rs 1.962 million respectively were not received by the Fund. Accordingly, in accordance with the requirements of the circular No. 33 dated October 24, 2012 issued by the SECP, the investment in PACE (Pakistan) Limited has been fully provided as of June 30, 2014. The TFCs have approached their maturity date as per the restructured agreement, however, due to non-settlement the same are appearing in the Fund's security account maintained with the CDC.

2.1.2 Provision on investments

	Note	2014	2013
-----Rupees in '000-----			
Balance as at July 1		24,970	11,237
Provision for the year		-	13,733
Balance as on June 30	7.2.1	<u>24,970</u>	<u>24,970</u>

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 June 30, 2013	Value of investment after provision	Percentage of net assets	Percentage of total assets
		Rupees in '000				
PACE (Pakistan) Limited	Non performing TFC	24,970	24,970	-		
		<u>24,970</u>	<u>24,970</u>			

For better presentation, certain changes in classification of the TFCs have been made. The corresponding amounts have been adjusted accordingly.

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8. PROFIT RECEIVABLE

Note	2014	2013
	-----Rupees in '000-----	
Profit receivable on term finance certificates	7,267	8,076
Profit receivable on saving accounts with banks	710	292
	<u>7,977</u>	<u>8,368</u>

9. DEPOSITS

Security deposits with Central Depository Company of Pakistan Limited	9.1	200	200
Security deposits with National Clearing Company of Pakistan Limited		3,502	3,502
		<u>3,702</u>	<u>3,702</u>

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

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2014	2013
	-----Rupees in '000-----	
Auditor's remuneration	833	584
Workers' Welfare Fund	11,769	10,155
Others	299	95
	<u>12,901</u>	<u>10,834</u>

10.1 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 High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the financial 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. However, on December 14, 2010, the Ministry filed its responses against the Constitutional Petition requesting the SHC to dismiss the petition. Thereafter, show cause notices were issued by the Federal Board of Revenue (FBR) to certain mutual funds for collection of WWF. In respect of such show cause notices, mutual funds have been granted stay by the SHC on the basis of the pending Constitutional Petition as referred to 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.

During the year ended June 30, 2013, a larger bench of the SHC has passed an order declaring that the amendments introduced in the WWF Ordinance through Finance Acts 2006 and 2008 do not suffer from any constitutional or legal infirmity. However, the other amendments made in the WWF Ordinance through Finance Act 2006 and 2008 (which include the question of the scope of WWF Ordinance) have not yet been addressed. The Management Company is of the view that the aforementioned constitutional petition filed by the mutual funds to challenge WWF has not been affected by the order passed by the larger bench of the SHC and the stay granted to mutual funds

In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution.

As the matter relating to levy of WWF is currently pending in the SHC, the Management Company, as a matter of prudence, has decided to maintain a provision for WWF amounting to Rs 11.769 million as at June 30, 2014, which includes provision amounting to Rs 1.614 million recorded during the current year.

Had the above recognition not been made, the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Rs 0.12 per certificate (i.e. 1.07% of the net assets value).

11. NET (LOSS) / GAIN ON SALE OF INVESTMENTS

	2014	2013
	-----Rupees in '000-----	
Classified as 'available-for-sale financial assets'	8	216
Classified as 'at fair value through profit or loss'	(888)	2,330
	<u>(880)</u>	<u>2,546</u>

12. PROFIT ON TERM FINANCE AND SUKUK CERTIFICATES

	2014	2013
	-----Rupees in '000-----	
Classified as 'available-for-sale financial assets'	7,448	24,951
Classified as 'at fair value through profit or loss'	33,695	39,568
	<u>41,143</u>	<u>64,519</u>

13. REMUNERATION TO PAK OMAN ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY OF THE FUND

	Note	2014	2013
		-----Rupees in '000-----	
Remuneration to the Management Company		13,923	14,088
Sindh sales tax payable on management fee	13.1	2,579	2,263
Federal excise duty payable on management fee	13.2	2,230	106
		<u>18,732</u>	<u>16,457</u>

13.1 During the year, an amount of Rs 2.579 million (June 30, 2013 : Rs 2.263 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

13.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 13.1 above, the Management Company is of the view that further levy of FED is not justified.

On September 4, 2013, a Constitutional Petition has been filed in Sindh High Court (SHC) jointly by various AMCs including the Management Company, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending to date.

As a matter of prudence, the Fund has recognised an expense amounting to Rs 2.336 million with

14. REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE OF THE FUND

This represents remuneration to the Trustee of the Fund. The Trustee is entitled to monthly remuneration for services under the provisions of the Trust Deed. The schedule of remuneration is as follows:

Upto Rs 250 million

0.2% per annum of the daily average net assets of the Fund.

Net assets ranging between Rs 250 million to Rs 500 million

Rs 0.5 million plus 0.15% per annum of the daily average net assets of the Fund exceeding Rs 250 million.

Net assets ranging between Rs 500 million to Rs 2,000 million

Rs 0.875 million plus 0.08% per annum of the daily average net assets of the Fund exceeding Rs 500 million.

Net assets ranging between Rs 2,000 million to Rs 5,000 million

Rs 2.075 million plus 0.06% per annum of the daily average net assets of the Fund exceeding Rs 2,000 million.

Exceeding Rs 5,000 million

Rs 3.875 million plus 0.05% per annum of the daily average net assets of the Fund exceeding Rs 5,000 million.

15. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee to Securities and Exchange Commission of Pakistan (the SECP) in accordance with Rule 62 of the NBFC Regulations, whereby the Fund is required to pay annual fee to the SECP at the rate of 0.075% of the average daily net assets of the Fund.

16. AUDITORS' REMUNERATION

Note	2014	2013
	-----Rupees in '000-----	
Audit Fee	325	300
Fee for the review of half yearly condensed interim financial statements	175	150
Fee for the review of statement of compliance with the Code of Corporate Governance	75	75
	<u>575</u>	<u>525</u>
Out of pocket expenses	100	94
	<u>675</u>	<u>619</u>

17. OTHER EXPENSES

Workers' Welfare Fund	1,614	1,565
Others	276	77
	<u>1,890</u>	<u>1,642</u>

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18. TAXATION

18.1 The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) 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 unit holders. Further, as per regulation 63 of NBFC Regulations, the Fund is required to distribute not less than 90% of the net accounting income, other than unrealised capital gains as reduced by such expenses as are chargeable to the Fund under the NBFC regulations to the certificate holders. The Management Company intends to distribute at least 90% of the Fund's net accounting income earned during the year, to the certificate holders, accordingly, no provision has been made for taxation in these financial statements.

18.2 Tax orders have been received by certain funds in the industry where the tax assessing officers have amended the return of income upto tax year 2013 while taking a view that the income of funds do not qualify for exemption under the provision of Clause (99) of Part 1 of the Second Schedule to the Ordinance as the tax officer has concluded that bonus issues declared by funds should not be considered as distribution of the accounting income primarily due to the reasons that funds have not deducted withholding tax from bonus distributions. No such notice has been received by the Management Company in case of the Fund.

There exists an apparent contradiction as tax effect and incidence on bonus distribution, if any, being an issue related to income of the recipient of distribution does not affect the validity of exemption to the funds. This industry issue has been examined by legal experts and tax advisors and there is a view that under the present regulations the tax department's contentions are not supported by law. Appropriate appellate and executive remedies are being adopted to resolve this matter.

Effective July 1, 2014, an amendment has been made in the Ordinance through Finance Act 2014, as a result of which issuance of bonus units shall not be considered towards distribution of 90% of income of the Fund. Therefore, only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption under Clause (99) of Part I of the Second Schedule to the Ordinance.

In view of the Management Company, introduction of this amendment, applicable on distribution to be made from July 1, 2014, essentially strengthens the stand of the mutual fund industry as it establishes the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution.

19. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Net income for the year	<u>80,700</u>	<u>78,250</u>
	(Number of certificates)	
Number of certificates in issue	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per certificate	<u>0.81</u>	<u>0.78</u>

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

20. 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 the Management Company. Bank Alfalah Limited and National Insurance Corporation Limited having certificate holdings of 15% and 10% respectively. Other connected persons are other collective investment schemes managed by the Management Company i.e. Pak Oman Advantage Asset Allocation Fund (POAAAF), Pak

Transactions with connected persons are entered into in the normal course of business, at contracted rates and terms determined in accordance with market rates. The remunerations to the Management Company and the Trustee are payable in accordance with the NBFC Regulations and the Trust Deed respectively.

20.1 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:

20.1.1 Pak Oman Asset Management Company Limited - Management Company of the Fund

	2014	2013
	-----Rupees in '000-----	
Balance payable at beginning of the year	1,455	1,349
Remuneration for the year	18,732	16,457
	<u>20,187</u>	<u>17,806</u>
Payments made during the year	(18,653)	(16,351)
Balance at the end of the year	<u>1,534</u>	<u>1,455</u>
Investment of Pak Oman Asset Management Company Limited in the certificates of the Fund	<u>2,500</u>	<u>2,500</u>
Distributions paid	<u>186</u>	<u>254</u>

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

Balance payable at beginning of the year	103	113
Trustee remuneration for the year	1,372	1,380
Central Depository System charges for the year	135	235
	<u>1,610</u>	<u>1,728</u>
Amount paid during the year	(1,387)	(1,625)
Balance at the end of the year	<u>223</u>	<u>103</u>

20.1.3 Bank Alfalah Limited

Deposit with bank as at year end	<u>653,829</u>	<u>198,697</u>
Profit due from bank deposits as at year end	<u>710</u>	<u>292</u>
Profit for the year on bank deposits	<u>39,176</u>	<u>30,377</u>
Bank charges for the year	<u>12</u>	<u>58</u>
Investment in Term Finance Certificates (TFCs) of Bank Alfalah Limited	<u>See notes 7.1.1 and 7.2.1</u>	
Profit on TFCs for the year	<u>14,762</u>	<u>15,781</u>
Profit receivable against TFCs as at year end	<u>3,086</u>	<u>1,920</u>
Investment of Bank Alfalah Limited in certificates of the Fund	<u>150,000</u>	<u>150,000</u>

20.1.4 National Insurance Company Limited

	2014	2013
	-----Rupees in '000-----	
Investment of National Insurance Company Limited in certificates of the Fund	<u>100,000</u>	<u>100,000</u>
Distributions paid	<u>7,434</u>	<u>10,178</u>

20.1.5 Pak Oman Investment Company Limited

Investment of Pak Oman Investment Company Limited in certificates of the Fund	<u>271,090</u>	<u>271,090</u>
Distributions paid	<u>20,153</u>	<u>27,592</u>

21. NET ASSET VALUE PER CERTIFICATE

Total net assets	<u>1,125,180</u>	<u>1,119,403</u>
	No. of certificates	
Total certificates in issue	<u>100,000,000</u>	<u>100,000,000</u>
	-----Rupees-----	
Net assets value per certificate	<u>11.25</u>	<u>11.19</u>

22. RISK MANAGEMENT

The Fund invests primarily in a portfolio of high quality debt securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

22.1 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, profit / mark up recoverable etc.

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by its 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 alongwith 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 its financial statements on regular basis.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. The credit rating wise analysis of investments in debt instruments as at June 30, 2014 and 2013 have been tabulated as follows:

	2014	2013
	----- (%) -----	-----
Government guaranteed	22.96	57.45
AA+	-	0.22
AAA	4.84	2.05
AA	10.50	13.63
AA-	61.70	26.59
Non-rated	-	0.06
	<u>100.00</u>	<u>100.00</u>

Credit Rating wise analysis of balances with banks and placements of the Fund are tabulated below:

	2014	2013
	----- (%) -----	-----
AA	88.80	99.79
A1+	0.01	0.01
AA+	0.01	0.05
A	11.15	0.03
AA-	0.03	0.12
	<u>100.00</u>	<u>100.00</u>

Exposure to credit risk

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

	2014		2013	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	-----Rupees in '000-----			
Investments				
- Available-for-sale investments	24,980	24,980	93,763	93,763
- At fair value through profit or loss on initial recognition	367,999	277,773	827,940	298,398
Profit receivable	7,977	7,977	8,368	8,368
Deposits	3,702	3,702	3,702	3,702
Bank balances	736,294	736,294	199,125	199,125
	<u>1,140,952</u>	<u>1,050,726</u>	<u>1,132,898</u>	<u>603,356</u>

The Management Company believes that the credit risk associated with such financial assets is minimal because such balances are held with reputable counterparties.

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22.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect group of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

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

	2014		2013	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Commercial banks	302,753	100.00	389,597	99.35
Leasing	-	-	1,995	0.51
Cement	-	-	569	0.14
	<u>302,753</u>	<u>100.00</u>	<u>392,161</u>	<u>100.00</u>

22.3 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.

22.4 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

Maturity analysis for financial liabilities

The analysis below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts below represent the contractual undiscounted cash flows.

	2014			
	Carrying amount	Less than 1 month	1 to 3 months	3 months to 1 year
	-----Rupees in '000-----			
Financial liabilities				
Payable to Management Company	1,534	1,534	-	-
Remuneration payable to Trustee	223	223	-	-
Accrued expenses and other liabilities	1,132	299	833	-
Dividend payable	279	279	-	-
	<u>3,168</u>	<u>2,335</u>	<u>833</u>	<u>-</u>

	2013			
	Carrying Amount	Less than 1 month	1 to 3 months	3 months to 1 year
-----Rupees in '000-----				
Financial liabilities				
Payable to the Management Company	1,455	1,455	-	-
Remuneration payable to the Trustee	103	103	-	-
Accrued expenses and other liabilities	679	95	584	-
Dividend payable	266	266	-	-
	<u>2,503</u>	<u>1,919</u>	<u>584</u>	<u>-</u>

22.5 Fair value of financial assets* and liabilities

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table analyses, within the fair value hierarchy, the Fund's financial assets (by class) measured at fair value at June 30, 2014:

Financial assets

	2014			
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
At fair value through profit or loss				
Term finance certificates	-	277,773	-	277,773
Government securities	-	90,226	-	90,226
Available-for-sale				
Term Finance Certificates	-	24,980	-	24,980
	<u>-</u>	<u>392,979</u>	<u>-</u>	<u>392,979</u>

	2013			
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
At fair value through profit or loss				
Term finance certificates	-	297,829	-	297,829
Sukuk certificates	-	569	-	569
Government securities	-	529,542	-	529,542
Available-for-sale				
Term Finance Certificates	-	93,763	-	93,763
	<u>-</u>	<u>921,703</u>	<u>-</u>	<u>921,703</u>

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22.6 Financial instruments by category

2014				
Loans and receivables	Financial assets at fair value through profit or loss - upon initial recognition	Available for sale	Financial liabilities measured at amortised cost	Total
-----Rupees in '000-----				
On balance sheet - financial assets				
Balances with banks	736,294	-	-	736,294
Investments	-	367,999	24,980	392,979
Profit receivable	7,977	-	-	7,977
Deposits	3,702	-	-	3,702
	<u>747,973</u>	<u>367,999</u>	<u>24,980</u>	<u>1,140,952</u>
On balance sheet - financial liabilities				
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	1,534	1,534
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	223	223
Dividend payable	-	-	279	279
Accrued expenses and other liabilities	-	-	1,132	1,132
	<u>-</u>	<u>-</u>	<u>3,168</u>	<u>3,168</u>
-----Rupees in '000-----				
2013				
Loans and receivables	Financial assets at fair value through profit or loss - upon initial recognition	Available for sale	Financial liabilities measured at amortised cost	Total
-----Rupees in '000-----				
On balance sheet - financial assets				
Balances with banks	199,125	-	-	199,125
Investments	-	827,940	93,763	921,703
Profit receivable	8,368	-	-	8,368
Deposits	3,702	-	-	3,702
	<u>211,195</u>	<u>827,940</u>	<u>93,763</u>	<u>1,132,898</u>
On balance sheet - financial liabilities				
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	1,455	1,455
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	103	103
Dividend payable	-	-	266	266
Accrued expenses and other liabilities	-	-	679	679
	<u>-</u>	<u>-</u>	<u>2,503</u>	<u>2,503</u>

22.7 Certificate Holder's Fund Risk Management

The Management Company's objective when managing certificate holders' funds is to safeguard the Fund's ability to continue as a going concern through the limited life of the Fund 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. In order to maintain or adjust capital structure, the Fund may adjust the amount of dividend paid to certificate holders. The Fund is not exposed to the externally imposed minimum certificate capital maintenance requirement.

22.8 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 SECP. 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. The Fund's interest rate exposure arises on investment in debt securities, government securities and saving accounts maintained with banks. Most of the Fund's interest bearing assets carry variable interest rates, except for the exposure in fixed rate instruments in certain term finance certificates and treasury bills aggregating Rs 148.308 million. The Fund monitors the interest rate environment on a regular basis and may also alter the portfolio mix of fixed and floating rate securities.

At June 30, 2014, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	(Rs 'in '000)
Fixed rate	
Financial assets	<u>148,308</u>
Variable rate instruments	
Financial assets	<u>980,288</u>

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

- requirements for 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.

23. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker (CODM). The investment committee of the Management Company has been identified as the CODM, 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 direction 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 are no change in the reportable segments during the year.

The Fund is domiciled in Pakistan. The Fund's income is generated from resources invested in the term finance certificates, government securities, short term placements and balances maintained with banks which are based in Pakistan. Revenue from counterparties which exceed 10% of the Fund's total revenue aggregates Rs 56.60 million (2013: Rs 67.59 million).

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	2014			2013		
	Number of investors	Investment face value (Rs in '000)	% of total	Number of investors	Investment face value (Rs in '000)	% of total
Individuals	116	2,364	0.23%	116	2,364	0.23%
Insurance Companies	3	107,848	10.78%	3	107,848	10.78%
Banks / DFIs	13	738,427	73.85%	13	738,427	73.85%
Public Limited Companies	3	78,265	7.83%	3	78,265	7.83%
Others	15	73,096	7.31%	15	73,096	7.31%
	150	1,000,000	100.00%	150	1,000,000	100.00%

24.2 List of top brokers by percentage of commission

2014

JS Global Capital Limited
 Pearl Securities Limited
 KASB Securities Limited
 JS Global Capital Limited
 Invest Capital Markets Limited
 Elixir Securities Pakistan (Private) Limited
 Invest & Finance Securities Limited

2013

JS Global Capital Limited
 Pearl Securities Limited
 KASB Securities Limited
 JS Global Capital Limited
 Invest Capital Markets Limited
 Elixir Securities Pakistan (Private) Limited
 Invest & Finance Securities Limited

24.3 Details of members of investment committee of the management company

Members	Designation	Qualification
Ms. Hina Ghazanfar	MD & CEO	MBA
Mr. Ahmed Nabeel	Chief Investment Officer	MBA
Mr. Imran Rahim Khan	Fund Manager	MBA & MA Economics

24.4 Details of fund manager

Name	Qualification	Funds managed
Mr. Imran Rahim Khan	MBA & MA Economics	Pak Oman Government Securities Fund Pak Oman Advantage Fund Pak Oman Advantage Islamic Income Fund

24.5 Details of attendance at meetings of Board of Directors of the Management Company

Designation Dates of Board of Directors meetings and directors present therein

		July 4, 2013	October 21, 2013	October 22, 2013	February 25, 2014	April 28, 2014	June 26, 2014
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	x	✓	✓	✓	✓	x
Agha Ahmed Shah, Esq.	Director	✓	x	x	✓	✓	x
Mr. Humayun Murad	Director	✓	✓	✓	x	x	✓
Mr. Parviez Usman	Director	✓	x	x	x	x	x
Mr. Ali Said Ali	Director	✓	✓	✓	x	✓	✓
Mr. Saif Said Salim Al Yazidi	Director	✓	✓	✓	✓	x	x
Mr. Sulaiman Hammad Al Hartly	Director	x	x	x	✓	x	x
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	✓	x	✓

24.6 Rating of the Fund and the Management Company

PACRA has assigned an A+(f) (Single A Plus ; fund) Fund stability rating to the Fund on February 27, 2014, which reflects the moderate degree of stability and returns at moderate risk level.

Further JCR-VIS has assigned an AM3 rating to the Management Company on July 15, 2013 which is

25. PERFORMANCE TABLE

	2014	2013	2012	2011
Net assets (Rupees in '000) *	1,125,180	1,119,403	1,141,672	1,124,798
Net income (Rupees in '000)	80,700	78,250	108,571	111,133
Net assets value (NAV) per certificate as (Rupees) *	11.25	11.19	11.42	11.25
Basic earnings per certificate (Rupees)	0.81	0.78	1.09	1.11
Dividend distribution:				
- Final distribution	-	7.43%	10.18%	10.17%
- Distribution dates	-	21-Oct-13	18-Sep-12	23-Aug-11
Highest NAV per certificate during the year (Rupees)	11.48	11.80	11.53	11.26
Lowest NAV per certificate during the year (Rupees)	10.73	10.19	10.15	10.01
Weighted average portfolio duration (years)	3.56	2.04	1.16	2.99
Total return	8.07%	7.83%	10.86%	11.11%
	Seven years	Six years	Five years	Four Years
<i>Average annual return as at June 30, 2014</i>	7.66%	7.95%	8.92%	9.47%

Note: Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.

* The final distribution for the year end is made subsequent to the year end, therefore, is not accounted for in the respective statements as also explained in note 26.

26. SUBSEQUENT EVENTS

The Board of Directors of the Management Company in its meeting held on September 30, 2014 has announced a dividend of 7.66 % (2013: 7.43%) amounting to Rs 76.6 million (2013: Rs 74.340 million). These financial statements do not include the effect of the appropriations for such dividend which will be accounted for in the ensuing financial statements for the period starting July 1, 2014.

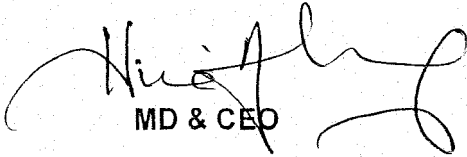
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27. DATE OF AUTHORISATION FOR ISSUE

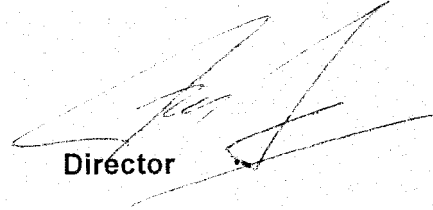
These financial statements have been authorised for issue on September 30, 2014 by the Board of Directors of the Management Company.

AA

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



MD & CEO



Director

PATTERN OF CERTIFICATE HOLDING AS AT 30 JUNE 2014

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	From	To		
30	1	100	282	0.0003
64	101	500	31110	0.0311
10	501	1000	19000	0.0100
14	1001	5000	40900	0.0409
7	5001	10000	51188	0.0512
4	10001	15000	49000	0.0490
2	15001	20000	35000	0.0350
2	20001	25000	46700	0.0467
3	35001	40000	120000	0.1200
1	60001	65000	61000	0.0610
1	65001	70000	69323	0.0693
1	85001	90000	89500	0.0895
1	95001	100000	96000	0.0960
2	120001	125000	247000	0.2470
1	125001	130000	130000	0.1300
2	240001	245000	481000	0.4810
1	245001	250000	250000	0.2500
1	285001	290000	285199	0.2852
1	495001	500000	499599	0.4996
1	795001	800000	800000	0.8000
3	960001	965000	2888000	2.8880
2	995001	1000000	2000000	2.0000
2	1920001	1925000	3846000	3.8460
1	1995001	2000000	2000000	2.0000
2	2400001	2405000	4807000	4.8070
1	2880001	2885000	2883499	2.8835
1	3495001	3500000	3500000	3.5000
1	4985001	4990000	4999000	4.9900
3	4995001	5000000	15000000	15.0000
1	7580001	7585000	7583700	7.5837
2	9995001	10000000	20000000	20.0000
1	12105001	12110000	12109000	12.1090
1	14995001	15000000	15000000	15.0000
170	Company Total		100000000	100.0000

CATEGORIES OF CERTIFICATE HOLDING AS AT 30 JUNE 2014

Particulars	No of Folio	Balance Share	Percentage
BANKS, DFI & NBFI	13	73107699	73.107699
INSURANCE COMPANIES	3	10784798	10.784798
GENERAL PUBLIC (LOCAL)	136	962003	0.962003
OTHERS	16	9722500	9.7225
PUBLIC SECTOR COS. & CORP.	2	5423000	5.423
Company Total	170	100000000	100

**CATEGORIES OF CERTIFICATEHOLDING
AS PER REQUIREMENTS OF
CODE OF CORPORATE GOVERNANCE
AS AT 30 JUNE 2014**

Particulars	No. of Certificates held
Individuals	961,503
Non Resident	
Associated Companies	
- Pak Oman Investment Company Limited	27,109,000
- Pak Oman Microfinance Bank Limited	2,403,500
- National Logistic Cell	5,423,000
Chief Executive & His Spouse	-
Director & His Spouse	500
Executives	-
Public Sector Companies and corporations	3,403,500
Banks	-
Development Financial Institutions	9,796,499
Non-Banking Finance Companies	1,215,000
Non-Banking Finance Institutions	-
Insurance Companies	784,798
Provident & Gratuity Fund	6,300,000
Others	19,000
Shareholders holding five percent or more other than associated companies and directors	
- Bank Alfalah Limited	15,000,000
- National Insurance Company Limited	10,000,000
- Askari Bank Limited	7,583,700
- The Bank of Khyber	5,000,000
- Saudi Pak Ind. & Agr. Inv. Co. Ltd	5,000,000
Total	100,000,000

**STATEMENT OF INCOME & EXPENDITURE OF MANAGEMENT
COMPANY IN RELATION TO THE FUND
FOR THE PERIOD ENDED June 30 2014**

(Rupees in '000)

INCOME

Management Company's remuneration 18,732

OPERATING EXPENSES

Salaries and allowances	11,377
Travelling and accommodation	944
Rent, rates and taxes	1,075
Utilities	1,298
Communication	14
Fees and subscriptions	2,238
Printing, stationery and periodicals	1,047
Depreciation	392
Legal and professional charges	2,577
Repairs and maintenance	957
Transportation	1,385
Insurance	28
Entertainment	198

23,529

Net income for the quarter

(4,797)

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.

PERFORMANCE TABLE

	2014	2013	2012	2011	2010	2009
Net assets (Rupees in '000) *	1,125,180	1,125,292	1,141,672	1,124,798	1,110,794	1,083,658
Net income (Rupees in '000)	80,700	84,139	108,571	111,133	104,272	106,718
Net assets value (NAV) per certificate as (Rupees) *	11	11.25	11.42	11.25	11.12	10.84
Basic earnings per certificate (Rupees)	0.81	0.84	1.09	1.00	1.00	1.00
Dividend distribution:						
- Final distribution	7.66%	7.43%	10.19%	10.17%	10.38%	9.60%
- Distribution dates	30-Sep-14	21-Oct-13	18-Sep-12	23-Aug-11	18-Aug-10	18-Aug-09
Highest NAV per certificate during the year (Rupees)	11.48	11.53	11.53	11.26	11.24	11.42
Lowest NAV per certificate during the year (Rupees)	10.73	10.15	10.15	10.01	10.24	9.35
Total return	7.66%	8.41%	10.86%	11.11%	10.43%	10.67%

Note: Past performance is not necessarily indicative of future performance and that certificate prices and investment returns may go down, as well as up.