

CONTENTS

Mission & Vision Statement	02
Fund Information	03
Report of the Directors of the Management Company	05
Report of the Fund Managers of the Management Company	09
Report of the Trustee	11
Statement of Compliance with the Best Practices of the Code of Corporate Governance	12
Review Report to the Unitholders on the Statement of Compliance with the Best Practices of Code of Corporate Governance	14
Independent Auditors' Report to the Unitholders	15
Statement of Assets and Liabilities	16
Income Statement	17
Distribution Statement	18
Statement of Movement in Unit Holders' Fund	19
Cash Flow Statement	20
Notes to the Financial Statements	21

Our Mission

“To provide higher risk adjusted returns to investors at large by investing into a diversified range of investment assets on consistent basis.”

Our Vision

“POBOP Advantage Plus Fund aims to provide diversified portfolio and return that is risk adjusted to suit investors at large, on a consistent basis.”

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTOR OF THE MANAGEMENT COMPANY

H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman
Mr. Javed Mahmood	Director
Mr. Humayun Murad	Director
Mr. Zafar Iqbal	Director
Mr. Agha Ahmed Shah	Director
Mr. Sulaiman Hamad Al Harthy	Director
Mr. Ali Said Ali	Director
Major General Imtiaz Ahmed	Director
Mr. Parveiz Usman	Director
Ms. Hina Ghazanfar	MD & CEO

AUDIT COMMITTEE

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

HEAD OF FINANCE, OPERATION & COMPANY SECRETARY

Mr. Najm-ul- Hassan

TRUSTEE

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

AUDITORS

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

BANKERS TO THE FUND

Bank Al-Falah Ltd
The Bank of Punjab

LEGAL ADVISER

Bawaney & Partners
404, 4th Floor
Beaumont Plaza, 6-cl-10
Beaumont Road, Civil Lines,
Karachi - 75530

TRANSFER AGENT

Gangjees Registrar Services (Pvt.) Limited
513, Clifton Centre, Khayaban-e-Roomi
Block 5, Clifton,
Karachi-75600

RATING OF THE FUND

A - (f)

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Pak Oman Asset Management Company Limited, the Management Company of POBOP Advantage Plus Fund (the Fund) is pleased to present the audited financial statements of the Fund for the year ended June 30, 2009.

ECONOMIC REVIEW

Overall, FY09 has been a year of missed targets for Pakistan's economy, particularly in the case of macroeconomic indicators. Provisional GDP growth came down to 2% at June end, from the initial forecast of 5.5%, and a revised 3.4%. The brunt of economic recession was borne by the manufacturing sector, with Large Scale Manufacturing (LSM) registering the steepest fall at - 8.50%. As a whole, the manufacturing sector recorded a contraction of 3.3% due to multiple adverse factors including falling aggregate demand, soaring raw material costs, power outages, high cost of borrowing, low investments and PKR depreciation. Conversely, the agricultural and services sector provided some much needed support with growth rates of 4.7% and 3.6%, respectively.

Inflation remained a stressful indicator this year, with inflationary levels surpassing 25% YoY in October 2008. The economic fuelling was backed by international energy and commodity hike instead of excess money supply – a fundamental reason why monetary tightening had lost all traction over 2QFY09 and 3QFY09. The central bank, nevertheless, endeavored to bring down core inflation to acceptable levels by increasing 300bps over the year, taking the discount rate to 15% in November 2008. As a result of sliding commodity prices and high policy rate over 2HFY09, inflation receded from its October high to 13.1% in June 2009, in turn resulting in yearly inflation (12-mth average) to the tune of 20.77%. Core inflation, on the other hand, reflected a less significant retrenchment, falling by 300bps from 18.9% in November 2008 to 15.9% in June 2009.

The second quarter proved to be a critical testing ground for Pakistan, as the country neared forex insolvency with reserves having touched a dangerously low level of USD6.6bn. Subsequently, Pakistan entered into IMF's USD7.6bn stand-by arrangement in November 2008. Out of the total facility, the country received USD3.95bn over FY09. Thus far, Pakistan has achieved all essential IMF prescribed targets that serve as prerequisites for financial assistance tranches. Forex reserves ended the period at a sturdy USD12.27bn, boosted by an inflow of USD500mn from ADB on June 30, 2009 and recurring IMF tranches of USD848mn from the stand-by loan arrangement.

On a slightly positive note, fiscal deficit in FY09 amounted to 4.3% of GDP as against 7.4% in FY08, while the current account deficit dropped to USD8.86bn in FY09 from USD13.87bn in FY08 – a sharp decline of 36% YoY. The fall in current account deficit is attributed to heavy regulatory duties imposed on many import items, high interest rates and high prices of commodities due to high international oil prices. This collectively reduced the demand for imported goods and led to a 16.54% YoY decline in the trade deficit – down to USD12.49bn in FY09 as against USD14.97bn in FY08. Foreign workers' remittances rose by 21.10% YoY in FY09 to stand at USD7.80bn, with the highest inflow of USD739mn recorded in March 2009.

Following a steep decline in credit growth and falling economic activity, SBP reduced the benchmark discount rate by 100 bps to 14% in its monetary policy held on April 20, 2009. Till June 2009, SBP's cumulative lending to the government stood at PKR1,152bn against the targeted PKR1,181bn – within limit by PKR29bn. Moreover, Net Domestic Assets (NDA) were maintained at PKR1,232bn against the IMF prescribed limit of PKR1,412bn. Net Foreign Assets consolidated above the floor of USD2,782mn to stand at USD3,497mn. In light of meeting the prescribed targets, the third IMF tranche of USD848mn and additional financing of USD4bn requested by Pakistan will be considered for approval in August 2009.

FY10 marked the end of the previous fiscal year, with ambitiously high fiscal targets and despondently low economic forecasts. The budget focused largely on social relief measures and tax net expansions rather than provisions to revive the economic engine through sectoral resuscitation. The total budget outlay for the next fiscal year stands at PKR2,482.3bn (up by 23% YoY) with a revenue collection target of PKR2,026.7bn, tax collection target of PKR1,513.1bn, current expenditure target of PKR1,699.1bn and a development expenditure target of PKR783.1bn. Conversely, a dismal GDP growth of 3.3% has been forecasted for FY10.

OPERATING PERFORMANCE

The Fund during the year ended June 30, 2009, earned a total income of PKR51.60mn as compared to PKR194.23mn for the

period ended June 30, 2008. The major reason for this decline was unrealized loss on investments at fair value through profit or loss and provisioning against non performing debt securities. The income for the period comprised mainly of profit on Sukuk and TFCs amounting to PKR152.85mn, profit on commercial papers amounting to PKR4.70mn, profit on placements with financial institutions amounting to PKR42.43mn, income from CFS transactions amounting to PKR6.40mn, loss on sale of investments of PKR35.60mn and profit earned on deposits with banks amounting to PKR10.27mn. The unrealized loss on investments at fair value through profit or loss and the provision against debt securities for the period were PKR67.69mn and PKR61.95mn respectively. After accounting for expenses of PKR32.14mn, the net income for the period was PKR5.25mn which translates into the gain of PKR0.195/unit outstanding as at June 30, 2009. The net assets of the fund as at June 30, 2009 were PKR1,367.51mn, resulting in a net asset value of PKR50.69/unit. The fund also declared a dividend of PKR0.1850/unit for the year ended from July 1, 2008 to June 30, 2009.

FUTURE OUTLOOK

According to World Bank's global growth forecast, world economy is expected to shrink by 2.9% in CY09 and developing economies, including Pakistan, are to face the brunt of it in the form of declining investments and increasing poverty. SBP had cut the key policy rate by 100 bps in April 2009 and a further cut of 50 to 100 bps is expected in the upcoming monetary policy for 1QFY10. This anticipated reduction in the key policy rate stems from the receding CPI, which reached a 16-month low in June 2009 to settle at 13.13%, lower than the current discount rate of 14%. The anticipated reduction in interest rate in the upcoming monetary policy is expected to provide considerable momentum to private sector credit off-take, ultimately leading to respite to the troubled manufacturing sector. The recent instability observed in Pak Rupee, on the contrary, bodes ill for manufacturing concerns involved in imports; and the economy by extension. The local currency lost 1.12% of its value against the greenback over Apr-Jun 2009, and the transference of oil import financing to commercial banks instead of the central bank leads to a presumption that a further plunge worth 4-5% is in the offing.

T-Bill rates and KIBOR are expected to hold steady for 1QFY10 on the back of uncertainty associated with external financing. In an event where financing does not materialize, the market will price-up the borrowing rates in anticipation of higher future government borrowing. A glimpse of this was visible in the sudden rise in borrowing figures during the last week of June, where a cautionary PKR493bn was borrowed through the central bank. Inflationary average for FY10 is expected to consolidate around 12-14%, despite central bank's forecast to the tune of 8-9%. The anticipated disparity stems from high energy prices and subsidy phase-outs across the economy. Agricultural sector is forecasted to post a growth of 3.8% and LSM sector may also depict improved performance in FY10, owing to the low base effect. All the economic positives that are being anticipated are subject to the timely fulfillment of external fund pledges, effective corporate governance and the improvement in law and order situation within the country, for which the government seems to be making commendable efforts.

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 13.6 of the Offering Document.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

- These financial statements present fairly the state of affairs of the Fund, the result of its operations, cash flows and changes in equity.
- The Fund maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

Annual Report 2009

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) listing regulations.
- The Board has formulated a Statement of Ethics and Business Practices which has been signed by existing directors and employees of the management company.
- The Directors, CEO, CFO and Company Secretary of the Management Company including their spouse and minor children do not hold any interest in the shares of the Company other than those disclosed in the financial statements.
- Pattern of units holding is given on note 21 of the financial statements.
- Key financial data for the year ended June 30, 2009 is given in note 27 of the financial statements.

BOARD MEETINGS

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

Name	Designation	Dates of board of directors meetings and directors present therein				
		July 7, 2008	August 20, 2008	October 26, 2008	February 12, 2009	April 16, 2009
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓	✓
Mr. Zafar Iqbal*	Director	✗	✓	✓	✓	✓
Mr. Javed Mahmood	Director	✓	✓	✓	✓	✓
Mr. Sulaiman Hammad Al Harty	Director	✓	✓	✗	✗	✓
Mr. Ali Said Ali	Director	✗	✓	✗	✓	✓
Mr. Humayun Murad*	Director	N/A	N/A	N/A	N/A	N/A
Mr. Agha Ahmed Shah*	Director	N/A	N/A	N/A	N/A	N/A
Maj. General Imtiaz Ahmed**	Director	N/A	N/A	N/A	N/A	N/A
Mr. Parveiz Usman**	Director	N/A	N/A	N/A	N/A	N/A
Mr. Akbar Habib*	Director	✗	✗	N/A	N/A	N/A
Mr. Zaigham Hasan Shah*	Director	✗	✗	N/A	N/A	N/A
Mr. Saeed-ur-Rahman**	Director	✓	✓	✗	N/A	N/A
Brig. Shahjahan Ali Khan, Esq.**	Director	✗	✓	N/A	N/A	✗
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	✓	✓

*Mr. Humayun Murad and Mr. Agha Ahmed Shah were nominated on January 6, 2009 and March 12, 2009 respectively in place of Mr. Akbar Habib and Mr. Zafar Iqbal and were appointed as directors after SECP's approval on May 18, 2009. Further, Mr. Zafar Iqbal was nominated on April 7, 2009 in place of Mr. Zaigham Hasan Shah.

*Mr. Parveiz Usman and Maj. General Imtiaz Ahmed were nominated on October 12, 2008 and August 22, 2008 respectively in place of Mr. Saeed-ur-Rahman and Brig. Shahjahan Ali Khan, Esq. and were appointed as directors after SECP's approval on May 29, 2009.

RE-APPOINTMENT OF AUDITORS

The present auditors M/s A.F. Ferguson & Co. Chartered Accountants, retired and being eligible, offered themselves for re-appointment. The Audit Committee of the Management Company in its meeting held on August 18, 2009 recommended and the Board of Directors in their meeting held on August 18, 2009 approved their re-appointment as auditors for the year ending June 30, 2010.

MUTUAL FUND RATING

The Fund's rating with PACRA is in process. Earlier the Fund was assigned A(f) Fund stability rating by JCR-VIS which reflected a moderate degree of stability and returns at moderate risk level. However, JCR-VIS has maintained the Management Quality Rating of 'AM3+' to the Management Company that denotes the company's good management quality and strong capacity to manage the risks inherent in asset management and that the asset manager meets high investment management industry standards and benchmarks.

ACKNOWLEDGEMENT

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

August 18, 2009
Karachi, Pakistan

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

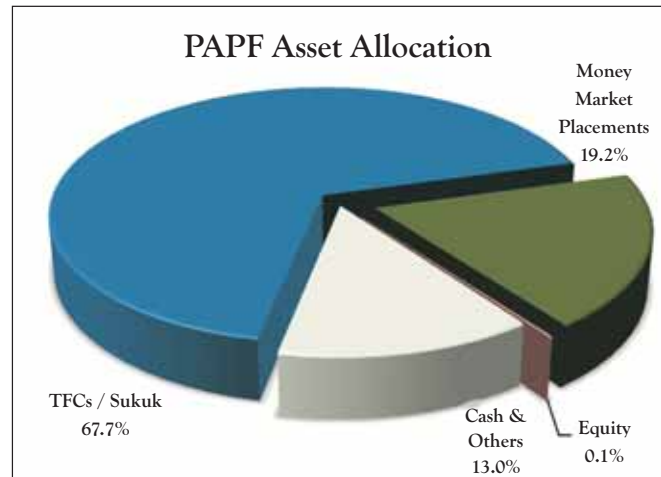
REPORT OF THE FUND MANAGERS OF THE MANAGEMENT COMPANY

Pak Oman Asset Management Company Limited, the Management Company of POBOP Advantage Plus Fund (the Fund) is pleased to present the Fund Manager's Report of the Fund for the year ended June 30, 2009.

Investment Objective

The investment objective of the fund is to provide a stable stream of income with a moderate level of risk by primarily investing in fixed income securities and offering prospects of income and capital growth.

Terms and Structure	
Type of Scheme	Open – End Fund
Nature of Scheme	Fixed Income
Inception Date	Oct 25 th , 2007
Face Value	PKR 50 per Unit
Fund Size	PKR1,368mn
NAV (Jun 30th, 2009)	50.6891
Benchmark	3 – Month KIBOR
Listing	KSE (Guaranteed) Limited
Trustee	CDC Pakistan Limited
Auditor	A. F. Fergusons & Co. Chartered Accountants
Legal Advisor	Bawaney & Partners
Transfer Agent	Gangjees Registrar Services (Pvt.) Limited
Management Fee	2.00% p.a.
Fund Stability Rating	In Process
AMC Rating	AM3+ by JCR – VIS
Fund Manager	Mr. Nabeel Malik



PAPF Performance	
Yield since inception*	4.43%
Year to date return (FY09)*	0.75%
Risk free rate (3M T-Bill)**	12.78%
Sharpe Ratio (Including Nov. return)	(0.1871)
Sharpe Ratio (Excluding Nov. Return)	0.1446

* Calculated through 'Morning Star'
**Based on average FY09 3M T-Bill cutoff yield

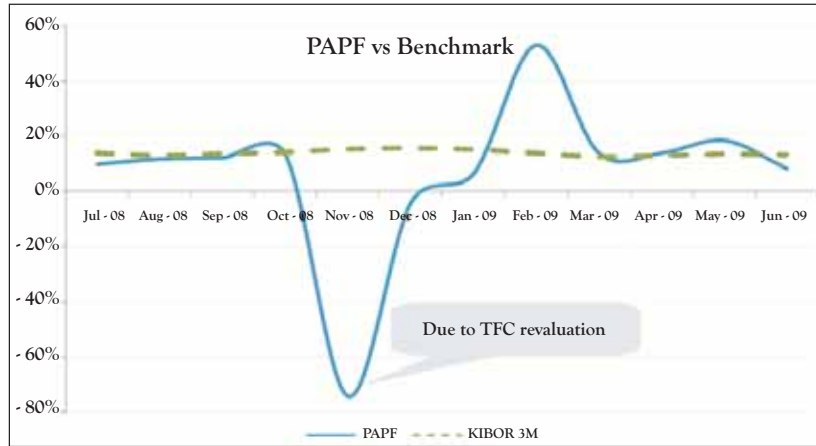
Fund Review

The year 2009 has proven to be a year filled with turmoil for the world economies. Many countries went into recession and the global economic meltdown also took its toll on Pakistan's economy. The stock markets took a deep plunge, the Discount rate and money market rates sky rocketed, rupee depreciated steeply against the dollar, the market strived for liquidity and the list goes on. It was a challenging year for the mutual fund industry where it was faced with heavy redemptions, corporate defaults, inactive markets and many other factors. For many funds, survival became a question mark. However, when the going gets tough, the tough gets going; and the said proved true for POBOP APF.

During the year under review, POBOP Advantage Plus Fund generated a YTD return of 0.75%. The fund invested moderately in TFCs, but due to heavy redemptions and an inactive TFC market the percentage of TFCs to the total portfolio increased considerably. That is the main reason why after SECP's decision to mark down the TFCs' prices, it had a heavy impact on the Fund's NAV. However, January onwards the fund recouped at a much faster pace as the economic activity started picking up slowly and the markets, after witnessing rock bottom levels, started picking up pace and investor interest and confidence started building up. This can be ascertained by the fact that POBOP APF generated a post TFC revaluation return of 16.39% which surpassed the average 3month T-bill rate considerably. Net assets of the funds, after witnessing a low of PKR 1,150 million, stood at PKR 1,368 million at year end.

Unit Holding Pattern

Units	# of Unit Holders
0 - 1,000	25
1,001 - 50,000	22
50,001 - 500,000	4
500,001 - 1,000,000	3
1000,001 - Above	6



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

July 22, 2009
 Karachi.

Nabeel Malik
 Head of Fixed Income

TRUSTEE REPORT TO THE UNIT HOLDERS POBOP ADVANTAGE PLUS FUND

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

The POBOP Advantage Plus Fund (the Fund), an open end fund was established under a trust deed dated July 16 2007, executed between Pak Oman Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2009 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.
- (ii) The pricing issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

For the purpose of information, Regulation 57(4) of the NBFC Regulation 2008 requires all redemptions to be processed within six working days from receipt of the redemption requests. We have noted instances during the year where the redemptions of units of the Fund were processed after such six day period. We raised this issue with the Management Company and the issue was also reported to the Securities and Exchanges Commission of Pakistan.

September 03, 2009
Karachi.

Muhammad Hanif
Chief Executive Office
Central Depository Company of Pakistan Limited

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The board of directors (the Board) of Pak Oman Asset Management Company Limited, the management company, which is an unlisted public company, manages the affairs of POBOP Advantage Plus Fund (the Fund). The Fund being an open end scheme does not have its own Board of Directors. The management company has applied the principles contained in the code to the Fund whose units are listed on the Karachi Stock Exchange, in the following manner:

1. The management company encourages representation of non-executive directors. All the directors except the MD & CEO are non-executive directors.
2. The existing directors have confirmed that none of them is serving as a director in more than ten listed companies, including the management company.
3. All the existing resident directors of the management company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year. However, nomination of five directors changed during the period.
5. The board has formulated a Statement of Ethics and Business Practices which has been signed by the existing directors and employees of the management company.
6. The board of the management company has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. The investment policy of the Fund has been disclosed in the offering document while other significant policies & procedures manuals have also been being approved by the Board and adopted by the management company.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the MD & CEO of the management company, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management company, managing the Fund has arranged an orientation course for its directors in the current year to apprise them of their duties and responsibilities and the requirements of the code of corporate governance.
10. The Board has approved the appointment of the Head of Finance and Company Secretary, of the management company and his terms of employment.
11. The directors' report relating to the Fund, for the year ended June 30, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the MD & CEO and the CFO of the management company before approval by the Board.
13. There is no interest of MD & CEO and Directors in the units of the Fund.
14. The management company has complied with all the applicable corporate and financial reporting requirements of the code.
15. The Board has an audit committee. It comprises of four non-executive directors of the management company as its members including chairman of the audit committee.

Annual Report 2009

16. The meetings of the audit committee were held once in every quarter prior to the approval of final results of the Fund and as required by the Code. The terms of reference of the audit committee have been framed and approved by the Board of the management company and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function and personnel involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
18. The related party transactions entered during the year ended June 30, 2009 have been placed before the audit committee and approved by the board of directors in their respective meetings held on February 12, 2009 and August 18, 2009 instead of each of their meetings held since January 19, 2009.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the management company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

August 18, 2009
Karachi.

Hina Ghazanfar
MD & CEO

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pak Oman Asset Management Company Limited (the Management Company) of POBOP Advantage Plus Fund (the Fund) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange where the Fund is listed.

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

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

Further, Sub-Regulation (xii a) of Listing Regulation 37 (now Listing Regulation 35) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent at arm's length transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required to check the approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee which were done in their meetings held on February 12 and August 18, 2009. 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 status of the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

September 10, 2009
Karachi.

A.F. Ferguson & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the accompanying financial statements of POBOP Advantage Plus Fund, which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, statement of movement in unit holders' fund 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material 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 Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with the requirements of the approved accounting standards as applicable in Pakistan.

Other Matters

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

September 10, 2009
Karachi.

A.F. Ferguson & Co.
Chartered Accountants

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2009

	Note	2009 (Rupees in '000)	2008
Assets			
Balances with banks	6	139,280	275,775
Placements with financial institutions	7	265,000	375,000
Investments	8	932,829	1,511,555
Receivable against sale of investments		93	-
Receivable against continuous funding system transactions		-	84,515
Profit receivable	9	32,816	33,824
Deposits, prepayments and other receivables	10	2,668	6,350
Preliminary expenses and floatation cost	11	2,237	2,983
Total assets		1,374,923	2,290,002
Liabilities			
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	12	5,247	6,638
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	13	198	276
Payable to Securities and Exchange Commission of Pakistan	14	1,265	1,673
Accrued expenses and other liabilities	15	700	286
Total liabilities		7,410	8,873
Net assets		1,367,513	2,281,129
Unitholders' fund (as per statement attached)		1,367,513	2,281,129
		(Units)	
Number of units in issue		26,978,438	42,711,386
		(Rupees)	
Net asset value per unit		50.6891	53.4080

The annexed notes 1 to 30 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director

Annual Report 2009

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	For the year ended June 30, 2009	For the period October 25, 2007 to June 30, 2008
(Rupees in '000)			
Income			
Profit on deposit accounts with banks		10,269	28,087
Profit on placements with financial institutions		42,426	35,487
Profit on sukuk and term finance certificates		152,845	61,472
Profit on commercial papers		4,696	15,464
Profit on government securities		102	-
Income from continuous funding system transactions		6,397	33,528
(Loss) / income from sale of investments		(35,602)	13,085
Dividend income		39	-
Other income		71	-
		181,243	187,123
Unrealised (loss) / gain on investments 'at fair value through profit or loss' - upon initial recognition		(67,694)	7,108
Provision against non-performing debt securities		(61,950)	-
		(129,644)	7,108
Total income		51,599	194,231
Expenses			
Remuneration to Pak Oman Asset Management Company Limited - Management Company of the Fund		25,200	25,095
Remuneration to Central Depository Company of Pakistan Limited - Trustee of the Fund		2,449	2,356
Securities and Exchange Commission of Pakistan - annual fee		1,265	1,673
Auditors' remuneration	17	576	388
Fees and subscription		957	339
Amortisation of preliminary expenses and floatation cost	11	746	746
Brokerage		95	2,251
Bank, settlement and other charges		850	1,416
Total expenses		32,138	34,264
Element of loss included in prices of units sold less those in units redeemed		(14,208)	(14,407)
Net income		5,253	145,560

The annexed notes 1 to 30 form an integral part of these financial statements.

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

MD & CEO

Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009	For the period October 25, 2007 to June 30, 2008
	(Rupees in '000)	
Undistributed income brought forward:		
- Realised income	138,452	-
- Unrealised income	7,108	-
	145,560	-
Less: Final distribution in the form of cash for the period October 25, 2007 to June 30, 2008: Rs 3.0957 per unit	(47,612)	-
Less: Final distribution in the form of bonus units for the period October 25, 2007 to June 30, 2008: Rs 3.0957 per unit	(84,610)	-
Net income for the year / period	5,253	145,560
Undistributed income carried forward	18,591	145,560
Undistributed income carried forward:		
- Realised income	141,127	138,452
- Unrealised (loss) / income	(122,536)	7,108
	18,591	145,560

The annexed notes 1 to 30 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director

Annual Report 2009

**STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	For the year ended June 30, 2009	For the period October 25, 2007 to June 30, 2008
	(Rupees in '000)	
Net assets as at the beginning of the year / period	2,281,129	-
Issue of 16,122,180 units (2008: 130,134,656 units)	798,725	6,644,682
Redemption of 33,536,824 units (2008: 87,423,270 units)	(1,684,190)	(4,523,520)
	(885,465)	2,121,162
Element of loss included in prices of units sold less those in units redeemed	14,208	14,407
Net (loss) / income less distribution for the year / period	(126,969)	145,560
Issue of 1,681,695 bonus units for the period October 25, 2007 to June 30, 2008	84,610	-
Net assets at the end of the year / period	<u>1,367,513</u>	<u>2,281,129</u>
	(Rupees)	
Net asset value per unit	<u>50.6891</u>	<u>53.4080</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

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

MD & CEO

Director

CASH FLOW STATEMENT

AS AT JUNE 30, 2009

	For the year ended June 30, 2009	For the period October 25, 2007 to June 30, 2008
	Note	(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income		5,253 145,560
Adjustments for non-cash items and other items		
Profit on deposit accounts with banks		(10,269) (28,087)
Profit on placements with financial institutions		(42,426) (35,487)
Profit on sukuk and term finance certificates		(152,845) (61,472)
Profit on commercial papers		(4,696) (15,464)
Profit on government securities		(102) -
Income from continuous funding system transactions		(6,397) (33,528)
Loss / (income) from sale of investments		35,602 (13,085)
Dividend income		(39) -
Unrealised loss / (gain) on investment 'at fair value through profit or loss' - upon initial recognition		67,694 (7,108)
Provision against non-performing debt securities		61,950 -
Amortisation of preliminary expenses and floatation cost		746 746
Element of loss included in prices of units sold less those in units redeemed		14,208 14,407
		(31,321) (33,518)
Decrease / (increase) in assets		
Placements with financial institutions		205,000 (375,000)
Investments (net)		453,778 (1,488,983)
Receivable against continuous funding system transactions		84,515 (84,515)
Deposits, prepayments and other receivables		3,682 (6,350)
Preliminary expenses and floatation cost		- (3,729)
		746,975 (1,958,577)
(Decrease) / increase in liabilities		
Payable to Pak Oman Asset Management Company Limited		(1,391) 6,638
Payable to Central Depository Company of Pakistan Limited		(78) 276
Payable to Securities and Exchange Commission of Pakistan		(408) 1,673
Accrued expenses and other liabilities		414 286
		(1,463) 8,873
Dividend received		39 -
Profit received on deposit accounts with banks		12,530 24,264
Profit received (net) on sukuk and term finance certificates		147,798 38,514
Profit received on placements with financial institutions		45,673 28,991
Profit received on government securities		102 -
Income received on continuous funding system transactions		6,944 32,981
Loss realised / (income) received from sale of investments		(35,695) 13,085
Net cash inflow / (outflow) from operating activities		891,582 (1,845,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid		(47,612) -
Net of payments and receipts against issue and redemption of units		(885,465) 2,121,162
Net (decrease) / increase in cash and cash equivalents during the year / period		(41,495) 275,775
Cash and cash equivalents at the beginning of the year / period		275,775 -
Cash and cash equivalents at the end of the year / period	18	234,280 275,775

The annexed notes 1 to 30 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 POBOP Advantage Plus Fund (the Fund) was established as an open-end scheme under a trust deed (the Trust Deed) executed between Pak Oman Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed was executed on July 16, 2007 and was approved for execution by the Securities and Exchange Commission of Pakistan (the SECP) on July 27, 2007 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On November 21, 2007, Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations 2007) were notified which are now superceded by the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) issued through S.R.O. 1203(I)/2008 on November 21, 2008. The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company. The registered office of the Management Company is situated at First Floor, Tower A, Finance and Trade Centre, Sharah-e-Faisal, Karachi.
- 1.2 The Fund is an open-end fund listed on the Karachi Stock Exchange and was launched on October 25, 2007. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.3 The policy of the Fund is to invest in a mix of investment-grade money market instruments, debt securities, continuous funding system transactions, government securities and derivative transactions.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. BASIS OF PRESENTATION AND ACCOUNTING CONVENTION

These financial statements are presented in Pakistani Rupees which is the functional currency of the Fund and the figures have been rounded off to the nearest thousand rupees. These financial statements have been prepared under the historical cost convention, except for certain investments classified as 'at fair value through profit or loss' upon initial recognition which are carried at fair value in accordance with the criteria laid down in the International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

3. STATEMENT OF COMPLIANCE

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

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the said directives take precedence.

- 3.2 Standard and interpretations effective from July 1, 2008:

IFRS 7, 'Financial instruments: Disclosures' introduces new disclosures (note 20) relating to financial instruments and does not have any impact on the classification and valuation of the Fund's financial instruments.

Certain interpretations to the approved accounting standards were mandatory for accounting periods beginning on or before July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

- 3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

Certain interpretations and other amendments to the approved accounting standards are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

- (a) Classification and valuation of financial instruments (notes 5.1 and 8)
- (b) Recognition of provision for current and deferred taxation (note 5.7)
- (c) Amortisation of preliminary expenses and floatation cost (note 5.8)

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 assets in the following categories:

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

- Financial assets 'held-for-trading'

These include financial assets 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 assets 'at fair value through profit or loss upon initial recognition'

Any financial asset within the scope of IAS 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.

Annual Report 2009

(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 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.

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

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 assets and financial liabilities '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. Changes in the fair value of instruments classified as 'available for sale' are recognised in equity until derecognised or impaired, while the accumulated fair value adjustments in equity, upon sale of investments are included in the income statement.

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

The fair value of debt securities and derivatives were determined as follows:

- Based on their prices quoted by Mutual Funds Association of Pakistan (MUFAP) during the period from July 1, 2008 upto November 4, 2008.
- The SECP through its circular No. 26/2008 dated November 5, 2008 has directed that for valuation of debt securities a fixed discount rate be applied on the face value of the securities based on the security / entity rating. Accordingly, subsequent to the date of the circular No. 26/2008 upto January 9, 2009 valuation of debt securities was based on the discounted value.
- Effective January 10, 2009 the carrying value of debt securities is based on the value determined and announced by MUFAP in accordance with the criteria laid down in circular No. 1/2009 dated January 6, 2009 (the circular) issued by the SECP.

The fair value of equity securities is based on the prices quoted by the relevant stock exchanges.

The Management Company of the Fund estimates that the fair value of commercial papers is equal to its carrying value.

5.1.5 Impairment

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

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

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under the circular issued by the SECP. The management may also make provision against debt securities over and above the minimum provision requirements prescribed in the aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors.

5.1.6 Receivable against continuous funding system transactions

Securities purchased under an agreement to resell are included as financings in respect of continuous funding system (CFS) at the value of the consideration given. All those transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income and is recognised over the period of the transaction.

All purchases under CFS are recognised using the settlement date accounting.

5.1.7 Derecognition

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

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

5.2 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by IAS 39, consequently hedge accounting is not used by the Fund.

5.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors before cut off time on the date when the application is received. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributors and the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application before cut off time on that date. The redeemed price represents the net asset value per unit less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

5.4 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) in prices of units sold less those

Annual Report 2009

in units redeemed' is set up in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period is taken to the income statement.

5.5 Provisions

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

5.6 Net asset value per unit

The net asset value (NAV) per unit is calculated by dividing the net assets of the Fund by the number of units in issue at year / period end.

5.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of 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 unitholders. 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.

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 accounting income for the year as reduced by capital gains, whether realised or unrealised to its unitholders every year.

5.8 Preliminary expenses and floatation cost

Preliminary expenses and floatation cost represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirement of the Trust Deed of the Fund.

5.9 Distribution and appropriation

Distribution and appropriation to reserves are recognised in the Fund's financial statements in the period in which these are approved.

5.10 Offsetting of financial assets and liabilities

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 assets and to settle the liabilities simultaneously.

5.11 Zakat

Units held by resident Pakistani unitholders are subject to Zakat at 2.5% of the face value or redemption value, whichever is lower, of units under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted. Zakat is deducted at source from the dividend amount or from the redemption payment, if units are redeemed during the Zakat year before payment of dividend after it becomes leviable.

5.12 Revenue recognition

- (i) Gains / (losses) arising on disposal of investments are included in the income statement currently and are recognised on the date when the transaction takes place.
- (ii) Income on debt instruments is recognised on an accrual basis using the effective interest rate method except for income on non-performing assets which is recognised on receipt basis.
- (iii) Profits on commercial papers, government securities, term deposit receipts, placements with financial institutions and bank deposits are recorded on an accrual basis.
- (iv) Unrealised gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- (v) Income from continuous funding system transactions is recognised on an accrual basis.
- (vi) Dividend income is recognised when the Fund's right to receive dividend is established.

5.13 Expenses

All expenses, including management fee and trustee fee, are recognised in the income statement on an accrual basis.

5.14 Cash and cash equivalents

Cash and cash equivalents comprise of deposits with banks and short-term highly liquid investments, with original maturity of three months or less, 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.

6. BALANCES WITH BANKS

	2009	2008
	(Rupees in '000)	
Balances with banks - Deposit accounts	<u>139,280</u>	<u>275,775</u>

7. PLACEMENTS WITH FINANCIAL INSTITUTIONS

Name	Placement Date	Maturity Date	Markup		
First Dawood Investment Bank Limited	-	-	-	-	150,000
Saudi Pak Leasing Company Limited	January 1, 2009	December 31, 2009	14.95%	170,000	200,000
B.R.R. Guardian Modaraba	-	-	-	-	25,000
IGI Investment Bank Limited - unsecured	June 10, 2009	July 10, 2009	13.50%	15,000	-
Bank Al Falah Limited - unsecured	June 8, 2009	July 8, 2009	13.80%	80,000	-
				<u>265,000</u>	<u>375,000</u>

- 7.1 The placements with a bank / NBFC are unsecured as these are provided to banks / NBFCs having good credit ratings. Further, the placement with another NBFC is secured against its future lease rentals.

Annual Report 2009

8. INVESTMENTS

'Financial assets at fair value through profit or loss' - upon initial recognition

	Note	2009	2008
		(Rupees in '000)	
Shares of listed companies	8.1	1,840	-
Commercial papers	8.2	-	170,307
Sukuk certificates	8.3	297,595	461,295
Term finance certificates	8.4	633,394	879,953
Government securities	8.5	-	-
		932,829	1,511,555

8.1 Shares of listed companies - see note 8.6

Name of the investee company	No. of shares / certificates received under the CFS MK II Square up programme during the year	Bonus / Right issue	Sales during the year	As at June 30, 2009	Cost as at June 30, 2009	Market value as at June 30, 2009	Percentage of total investments
	----- Number of shares -----				--- (Rupees in '000) ---		
Close-end mutual funds							
JS Value Fund	1,692	-	1,692	-	-	-	-
Pakistan Premier Fund	1,879	-	1,879	-	-	-	-
PICIC Growth Fund	619	-	619	-	-	-	-
	4,190	-	4,190	-	-	-	-
Investment banks/companies/securities							
Arif Habib Limited	922	-	922	-	-	-	-
Arif Habib Securities Limited	19,079	-	-	19,079	862	527	0.06
Dawood Equities Limited	316	-	316	-	-	-	-
First National Equities Limited	47	-	-	47	2	-	-
Jahangir Siddiqui & Company Limited	11,393	-	-	11,393	640	264	0.03
Javed Omer Vohra & Company Limited	2,352	-	2,352	-	-	-	-
JS Investments Limited	226	-	226	-	-	-	-
Pervez Ahmed Securities Limited	1,794	-	1,794	-	-	-	-
	36,129	-	5,610	30,519	1,504	791	0.09
Commercial banks							
Allied Bank Limited	267	-	267	-	-	-	-
Arif Habib Bank Limited	11,500	-	11,500	-	-	-	-
Askari Bank Limited	1,899	-	1,899	-	-	-	-
Bank Al Habib Limited	3,015	-	3,015	-	-	-	-
Bank Al Falah Limited	23,861	2,982	-	26,843	433	284	0.03
Bank Al Falah Limited - RAL	-	11,930	11,930	-	-	-	-
Bank Islami Pakistan Limited	9,246	-	9,246	-	-	-	-
Faysal Bank Limited	436	-	436	-	-	-	-
Habib Bank Limited	398	-	398	-	-	-	-
JS Bank Limited	5,428	-	5,428	-	-	-	-
MCB Bank Limited	132	13	145	-	-	-	-
Meezan Bank Limited	417	-	417	-	-	-	-
National Bank of Pakistan Limited	4,773	-	4,773	-	-	-	-
NIB Bank Limited	6,297	-	6,297	-	-	-	-
Silkbank Limited (formerly Saudi Pak Commercial Bank Limited)	2,108	-	2,108	-	-	-	-
Soneri Bank Limited	3,133	-	3,133	-	-	-	-
The Bank of Punjab - connected person	46,522	-	-	46,522	700	511	0.05
United Bank Limited	1,135	-	1,135	-	-	-	-
	120,567	14,925	62,127	73,365	1,133	795	0.08
Insurance							
Adamjee Insurance Company Limited	1,594	159	-	1,753	174	147	0.02
EFU General Insurance	10,760	-	10,760	-	-	-	-
Pakistan Reinsurance Company Limited	860	-	860	-	-	-	-
	13,214	159	11,620	1,753	174	147	0.02

Textile composite							
Azgard Nine Limited	12,846	-	12,846	-	-	-	-
Dawood Lawrencepur Limited	51	-	51	-	-	-	-
Nishat (Chunian) Limited	678	-	678	-	-	-	-
Nishat Mills Limited	1,024	-	1,024	-	-	-	-
	14,599	-	14,599	-	-	-	-
Synthetic and rayon							
Deewan Salman Fiber Limited	10,485	-	10,485	-	-	-	-
Cement							
Al-Abbas Cement	1,629	-	1,629	-	-	-	-
D.G. Khan Cement Company Limited	593	-	593	-	-	-	-
Deewan Cement Limited	1,409	-	1,409	-	-	-	-
Fauji Cement Limited	7,517	-	7,517	-	-	-	-
Lucky Cement Limited	273	-	273	-	-	-	-
Maple Leaf Cement Factory Limited	2,253	-	2,253	-	-	-	-
Pakistan Cement Company Limited	10,385	-	10,385	-	-	-	-
Pioneer Cement Limited	611	-	611	-	-	-	-
	24,670	-	24,670	-	-	-	-
Refinery							
Attock Refinery Limited	1,276	-	1,276	-	-	-	-
Bosicor Pakistan Limited	9,422	-	9,422	-	-	-	-
National Refinery Limited	2,057	-	2,057	-	-	-	-
Pakistan Refinery Limited	1,051	-	1,051	-	-	-	-
	13,806	-	13,806	-	-	-	-
Power generation and distribution							
The Hub Power Company Limited	17,567	-	17,567	-	-	-	-
Kor Addu Power Company Limited	12	-	12	-	-	-	-
	17,579	-	17,579	-	-	-	-
Oil & gas marketing companies							
Attock Petroleum Limited	2,504	-	2,504	-	-	-	-
Pakistan State Oil Company Limited	483	-	483	-	-	-	-
Sui Northern Gas Pipelines Limited	3,074	-	3,074	-	-	-	-
Sui Southern Gas Company Limited	2,655	-	2,655	-	-	-	-
	8,716	-	8,716	-	-	-	-
Balance carried forward	263,955	15,084	173,402	105,637	2,811	1,733	0.19

Name of the investee company	No. of shares / certificates received under the CFS MK II Square up programme during the year	Bonus / Right issue	Sales during the year	As at June 30, 2009	Cost as at June 30, 2009	Market value as at June 30, 2009	Percentage of total investments
Balance brought forward	263,955	15,084	173,402	105,637	2,811	1,733	0.19
Oil & gas exploration companies							
Oil and Gas Development Company Limited	3,526	-	3,526	-	-	-	-
Pakistan Oilfields Limited	531	-	531	-	-	-	-
Pakistan Petroleum Limited	593	-	593	-	-	-	-
	4,650	-	4,650	-	-	-	-
Engineering							
Crescent Steel and Allied Products Limited	798	-	798	-	-	-	-
Dost Steels Limited	1,140	-	1,140	-	-	-	-
	1,938	-	1,938	-	-	-	-
Automobile assembler							
Honda Atlas Cars (Pakistan) Limited	352	-	352	-	-	-	-
Indus Motor Company Limited	41	-	41	-	-	-	-
	393	-	393	-	-	-	-
Transport							
Pakistan International Container Terminal Limited	82	-	82	-	-	-	-
Technology and communication							
Eye Television Network Limited	1	-	1	-	-	-	-
NetSol Technologies Limited	444	-	444	-	-	-	-
Pakistan Telecommunication Company Limited	85,853	-	85,853	-	-	-	-
Telecard Limited	2,557	-	2,557	-	-	-	-
TRG Pakistan Limited	8,162	-	8,162	-	-	-	-
World Call Telecom Limited	12,342	-	12,342	-	-	-	-
	109,359	-	109,359	-	-	-	-

Annual Report 2009

Fertilizer

Engro Chemical Pakistan Limited	837	-	837	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	2,598	-	2,598	-	-	-	-
Fauji Fertilizer Company Limited	1,375	-	1,375	-	-	-	-
	4,810	-	4,810	-	-	-	-

Pharmaceuticals

Searle Pakistan Limited	1	-	1	-	-	-	-
-------------------------	---	---	---	---	---	---	---

Chemicals

BOC Pakistan Limited	24	-	24	-	-	-	-
ICI Pakistan Limited	595	-	595	-	-	-	-
Pakistan PTA Limited	1,312	-	1,312	-	-	-	-
Sitara Peroxide Limited	1,736	-	1,736	-	-	-	-
	3,667	-	3,667	-	-	-	-

Paper and board

Packages Limited	2,620	-	2,620	-	-	-	-
------------------	-------	---	-------	---	---	---	---

Cable and electrical goods

Pak Elektron Limited	23,685	-	23,685	-	-	-	-
----------------------	--------	---	--------	---	---	---	---

Miscellaneous

Pace (Pakistan) Limited	19,105	-	-	19,105	204	107	0.01
Tri-Pack Films Limited	19	-	19	-	-	-	-
	19,124	-	19	19,105	204	107	0.01

434,284	15,084	324,626	124,742	3,015	1,840	0.20
---------	--------	---------	---------	-------	-------	------

8.1.1 All shares have a nominal value of Rs 10 each.

8.2 Commercial papers

Name of the investee company	Face value of each certificate	Maturity	Mark-up rate	As at July 1, 2008	Maturities during the year	As at June 30, 2009	Market value as at June 30, 2009 (amortised cost)	Percentage of total investments
	(Rs in '000)			Number of certificates		(Rupees in '000)		
Azgard Nine Limited	5,000	November 17, 2008	11.46%	5	5	-	-	-
Pak American Fertilizers Limited	10,000	July 5, 2008	11.25%	5	5	-	-	-
Pak Elektron Limited	5,000	July 15, 2008	10.56%	10	10	-	-	-
Azgard Nine Limited	1,000	February 3, 2009	12.04%	5	5	-	-	-
Pak American Fertilizers Limited	1,000	March 25, 2009	16.05%	20	20	-	-	-
						-	-	-

8.3 Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 1, 2008	Purchases during the year	Sales / redemptions during the year	As at June 30, 2009	Amortised cost as at June 30, 2009	Fair value as at June 30, 2009 (see note 5.1.4)	Percentage of total investments
			Number of certificates			(Rupees in '000)			
Kohat Cement Company Limited (see note 8.7) - secured	June 20, 2013	3 months KIBOR plus base rate of 1.80%	30,000	-	7,000	23,000	111,090	111,090*	8.30
New Allied Electronics Industries (Private) Limited (see note 8.8) - secured	July 25, 2012	3 months KIBOR plus base rate of 2.60%	192,000	-	-	192,000	60,222	60,000*	3.40
Maple Leaf Cement Factory Limited - secured	December 3, 2013	6 months KIBOR plus base rate of 1.70%	12,000	15,000	27,000	-	-	-	-
Pak Elektron Limited - secured	September 28, 2012	3 months KIBOR plus base rate of 1.75%	9,000	-	7,500	1,500	7,000	6,830	0.73
House Building Finance Corporation Limited - secured	May 8, 2014	6 months KIBOR plus base rate of 1.00%	30,000	-	7,500	22,500	112,500	106,425	11.41
B.R.R Guardian Modarba - secured	July 7, 2014	6 months KIBOR plus base rate of 1.30%	10,000	-	3,700	6,300	31,500	30,200	3.24
Three Stars Hosiery Mills Limited - secured	August 5, 2013	3 months KIBOR plus base rate of 3.25%	-	12,000	-	12,000	60,000	45,000	4.82
						382,312	359,545	31.90	
Less: provision against sukuk certificates of Kohat Cement Company Limited								(33,638)	
Less: provision (including 5% additional provision) against sukuk certificates of New Allied Electronics Industries (Private) Limited								(28,312)	
								297,595	

* These represent cost of sukuk certificates before providing provision in accordance with the requirements of the circular.

8.4 Term finance certificates

Name of the investee company	Maturity	Mark-up rate	As at July 1, 2008	Purchases during the year	Sales / redemptions during the year	As at June 30, 2009	Amortised cost as at June 30, 2009	Fair value as at June 30, 2009 (see note 5.1.4)	Percentage of total investments
			Number of certificates			Rupees in '000			
Engro Chemical Limited - secured	November 30, 2015	6 months KIBOR plus base rate of 1.55%	21,403	-	15,000	6,403	31,995	31,096	3.33
Pak American Fertilizers Limited - secured	November 28, 2014	6 months KIBOR plus base rate of 1.75%	19,000	-	2,200	16,800	84,286	81,798	8.77
Azgard Nine Limited - secured	December 4, 2014	6 months KIBOR plus base rate of 2.25%	10,000	-	2,500	7,500	37,575	36,952	3.96
Pak Arab Fertilizers Limited - secured	February 28, 2013	6 months KIBOR plus base rate of 1.50%	20,000	346	4,500	15,846	79,650	75,531	8.10
United Bank Limited - unsecured	February 14, 2018	6 months KIBOR plus base rate of 0.85%	4,000	21,000	25,000	-	-	-	-
NIB Bank Limited - unsecured	March 5, 2016	6 months KIBOR plus base rate of 1.15%	30,000	-	30,000	-	-	-	-
Pakistan Mobile Communication Limited - secured	October 28, 2013	6 months KIBOR plus base rate of 1.65%	40,000	-	-	40,000	200,000	192,043	20.59
World Call Telecom Limited (see note 8.4.1) - secured	October 7, 2013	6 months KIBOR plus base rate of 1.60%	20,000	-	4,750	15,250	76,235	72,557	7.78
Gharibwal Cement Limited - secured	January 18, 2013	6 months KIBOR plus base rate of 3.00%	-	8,000	-	8,000	39,984	35,562	3.81
Pak Hy Oils Limited - secured	December 1, 2013	6 months KIBOR plus base rate of 2.25%	-	3,923	-	3,923	19,615	14,711	1.58
Vision Developers (Private) Limited - secured	November 30, 2013	6 months KIBOR plus base rate of 2.50%	-	6,000	-	6,000	30,000	22,500	2.41
Orix Leasing Pakistan Limited - secured	May 25, 2012	6 months KIBOR plus base rate of 1.50%	-	5,000	-	5,000	20,698	20,644	2.21
Bank Al Habib Limited - unsecured	June 15, 2017	15.50% per annum	-	10,000	-	10,000	50,000	50,000	5.36
							670,038	633,394	67.90

8.4.1 100 certificates of World Call Telecom Limited having carrying value of Rs 0.476 million are pledged with National Clearing Company of Pakistan Limited.

8.4.2 Unsecured investments have been made in financial institutions having sound credit ratings and financial strength.

8.5 Government Securities

Name of the security	Maturity	Mark-up rate	As at July 1, 2008	Purchases during the year	Sales during the year	Amortised cost as at June 30, 2009	Market value as at June 30, 2009 (amortised cost)	Percentage of total investments
			(Rupees in '000)					
Pakistan Investment Bond	August 30, 2018	12.00% per annum	-	25,000	25,000	-	-	-

8.6 The Fund entered into a Voluntary Continuous Funding System Mark-II Square up Program (the Program) with National Clearing Company of Pakistan Limited (NCCPL) for squaring up of its outstanding exposure in CFS amounting to Rs 32.382 million.

According to the term of the option, settlement of 70% of total financed value was to be settled in cash and remaining 30% of total financed in shares. The Fund has received shares / certificates amounting to Rs 9.709 million which represented the closing price of such shares / certificates as of December 24, 2008 after applying the discount of 12.5% and 15%.

The SECP through its circular No. NBFC-1/MUFAP/01/2009 dated January 1, 2009, has allowed all income / money market funds to hold the shares acquired under the Program for a period of three months extendable to another three months upon application to the SECP. However, in case the price of these shares attains the level determined in the program i.e. 12.5% discount to the closing price as of December 24, 2008, the Fund is required to dispose of these shares immediately.

8.7 On December 20, 2008 i.e. the scheduled redemption date, accrued profit aggregating Rs 8.366 million alongwith the principal repayment of Rs 340 per certificate (aggregating Rs 7.820 million) was not received by the Fund. However, such

Annual Report 2009

accrued profit has been received subsequent thereto. In accordance with the requirements of the circular the accrual of profit has been suspended and the income has only been recognised to the extent of profit actually realised upto June 30, 2009.

During the year the repayment terms of the sukuk were restructured through a supplemental trust deed dated May 11, 2009 through which the maturity date has been extended upto June 20, 2013 from June 20, 2012. Effective December 20, 2009 the repayment schedule has been revised from semi-annual payments to quarterly payments which will be based on a base rate of 3 months KIBOR.

Subsequent to June 30, 2009 the Fund has received coupon amounting to Rs 4.841 million being the installment receivable upto June 20, 2009 which has been recognised as income in the subsequent accounting period.

These sukuk certificates are secured against the present and future fixed assets of Kohat Cement Company Limited in accordance with the sukuk issue arrangement.

- 8.8 On October 25, 2008 i.e. the scheduled redemption date, principal repayment of Rs 19.53 per certificate (aggregating Rs 3.750 million) was not received by the Fund. In accordance with the requirements of the circular the accrual of mark-up has been suspended and the accrued mark-up upto that date have been reversed. Further, subsequent redemptions were also not received by the Fund.

These sukuk certificates are secured by items of plant and machinery of New Allied Electronics Industries (Private) Limited in accordance with the sukuk issue arrangement.

	Note	2009	2008
		(Rupees in '000)	
9. PROFIT RECEIVABLE			
On continuous funding system transactions		-	547
On sukuk and term finance certificates		28,005	22,958
On placements with financial institutions		3,249	6,496
On deposit accounts with banks		1,562	3,823
		<u>32,816</u>	<u>33,824</u>
10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits with Central Depository Company of Pakistan Limited		100	100
Security deposits with National Clearing Company of Pakistan Limited		2,500	3,500
Margin deposits with National Clearing Company of Pakistan Limited		-	1,845
Prepayments		68	860
Other receivables		-	45
		<u>2,668</u>	<u>6,350</u>
11. PRELIMINARY EXPENSES AND FLOATATION COST			
Preliminary expenses and floatation cost		2,983	3,729
Less: amortisation for the year / period		(746)	(746)
		<u>2,237</u>	<u>2,983</u>
12. PAYABLE TO PAK OMAN ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY OF THE FUND			
Remuneration	12.1	2,264	2,909
Preliminary expenses and floatation cost		2,983	3,729
		<u>5,247</u>	<u>6,638</u>

12.1 The remuneration of the Management Company is being charged at a rate of 2% (2008: 1.5%) on average annual net assets of the Fund.

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

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

14. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents proportionate annual fee at a rate of 0.075% (2008: 0.1%) of the average annual net assets of the Fund payable to the SECP under regulation 62 of the NBFC Regulations 2008.

	2009	2008
	(Rupees in '000)	
15. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	350	265
Others	350	21
	700	286

16. CLASSES OF UNITS IN ISSUE

16.1 The Fund has issued the following classes of units:

Class Description

- A Units issued to the core investor (Bank of Punjab) with no sales load. These units cannot be redeemed for a period of two years from the date of closure of Initial Offer.
- B Units issued to Pre-IPO and IPO investors with no front-end load
- C Units issued after the IPO

16.2 As per the First Supplemental Trust Deed dated May 26, 2008, Management Company of the Fund may issue the following classes of units:

- Growth units which shall be entitled to bonus units in case of any distribution by the Fund. Bonus units issued to growth unitholders shall also be the growth units.
- Income units which shall be entitled to cash dividend in case of any distribution by the Fund.

16.3 The units in issue as at year / period end in each class and their par values were as follows:

Class	2009		2008	
	Number of units in issue	(Rupees in '000)	Number of units in issue	(Rupees in '000)
A				
- Growth units	-	-	-	-
- Income units	5,000,000	250,000	5,000,000	250,000
B				
- Growth units	6,755,850	337,793	9,979,035	498,952
- Income units	10,379,942	518,997	10,379,942	518,997

Annual Report 2009

C				
- Growth units	4,842,646	242,132	17,352,409	867,620
- Income units	-	-	-	-
Total	26,978,438	1,348,922	42,711,386	2,135,569

The par value of each unit is Rs 50. The management company of the Fund has set a minimum initial investment limit of Rs 5,000. All units carry equal rights and are entitled to dividends and payment of net asset value on liquidation.

17. AUDITORS' REMUNERATION

	For the year ended June 30, 2009	For the period October 25, 2007 to June 30, 2008
	(Rupees in '000)	
Annual audit fee	265	200
Half year review fee	150	100
Others	85	65
Out of pocket expenses	76	23
	576	388
	2009	2008

18. CASH AND CASH EQUIVALENTS

	Note	(Rupees in '000)	
Balances with banks	6	139,280	275,775
Placements with financial institutions	7	95,000	-
		234,280	275,775

19. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include Pak Oman Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Pak Oman Investment Company Limited being the Holding Company of Management Company, National Industrial Parks Development and Management Company Limited and The Bank of Punjab (core investor) being holders of more than ten percent of the units of the Fund outstanding as on June 30, 2009, executives of the Management Company and other funds being managed by the Management Company.

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 remuneration to the Management Company and the Trustee is payable in accordance with the NBFC Regulations.

Details of transactions with connected persons and balance with them at year / period end are as follows:

	2009		2008	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units outstanding at the beginning of the year / period:				
Pak Oman Investment Company Limited	5,832,037	311,477	-	-
The Bank of Punjab	14,370,315	767,490	-	-
National Industrial Parks Development and Management Company Limited	3,039,469	162,332	-	-
Executives	975	52	-	-
Units sold to:				
Pak Oman Investment Company Limited	3,234,334	150,000	11,832,037	600,000
The Bank of Punjab	-	-	33,963,561	1,750,000
National Industrial Parks Development and Management Company Limited	-	-	6,000,000	300,000
Pak Oman Asset Management Company Limited	928,256	48,000	-	-
Pak Oman Asset Management Company Limited - Provident Fund	32,442	1,608	-	-
Bank Al Falah Limited	-	-	5,950,183	300,000
Executives	9,652	489	975	50
Bonus units issued to:				
Pak Oman Investment Company Limited	358,843	18,054	-	-
The Bank of Punjab	884,201	44,486	-	-
National Industrial Parks Development and Management Company Limited	187,018	9,409	-	-
Executives	60	3	-	-
Units redeemed by:				
Pak Oman Investment Company Limited	6,421,672	300,000	6,000,000	308,640
The Bank of Punjab	884,201	44,486	19,593,246	1,033,096
National Industrial Parks Development and Management Company Limited	-	-	2,960,531	150,000
Pak Oman Asset Management Company Limited	928,256	48,188	-	-
Pak Oman Asset Management Company Limited - Provident Fund	16,247	796	-	-
Bank Al Falah Limited	-	-	4,940,556	251,160
Executives	1,035	51	-	-

Annual Report 2009

Units outstanding at the end of the year / period:

Pak Oman Investment Company Limited	3,003,542	152,247	5,832,037	311,477
The Bank of Punjab	14,370,315	728,418	14,370,315	767,490
National Industrial Parks Development and Management Company Limited	3,226,487	163,548	3,039,469	162,332
Pak Oman Asset Management Company Limited - Provident Fund	16,195	821	-	-
Executives	9,652	489	975	52

2009 2008
(Rupees in '000)

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

Remuneration for the year / period	25,200	25,095
Preliminary expenses and floatation cost	-	3,729
	<u>25,200</u>	<u>28,824</u>

Central Depository Company of Pakistan Limited - Trustee of the Fund

Remuneration for the year / period	2,449	2,356
CDS charges	65	338
	<u>2,514</u>	<u>2,694</u>

The Bank of Punjab

Deposit with bank	138,293	261,007
Profit on bank deposit	<u>9,941</u>	<u>21,085</u>

Pak Oman Advantage Stock Fund - fund managed by the same management company

Sale of sukuk certificates	10,324	-
Sale of term finance certificates	43,558	-
	<u>53,882</u>	<u>-</u>

Pak Oman Advantage Islamic Fund - fund managed by the same management company

Sale of sukuk certificates	<u>10,548</u>	<u>-</u>
----------------------------	---------------	----------

Pak Oman Advantage Islamic Income Fund - fund managed by the same management company

Sale of sukuk certificates	<u>21,096</u>	<u>-</u>
----------------------------	---------------	----------

Pak Oman Advantage Fund - fund managed by the same management company

Sale of sukuk certificates	72,525	-
Sale of term finance certificates	156,950	-
	<u>229,475</u>	<u>-</u>

The status of outstanding balances with connected persons as at June 30, 2009 and 2008 is stated in 'Statement of assets and liabilities' and note 8.1.

20. RISK MANAGEMENT

The Fund primarily invests in a portfolio of investment-grade money market instruments, debt securities, continuous funding system transactions, government securities and derivative transactions. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

20.1 Market risk

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

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

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

20.1.2 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 change in market interest rates.

- Fair value sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing sukuk and term finance certificates that expose the Fund to cash flow interest rate risk. In case of 50 basis points increase / decrease in KIBOR on June 30, 2009, with all other variables held constant, the net assets of the Fund would have been higher / lower by Rs 3.612 million (2008: Rs 2.165 million).

The composition of the Fund's investment portfolio and KIBOR rates is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

20.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund's other price risk is represented by equity price risk. At present the fund is not exposed to significant price risk as its investment in equity instruments as at June 30, 2009 amounted to 0.2% of the total investments made by the Fund.

20.2 Credit risk

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

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits obtaining adequate collaterals and by following strict credit evaluation criteria laid down by the management. The Fund does not expect to incur material credit losses on its financial assets.

Annual Report 2009

The analysis below summarises the credit quality of the Fund's performing investment in sukuk and term finance certificates as at June 30, 2009:

Debt securities by rating	Percentage of total debt investments
AA	52.43
A	23.20
BBB	3.82
BB	4.83
Non rated - Others (see note 20.2.1)	4.00

Further, an analysis of the credit quality of the Fund's placements in NBFCs and bank as at June 30, 2009 are as follows:

Placements by rating	Percentage of total placements
A - 1 +	30.19
A - 1	5.66
A - 3	64.15

Moreover, the analysis of the credit quality of the balances with banks maintained by the Fund are as follows:

Balances with banks by rating	Percentage of total balances with banks
A - 1 +	100.00

20.2.1 'Others' comprise of term finance certificates of investee companies which have not yet obtained issue or entity rating.

20.2.2 The maximum exposure to credit risk before any credit enhancements as at June 30, 2009 is the carrying amount of the financial assets as set out in note 20.6.

20.3 Concentration of credit risk

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

20.4 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund is exposed to daily cash redemptions, if any. 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.

The maximum amount of borrowing available to the Fund is restricted by the NBFC Regulations 2008 to fifteen percent of the net assets upto 90 days and should be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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.

	2009 Total (Upto three months)	2008 Total (Upto three months)
	(Rupees in '000)	
Financial liabilities		
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	5,247	6,638
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	198	276
Accrued expenses and other liabilities	700	286
	6,145	7,200

20.5 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate to their fair value.

20.6 Financial instruments by category

	2009			
	Loans and receivables	Financial assets at fair value through profit or loss - upon initial recognition	Financial liabilities measured at amortised cost	Total
	(Rupees in '000)			
On balance sheet - financial assets				
Balances with banks	139,280	-	-	139,280
Placements with financial institutions	265,000	-	-	265,000
Investments	-	932,829	-	932,829
Receivable against sale of investments	93	-	-	93
Profit receivable	32,816	-	-	32,816
Deposits and other receivables	2,600	-	-	2,600
	439,789	932,829	-	1,372,618
On balance sheet - financial liabilities				
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	5,247	5,247
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	198	198
Accrued expenses and other liabilities	-	-	700	700
	-	-	6,145	6,145

	2008			
	Loans and receivables	Financial assets at fair value through profit or loss - upon initial recognition	Financial liabilities measured at amortised cost	Total
	(Rupees in '000)			
On balance sheet - financial assets				
Balances with banks	275,775	-	-	275,775
Placements with financial institutions	375,000	-	-	375,000
Investments	-	1,511,555	-	1,511,555
Receivable against continuous funding system transactions	84,515	-	-	84,515
Profit receivable	33,824	-	-	33,824
Deposits and other receivables	5,490	-	-	5,490
	774,604	1,511,555	-	2,286,159

Annual Report 2009

On balance sheet - financial liabilities

Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	6,638	6,638
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	276	276
Accrued expenses and other liabilities	-	-	286	286
	-	-	7,200	7,200

21. UNIT HOLDING PATTERN OF THE FUND

Category	2009		
	No. of unitholders	Investment (Rupees in '000)	Percentage of total investments
Individuals	44	9,761	0.71
Associated companies / directors	3	1,044,213	76.36
Banks / DFIs	4	228,963	16.74
NBFCs	1	2,036	0.15
Retirement funds	7	82,540	6.04
	59	1,367,513	100.00

Category	2008		
	No. of unitholders	Investment (Rupees in '000)	Percentage of total investments
Individuals	39	21,882	0.96
Associated companies / directors	3	1,241,299	54.42
Banks / DFIs	3	67,329	2.95
NBFCs	4	81,582	3.58
Retirement funds	13	107,582	4.72
Others	10	761,455	33.37
	72	2,281,129	100.00

22. LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION

2009	2008
KASB Securities Limited	Bhayani Securities (Private) Limited
JS Global Capital Limited	DJM Securities (Private) Limited
Invisor Securities (Private) Limited	FDM Capital Securities (Private) Limited
Intermarket Securities (Private) Limited	Global Securities Pakistan Limited
DJM Securities (Private) Limited	Growth Securities (Private) Limited
Atlas Capital Markets (Private) Limited	Intermarket Securities (Private) Limited
Global Securities Pakistan Limited	Invest and Finance Securities Limited
Elixir Securities Pakistan (Private) Limited	Ismail Abdul Shakoore Securities (Private) Limited
AMZ Securities (Private) Limited	Ismail Iqbal Securities (Private) Limited
Growth Securities (Private) Limited	JS Global Capital Limited

23. DETAILS OF MEMBERS OF BOARD INVESTMENT COMMITTEE

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

24. DETAILS OF FUND MANAGER

Name	Qualification	Funds managed
Mr. Nabeel Malik	MBA	POBOP Advantage Plus Fund Pak Oman Advantage Fund Pak Oman Advantage Islamic Income Fund

25. DETAILS OF ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name	Designation	Dates of board of directors meetings and directors present therein				
		July 7, 2008	August 20, 2008	October 26, 2008	February 12, 2009	April 16, 2009
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓	✓
Mr. Zafar Iqbal*	Director	✗	✓	✓	✓	✓
Mr. Javed Mahmood	Director	✓	✓	✓	✓	✓
Mr. Sulaiman Hammad Al Harty	Director	✓	✓	✗	✗	✓
Mr. Ali Said Ali	Director	✗	✓	✗	✓	✓
Mr. Humayun Murad*	Director	N/A	N/A	N/A	N/A	N/A
Mr. Agha Ahmed Shah*	Director	N/A	N/A	N/A	N/A	N/A
Maj. General Imtiaz Ahmed**	Director	N/A	N/A	N/A	N/A	N/A
Mr. Parveiz Usman**	Director	N/A	N/A	N/A	N/A	N/A
Mr. Akbar Habib*	Director	✗	✗	N/A	N/A	N/A
Mr. Zaigham Hasan Shah*	Director	✗	✗	N/A	N/A	N/A
Mr. Saeed-ur-Rahman**	Director	✓	✓	✗	N/A	N/A
Brig. Shahjahan Ali Khan, Esq.**	Director	✗	✓	N/A	N/A	✗
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	✓	✓

*Mr. Humayun Murad and Mr. Agha Ahmed Shah were nominated on January 6, 2009 and March 12, 2009 respectively in place of Mr. Akbar Habib and Mr. Zafar Iqbal and were appointed as directors after SECP's approval on May 18, 2009. Further, Mr. Zafar Iqbal was nominated on April 7, 2009 in place of Mr. Zaigham Hasan Shah.

**Mr. Parveiz Usman and Maj. General Imtiaz Ahmed were nominated on October 12, 2008 and August 22, 2008 respectively in place of Mr. Saeed-ur-Rahman and Brig. Shahjahan Ali Khan, Esq. and were appointed as directors after SECP's approval on May 29, 2009.

26. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Fund's rating with PACRA is in process. Earlier the Fund was assigned A(f) Fund stability rating by JCR-VIS which reflected a moderate degree of stability and returns at moderate risk level.

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

Annual Report 2009

27. PERFORMANCE TABLE

	2009	2008
Details of total net assets and net asset value per unit		
Net assets as at year / period end (Rupees in '000)	1,367,513	2,281,129
Net asset value per unit as at year / period end (Rupees)	50.6891	53.4080
Selling price per unit as at year / period end (Rupees)	51.2011	53.9475
Repurchase price per unit as at year / period end (Rupees)	50.6891	53.4080
Highest selling price per unit during the year / period (Rupees)	52.8675	53.9475
Lowest selling price per unit during the year / period (Rupees)	45.9320	50.0100
Highest repurchase price per unit during the year / period (Rupees)	52.3388	53.4080
Lowest repurchase price per unit during the year / period (Rupees)	45.9320	50.0100
Return of the fund annualised	0.75%	9.95%
Income distribution (Rupees in '000)	2,845	47,612
Growth distribution (Rupees in '000)	2,146	84,610
Distribution per unit (Rupees)	0.1850	3.0957
Distribution date	July 6, 2009	July 7, 2008
	One year	Two years
Average annual return (%) as at June 30, 2009	0.75%	5.35%

Investment portfolio composition of the Fund

	2009		2008	
	(Rupees in '000)	Percentage of total investment	(Rupees in '000)	Percentage of total investment
Commercial papers				
- Textile composite	-	-	52,655	3.48
- Cable & electrical goods	-	-	49,808	3.31
- Fertilizer	-	-	67,844	4.49
	-	-	<u>170,307</u>	<u>11.28</u>
Shares				
- Investment banks	791	0.08	-	-
- Commercial banks	795	0.09	-	-
- Insurance	147	0.02	-	-
- Others	107	0.01	-	-
	<u>1,840</u>	<u>0.20</u>	-	-
Sukuk certificates				
- Cement	77,452	8.30	205,581	13.60
- Cable and electrical goods	38,518	4.13	45,394	3.00
- Others	181,625	19.47	210,320	13.91
	<u>297,595</u>	<u>31.90</u>	<u>461,295</u>	<u>30.51</u>
Term finance certificates				
- Fertilizer	188,425	20.20	303,087	20.05
- Textile composite	36,952	3.96	50,166	3.32
- Commercial banks	50,000	5.36	171,750	11.36
- Technology and communication	264,600	28.37	304,950	20.17
- Cement	35,562	3.81	-	-
- Leasing	20,644	2.21	-	-
- Modaraba	-	-	50,000	3.31
- Others	37,211	3.99	-	-
	<u>633,394</u>	<u>67.90</u>	<u>879,953</u>	<u>58.21</u>

27.1 Past performance of the Fund is not necessarily indicative of future performance and that unit prices and investment returns may go down as well as up.

27.2 Weighted average portfolio duration of the Fund is 3.48 months (2008: 4.13 months).

28. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 6, 2009 has approved distribution of Rs 0.1850 per unit for the year ended June 30, 2009 aggregating to Rs 4.991 million. Out of the approved distribution Rs 2.845 million will be distributed as cash dividend and Rs 2.146 million as bonus units.

29. CAPITAL RISK MANAGEMENT

"The capital of the Fund is represented by the net assets attributable to the unitholders of the Fund. The amount of net assets attributable to the unitholders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of the unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

"

In order to maintain or adjust the capital structure, the Fund performs the following:

(i) Monitors the level of daily issuance and redemptions relative to the liquid assets.

(ii) Primarily invests in liquid assets easily convertible into cash to mitigate liquidity risk.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on August 18, 2009 by the Board of Directors of the Management Company.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director