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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

“Pak Oman Advantage Islamic Income 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) 35631020-24
Fax: (9221) 35631025
Web site: www.pakomanfunds.com
E-mail: info@pakomanfunds.com

BOARD OF DIRECTOR OF THE MANAGEMENT COMPANY

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

AUDIT COMMITTEE

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

HEAD OF FINANCE, OPERATION & COMPANY SECRETARY

Mr. Najm-ul- Hassan

TRUSTEE

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



AUDITORS

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- Islamic Banking
Dubai Islamic Bank
Bank Islami Pakistan
Al-Barka Islamic Bank
MCB Bank Limited - Islamic Bank
UBL Bank Limited - Islamic Bank

SHARIAH ADVISER

Dr. Muhammad Imran Ashraf Usmani

LEGAL ADVISER

Mandviwalla & Zafar
Advocates and legal Consultants
C-15 Block 2, Clifton,
Karachi

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 (BOD) of Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Advantage Islamic Income Fund (POAIIIF) is pleased to present the audited financial statements of the Fund for the year ended June 30, 2010.

ECONOMIC REVIEW

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

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

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

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

OPERATING PERFORMANCE

The Fund during the year ended June 30, 2010, earned a total income of PKR18.88mn. The income for the period comprises of mainly profit earned on sukus amounting to PKR6.83mn, profit earned on deposits with banks amounting to PKR13.85mn, profit on placement with banks amounting to PKR4.39mn and other income amounting to PKR0.09mn. The reversal of provision on investment amounting to PKR5.85mn and loss from sale of investments amounting to PKR12.14mn. After accounting for expenses of PKR7.69mn, the net income for the period was PKR9.09mn in comparison with the net income of 21.16 mn for the period ended from October 30, 2008 to June 30, 2009 mainly due to provision and disposal of risky assets. The net assets of the fund as at June 30, 2010 were 244.515mn and PKR52.9356 per unit. The fund also declared a dividend of PKR2.80/unit for the year ended June 30, 2010.

FUTURE OUTLOOK

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



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

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

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

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

INVESTMENT POLICY

Investment Policy of the Fund is stated in Clause 2.2 of the Offering Document. The Investment Policy of the Scheme is constructed to help ensure overall compliance with the investment objective stated above. The Investment Policy shall focus on selecting investments, executing transactions and constructing a portfolio to match the investment objective. The Investment Policy of the Scheme shall select instruments from within the specified Authorized Investments as stated in Clause 17.6 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 (except for a change in accounting policy as stated in note 3.2 to the financial statements) in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) listing regulations.
- The Directors, CEO, CFO and Company Secretary of the Management Company including their spouse and minor children do not hold any interest in the shares of the Company other than those disclosed in the financial statements.
- Pattern of units holding is given on note 20 of the financial statements. There is no interest of MD & CEO and Directors in units of the Fund.
- Key financial data for the year ended June 30, 2010 and for the period October 30, 2008 to June 30, 2009 is given in note 26 of the financial statements.



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

Board Meetings

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

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

RE-APPOINTMENT OF AUDITORS

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

MUTUAL FUND RATING

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

ACKNOWLEDGEMENT

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

August 18, 2010
Muscat, Oman

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



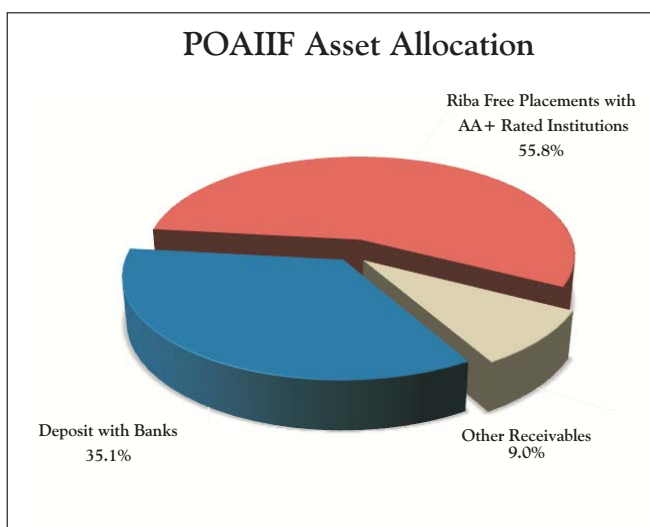
REPORT OF THE FUND MANAGERS OF THE MANAGEMENT COMPANY

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

Investment Objective

The investment objective of POAIIF is to provide investors with high current income and long-term capital growth primarily by investing in a diversified portfolio of Shariah compliant investment instruments, including Shariah compliant securities available for investments outside Pakistan, subject to applicable laws.

Terms and Structure	
Type of Scheme	Open-End Fund
Nature of Scheme	Shariah Compliant Income
Inception Date	Oct 30, 2008
Face Value	PKR50 per Unit
Fund Size (June 30, 2010)	PKR 244.51mn
NAV (June 30, 2010)	PKR 52.9356 per Unit
Benchmark	1-month average deposit rate of 4 Islamic banks
Listing	KSE (Guaranteed) Limited
Front- end load	1.00% (Currently waived)
Trustee	CDC Pakistan Limited.
Shariah Advisor	Dr. Mohammad Imran Ashraf Usmani
Shariah Collaborator	Meezan Bank Limited
Auditor	A.F Ferguson & Co.
Legal Advisor	Mandviwalla & Zafar Advocates & Legal Consultants.
Transfer Agent	Gangjees Registrar Services(Pvt.) Limited
Management Fee	2.00% p.a
AMC Rating	AM3 by JCR- VIS
Fund Manager	Mr. Nabeel Malik



POAIIF Performance	
Yield since inception *	8.28
Year to date return (FY10)	3.55%
Risk free rate (3M T-Bill)**	12.11%
Sharpe Ratio	-1.22

* Calculated through ‘Morning Star’
 **Based on average FY10 3M T-Bill cutoff yield

FUND REVIEW

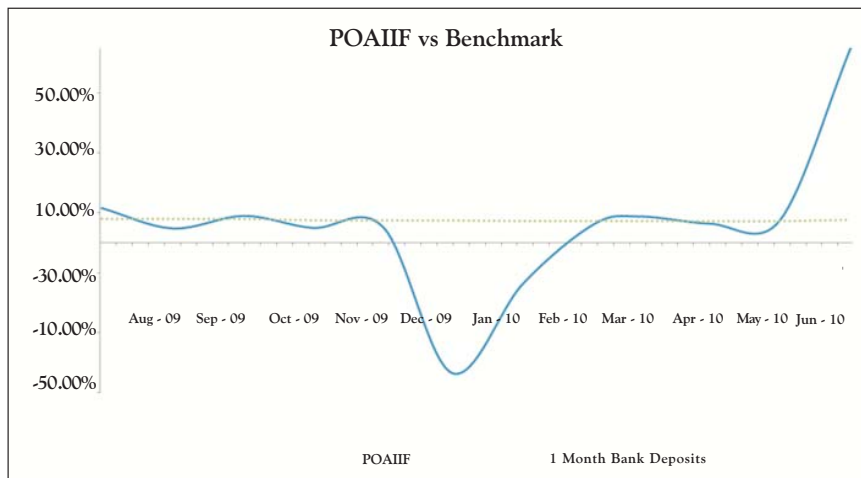
Inflationary pressures played a vital role in directing interest rates over the outgoing fiscal year. The fuelling inflation prevalent over 1HFY10 finally showed some respite over the second half, condensing to a 12-month low of 8.9%. That said, these inflationary figures embarked on a rising trajectory once again when the IMF imposed conditions for subsidy removal finally settled in. In the face of mounting cost-push pressures, the State Bank of Pakistan had to account for inflationary aspects and resultantly maintained the discount rate at 12.5% throughout 2HFY10.

During the year under review Pak Oman Advantage Islamic Income Fund generated a return of 3.36%.The fund faced revaluation losses in its Sukuk portfolio. The fund’s average investment during the year comprised of 14.70% in Sukuk and rest in cash and cash equivalent investments. The fund gradually reduced its Sukuk portfolio over the year and brought it down to absolute zero at the end of the year to reduce the risk profile of the fund. The net assets of the fund remained relatively stable during the year and stood at PKR244.51 mn at year end.



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

Unit Holding Pattern	
Units	# of Unit Holders
0 – 1,000	168
1,001 – 50,000	82
50,001 – 500,000	7
500,001 – 1,000,000	2
1000,001 - Above	1



July 22, 2010
Karachi.

Nabeel Malik
Head of Fixed Income



REPORT OF THE SHARIAH ADVISOR

Karachi
September 8, 2010/ Ramadan 28, 1431 A.H

Alhamdulillah, the period from July 1, 2009 to June 30, 2010 was the second year of operations of Pak Oman Advantage Islamic Income Fund (POAIF). This report is being issued in accordance with clause 3.A.4 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shar'iah Compliance of the Fund's activity.

In the capacity of Shari'ah advisor, we have prescribed criteria and procedure to be followed in ensuring Shariah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of POAIF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of POAIF by POAMCL are Shari'ah Compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of POAIF for the period ended June 30, 2010 have been in compliance with Shariah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
Shariah Advisor

Ali Ahmed Siddque, EVP, PDSC
For and on behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider



**TRUSTEE REPORT TO THE UNIT HOLDERS
PAK OMAN ADVANTAGE ISLAMIC INCOME FUND**

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

The Pak Oman Advantage Islamic Income Fund (the Fund), an open-end fund was established under a trust deed dated June 02, 2008, executed between Pak Oman Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (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.

September 01, 2010
Karachi.

Muhammad Hanif Jakhura
Chief Executive Officer
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, 2010

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 and manages the affairs of Pak Oman Advantage Islamic Income 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 MD & CEO & Mr. Zafar Iqbal 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 Development Financial Institution or a Non Banking Finance Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The board has formulated a Statement of Ethics and Business Practices for the current year which is in process of being signed by the directors and employees of the management company.
6. The board of the management company has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. The investment policy of the Fund has been disclosed in the offering document while other significant policies & procedures manuals have also been being approved by the Board and adopted by the management company.
7. All the powers of the Board have been duly exercised and decisions on material transactions, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management company, managing the Fund has arranged an orientation course for its directors in the current year to apprise them of their duties and responsibilities and the requirements of the code of corporate governance.
10. The Board has approved the appointment of the Chief Financial Officer (CFO), 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, 2010 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the MD & CEO and the CFO of the management company before approval by the Board.
13. There is no interest of MD & CEO and Directors in 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.



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

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 incurred during the year were placed before the Audit Committee and were approved by the Board of Directors.
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, 2010
Muscat, Oman

Hina Ghazanfar
MD & CEO



**REVIEW REPORT TO THE UNITHOLDERS ON STATEMENT OF COMPLIANCE
WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pak Oman Asset Management Company Limited (the Management Company) of Pak Oman Advantage Islamic Income 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 inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

Further, Sub - Regulation (xiii a) of the Listing Regulations No. 35 of the Karachi Stock Exchange requires the company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail on arm's length and those which are not executed at arm's length prices and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are required to be separately placed before the audit committee. We are only required and have ensured compliance of the subject requirement to the extent of approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices 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, 2010.

September 8, 2010
Karachi.

A.F. Ferguson & Co.
Chartered Accountants



INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the accompanying financial statements of Pak Oman Advantage Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2010, and the related income statement, distribution statement, statement of movement in unitholders' 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 judgement, 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, 2010 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

September 8, 2010
Karachi.

A.F. Ferguson & Co.
Chartered Accountants



INDEPENDENT ASSURANCE PROVIDER'S REPORT ON SHARIAH COMPLIANCE TO THE UNITHOLDERS

We have performed our independent assurance engagement of Pak Oman Advantage Islamic Income Fund (the Fund) to assess the Fund's compliance with the Shariah guidelines prescribed by the Shariah Advisor of the Fund for the year ended June 30, 2010.

Management Company's responsibility

Management Company of the Fund is responsible for the appointment of Shariah Advisor of the Fund and for compliance with the Shariah guidelines prescribed by the Shariah Advisor. This responsibility includes: designing, implementing and maintaining internal control to ensure compliance with the Shariah guidelines issued by the Shariah Advisor of the Fund.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Fund has complied with the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with the Shariah guidelines. In making those risk assessments, we have considered internal controls relevant to the entity's compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of entity's internal control.

Conclusion

In our opinion, the Fund was, in all material respect, in compliance with the Shariah guidelines issued by the Shariah Advisor of the Fund for the year ended June 30, 2010.

September 8, 2010
Karachi.

A.F. Ferguson & Co.
Chartered Accountants



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2010

	Note	2010 (Rupees in '000)	2009
Assets			
Balances with banks	6	88,076	142,503
Placements with banks		140,000	-
Investments	7	-	73,384
Profit receivable	8	2,311	2,984
Deposits and other receivables	9	17,339	5,100
Preliminary expenses and floatation cost	10	3,000	4,000
Total assets		<u>250,726</u>	<u>227,971</u>
Liabilities			
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	11	4,063	5,410
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	12	57	59
Payable to Securities and Exchange Commission of Pakistan	13	165	134
Accrued expenses and other liabilities	14	1,926	374
Total liabilities		<u>6,211</u>	<u>5,977</u>
Net assets		<u>244,515</u>	<u>221,994</u>
Unitholders' fund (as per statement attached)		<u>244,515</u>	<u>221,994</u>
		(Units)	
Number of units in issue	15	<u>4,619,093</u>	<u>4,016,662</u>
		(Rupees)	
Net asset value per unit		<u>52.9356</u>	<u>55.2683</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	For the year ended June 30, 2010	For the period October 30, 2008 to June 30, 2009
		(Rupees in '000)	
Income			
Profit on deposit accounts with banks		13,853	15,204
Profit on placements with banks		4,392	-
Profit on sukuk certificates		6,833	9,347
(Loss) / income from sale of investments		(12,141)	2,935
Other income		90	3,424
		13,027	30,910
Unrealised gain on investments 'at fair value through profit or loss'			
- upon initial recognition		-	4,024
Provision against non-performing security		-	(5,850)
Reversal of provision on an investment		5,850	-
		5,850	(1,826)
Total income		18,877	29,084
Expenses			
Remuneration to Pak Oman Asset Management Company Limited - Management Company of the Fund		4,398	2,773
Remuneration to Central Depository Company of Pakistan Limited - Trustee of the Fund		700	485
Securities and Exchange Commission of Pakistan - annual fee		165	134
Auditors' remuneration	16	475	446
Fees and subscription		150	30
Amortisation of preliminary expenses and floatation cost	10	1,000	1,000
Workers's welfare fund - current year		182	-
- prior period		415	-
Brokerage		36	26
Bank and settlement charges		170	67
Total expenses		7,691	4,961
Element of loss included in prices of units sold less those in units redeemed		(2,091)	(2,962)
Net income		9,095	21,161

The annexed notes 1 to 28 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director

Audited Financial Statements for the Year Ended June 30, 2010

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PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	For the year ended June 30, 2010	For the period October 30, 2008 to June 30, 2009
	(Rupees in '000)	
Undistributed income brought forward		
- Realised income	22,987	-
- Unrealised income	(1,826)	-
	21,161	-
Net income for the period	9,095	21,161
First interim distribution of 6,080 bonus units for the year ended June 30, 2010 @ Rs 0.10 per unit	(306)	-
First interim distribution in the form of cash for the year ended June 30, 2010 @ Rs 0.10 per unit	(110)	-
Final distribution in the form of issuance of 230,821 bonus units for the period October 30, 2008 to June 30, 2009 @ Rs 4.0531 per unit	(11,822)	-
Final distribution in the form of cash for the period October 30, 2008 to June, 30 2009 @ Rs 4.0531 per unit	(4,458)	-
Net income less distribution for the year / period	(7,601)	21,161
Undistributed income carried forward	13,560	21,161
Undistributed income carried forward		
- Realised income	9,536	22,987
- Unrealised income	4,024	(1,826)
Undistributed income carried forward	13,560	21,161

The annexed notes 1 to 28 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

**STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	For the year ended June 30, 2010 (Rupees in '000)	For the period October 30, 2008 to June 30, 2009 (Rupees in '000)
Net assets at the beginning of the year / period	221,994	-
Issue of 8,597,177 units (2009: 12,229,066 units)	438,728	616,917
Redemption of 8,231,647 units (2009: 8,212,404) and	(422,825)	(419,046)
	15,903	197,871
Element of loss included in prices of units sold less those in units redeemed	2,091	2,962
Net income less distribution for the year / period	(7,601)	21,161
Final distribution in the form of issuance of 230,821 bonus units for the period October 30, 2008 to June 30, 2009 @ Rs 4.0531 per unit	11,822	-
First interim distribution of 6,080 bonus units for the year ended June 30, 2010 @ Rs 0.10 per unit	306	-
Net assets as at the end of the year / period	<u>244,515</u>	<u>221,994</u>
Net asset value per unit	<u>52.9356</u>	<u>55.2683</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	For the year ended June 30, 2010	For the period October 30, 2008 to June 30, 2009
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		9,095	21,161
Adjustments for non-cash and other items			
Profit on deposit accounts with banks		(13,853)	(15,204)
Profit on placements with banks		(4,392)	-
Profit on sukuk certificates		(6,833)	(9,347)
Loss / (income) from sale of investments		12,141	(2,935)
Unrealised gain on investments 'at fair value through profit or loss' - upon initial recognition		-	(4,024)
Reversal of provision on an investment		(5,850)	-
Provision against non-performing security		-	5,850
Amortisation of preliminary expenses and floatation cost		1,000	1,000
Element of loss included in prices of units sold less those in units redeemed		2,091	2,962
		(6,601)	(537)
(Increase) / decrease in assets			
Investments (net)		79,234	(75,210)
Placements with banks		(140,000)	-
Deposits and other receivables		(12,239)	(5,100)
Preliminary expenses and floatation cost		-	(5,000)
		(73,005)	(85,310)
Increase / (decrease) in liabilities			
Payable to Pak Oman Asset Management Company Limited		(1,347)	5,410
Payable to Central Depository Company of Pakistan Limited		(2)	59
Payable to Securities and Exchange Commission of Pakistan		31	134
Accrued expenses and other liabilities		1,552	374
		234	5,977
Profit received on deposit accounts with banks		13,778	14,152
Profit received on placement with banks		3,208	-
Profit received (net) on sukuk certificates		8,765	7,415
(Loss) / income received from sale of investments		(12,141)	2,935
Cash flow from operating activities		(65,762)	(55,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net of payments and receipts against issue and redemption of units		15,903	197,871
Dividend paid		(4,568)	-
		11,335	197,871
Net (decrease) / increase in cash and cash equivalent during the period		(54,427)	142,503
Cash and Cash equivalent at beginning of the period		142,503	-
Cash and cash equivalent at the end of the period	6	88,076	142,503

The annexed notes 1 to 28 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, 2010**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pak Oman Advantage Islamic Income 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 June 2, 2008 and was approved for execution by the Securities and Exchange Commission of Pakistan (the SECP) on May 27, 2008 under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules). On November 21, 2008 Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) were notified through S.R.O. 1203(I)/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 a shariah compliant open-end fund listed on the Karachi Stock Exchange and was launched on October 30, 2008. 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 unitholders.
- 1.3 The Fund's investments as at June 30, 2010 comprise of shariah compliant deposits with banks, so as to ensure a riba-free return on investments. All investments of the Fund are as per the guidelines of the shariah principles provided by the Shariah Advisor of the Fund, Dr. Imran Ashraf Usmani, and comprise the investments permissible as 'Authorised Investments' under the Trust Deed.
- 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

- 2.1 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, unless otherwise specifically stated.
- 2.2 The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah Guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.
- 2.3 Since the Fund was launched on October 30, 2008, therefore, the comparative figures for the transactions in these financial statements are for the period October 30, 2008 to June 30, 2009.

3. STATEMENT OF COMPLIANCE

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

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

- 3.2 Standard, amendments and interpretations effective from July 1, 2009:

IAS 1 (revised), 'Presentation of financial statements' (effective July 1, 2009 for the Fund). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in statement of other comprehensive income, but entities can choose either to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of other comprehensive income).



Further, where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning of the earliest comparative period, in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. The Fund has applied IAS 1 (revised) from July 1, 2009 and elected to present one performance statement (i.e. the income statement). However, since there are no non-owner changes in equity, there is no impact of such revised standard on these financial statements, except for change in an accounting policy relating to 'available for sale' investments (see note 5.1.3 below).

Certain other standards, amendments and interpretations to the approved accounting standards were mandatory for accounting periods beginning on or before July 1, 2009 but were considered not to be relevant or did not have any significant effect to the Fund's operations and are therefore not detailed in these financial statements.

3.3 Standards, amendments and interpretations that are not yet effective:

Certain standards, amendments and interpretation to the approved accounting standards are effective for accounting periods beginning after July 1, 2009 but are considered not to be relevant or have any significant effect to 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 7)
- (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'.

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 up to maturity.

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

(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.

Effective July 1, 2009, subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the 'income statement' for the year. Changes in the fair value of instruments classified as 'available for sale' are recognised in the 'income statement' as 'other comprehensive income' until derecognised or impaired, while the accumulated fair value adjustments in 'other comprehensive income', upon sale of investments are included in 'profit and loss' for the year.

Previously, changes in the fair value of instruments classified as 'available for sale' were recognised in equity until derecognised or impaired when the accumulated fair value adjustments recognised in equity were included in the income statement. Such change in the accounting policy has been made consequent to the introduction of IAS 1 (revised), 'Presentation of financial statements' (note 3.2). However, there is no effect of such change on these financial statements since the Fund does not have any 'available for sale investment'.

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:



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- 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 No.1) and circular No.3/2010 dated January 20, 2010 (the Circular No.3) issued by the SECP.

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 Circulars No.1 and 3 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 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 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 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 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.



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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.

	Note	2010 (Rupees in '000)	2009
6 BALANCES WITH BANKS			
Balances with banks - Deposit accounts		<u>88,076</u>	<u>142,503</u>

6.1 These carry mark up rates ranging from 5% to 10.25% (2009: 8.14% to 15.25%).

7. INVESTMENTS

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

Sukuk certificates	7.1	<u>-</u>	<u>73,384</u>
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7.1 Sukuk certificates

Name of the investee company	Maturity	Markup rate	Balance as at July 1, 2009	Purchases during the period	Sales / redemptions during the period	Balance as at June 30, 2010	Cost as at June 30, 2010	Fair value as at June 30, 2010 (see note 5.1.4)	Percentage of total investments
						Number of certificates		(Rupees in '000)	
Kohat Cement Company Limited - secured	December 20, 2015	3 months KIBOR plus base rate of 1.80%	4,000	-	4,000	-	-	-	-
Engro Chemicals Pakistan Limited - secured	September 6, 2015	6 months KIBOR plus base rate of 1.50%	4,000	5,000	9,000	-	-	-	-
Sitara Chemical Limited - secured	January 2, 2013	3 months KIBOR plus base rate of 1.00%	3,500	3,600	7,100	-	-	-	-
Pak Elektron Limited - secured	September 28, 2012	3 months KIBOR plus base rate of 1.75%	5,000	-	5,000	-	-	-	-
						<u>-</u>		<u>-</u>	



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8. PROFIT RECEIVABLE

	Note	2010 (Rupees in '000)	2009
On sukuk certificates		-	1,932
On deposit accounts with banks		1,127	1,052
On placements with banks		1,184	-
		<u>2,311</u>	<u>2,984</u>

9. DEPOSITS 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
Receivable against sale of investements		9,170	-
Receivable against sale of units		8,044	-
Other receivables		25	2,500
		<u>17,339</u>	<u>5,100</u>

10. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost		5,000	5,000
Less: amortisation for the period		(2,000)	(1,000)
		<u>3,000</u>	<u>4,000</u>

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

Remuneration	11.1	4,063	385
Preliminary expenses and floatation cost		-	5,000
Sales load		-	25
		<u>4,063</u>	<u>5,410</u>

11.1 The remuneration of the Management Company is being charged at a rate of 2% on average annual net assets of the Fund.

12. 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.

13. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

	Note	2010 (Rupees in '000)	2009
14. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		325	325
Workers' welfare fund payable	14.1	597	-
Payable against redemption of units		933	-
Others		71	49
		<u>1,926</u>	<u>374</u>



14.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby the definition of "Industrial Establishment" was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs 0.5 million in a tax year have been brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. During the current year the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the High Court of Sindh praying it to declare that CIS are not liable to pay contribution to the WWF on the ground that CIS do not have any workers or employees. The petition of MUFAP was dismissed based on some technical grounds. However, the Management Company has decided to recognise WWF charge in the books of the Fund with effect from June 1, 2010.

15. CLASSES OF UNITS IN ISSUE

15.1 The Fund has issued the following classes of units:

Class	Description
A	Units issued to the core investor (Pak Oman Investment Company Limited) 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

15.2 As per the Trust Deed dated June 2, 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 unit holders shall also be the growth units.
- Income units which shall be entitled to cash dividend in case of any distribution by the Fund.

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

Class	2010		2009	
	Number of units in issue	(Rupees in '000)	Number of units in issue	(Rupees in '000)
A				
- Growth units	-	-	2,000,000	100,000
- Income units	2,003,976	100,199	-	-
B				
- Growth units	324,385	16,219	293,893	14,695
- Income units	600,000	30,000	1,100,000	55,000
C				
- Growth units	504,927	25,246	622,769	31,138
- Income units	1,185,805	59,290	-	-
Total	<u>4,619,093</u>	<u>230,954</u>	<u>4,016,662</u>	<u>200,833</u>

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.



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	For the year ended June 30, 2010	For the period October 30, 2008 to June 30, 2009
	(Rupees in '000)	
16. AUDITORS' REMUNERATION		
Annual audit fee	200	200
Half year review fee	100	100
Others	125	125
Out of pocket expenses	50	21
	475	446

17. 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 (core investor), Bank Al-Falah Limited and Bank Al-Habib Limited being unitholders of more than ten percent of the units of the Fund outstanding as on June 30, 2010, 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 balances with them at period end are as follows:

	2010		2009	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units outstanding as at the period beginning				
Pak Oman Investment Company Limited	2,000,000	110,537	-	-
Pak Oman Asset Management Company Limited -				
Employees Provident Fund	14,868	822	-	-
The Bank of Punjab	500,000	27,634	-	-
Bank Al-Falah Limited	600,000	33,161	-	-
Executives	75,445	4,170	-	-
Units sold to:				
Pak Oman Investment Company Limited	-	-	2,000,000	100,000
Pak Oman Asset Management Company Limited -				
Employees Provident Fund	-	-	14,868	808
Pak Oman Asset Management Company	201,489	10,100	-	-
Bank Al-Habib Limited	504,927	25,000	-	-
The Bank of Punjab	-	-	500,000	25,000
Bank Al-Falah Limited	-	-	600,000	30,000
Executives	50,095	2,568	82,445	4,175
Bonus units issued to:				
Pak Oman Investment Company Limited	162,253	8,306	-	-
Pak Oman Asset Management Company Limited -				
Employees Provident Fund	1,209	62	-	-
Pak Oman Asset Management Company	401	20	-	-
Executives	5,971	306	-	-



PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

	2010		2009	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units redeemed by:				
Pak Oman Investment Company Limited	158,277	8,308	-	-
The Bank of Punjab	500,000	26,408	-	-
Executives	116,509	5,993	7,000	370
Units outstanding as at June 30, 2010:				
Pak Oman Investment Company Limited	2,003,976	106,082	2,000,000	110,537
Pak Oman Asset Management Company Limited - Employees Provident Fund	16,077	851	14,868	822
Pak Oman Asset Management Company	201,890	10,687	-	-
Bank Al-Habib Limited	504,927	26,729	-	-
The Bank of Punjab	-	-	500,000	27,364
Bank Al-Falah Limited	600,000	31,761	600,000	33,161
Executives	15,002	794	75,445	4,170

	2010	2009
	(Rupees in '000)	
Pak Oman Asset Management Company Limited - Management Company of the Fund		
Remuneration for the period	4,398	2,773
Preliminary expenses and floatation cost	-	5,000
	<u>4,398</u>	<u>7,773</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration for the period	700	485
CDS charges	6	4
	<u>6</u>	<u>4</u>
Bank Al-Falah Limited Islamic Banking		
Deposit with bank	178	142,498
Profit on bank deposit	5,470	12,368
	<u>5,470</u>	<u>12,368</u>
POBOP Advantage Plus Fund - fund managed by the same management company		
Purchase of sukuk certificates	-	21,096
	<u>-</u>	<u>21,096</u>
Pak Oman Advantage Fund - fund managed by the same management company		
Purchase of sukuk certificates	-	47,156
	<u>-</u>	<u>47,156</u>

The status of outstanding balances with connected persons as at June 30, 2010 and 2009 is stated in 'Statement of assets and liabilities'.



18. RISK MANAGEMENT

The Fund primarily invests in a portfolio of shariah based debt securities and certificates of islamic investments, as per Shariah Advisor's approval. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

18.1 Market risk

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

The Management Company manages 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.

18.1.1 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.

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.

18.1.2 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 changes in market interest rates.

- Cash flow sensitivity analysis for variable rate instruments

The Fund held KIBOR based mark up bearing sukuk certificates that exposed the Fund to cash flow mark up rate risk. In case of 50 basis points increase / decrease in fixed mark up rates on June 30, 2009, with all other variables held constant, the net assets of the Fund would had been higher / lower by Rs 0.376 million primarily as a result of mark up income.

-Fair value sensitivity analysis for fixed rate instruments

Presently, the Fund holds fixed mark up bearing deposits with banks that expose the Fund to fair value risk. In case of 50 basis points increase / decrease in fixed mark up rates on June 30, 2010, with all other variables held constant, the net assets of the Fund would have been lower / higher by Rs 1.140 million (2009: Rs 0.713 million) primarily as a result of fair value movement.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Mutual Funds Association of Pakistan (MUFAP) is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2010 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

18.1.3 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 instrument traded in the market. The Fund is not exposed to other price risk, as investment made by the Fund as at June 30, 2010 comprise of deposits with banks only.



18.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions, to fulfill their obligations. The risk is generally limited to principal amounts and accrued mark up 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 and Shariah Advisor. 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 Company. The Fund does not expect to incur material credit losses on its financial assets.

The analysis of the credit quality of the Fund's performing investments in sukuk certificates as June 30, 2010 and 2009 is as follows:

Debt securities by rating	Percentage of total debt investments	
	2010	2009
AA	-	50.62
A	-	31.02

The analysis of the credit quality of the balances with banks maintained by the Fund as at June 30, 2010 and 2009 is as follows:

Balances with banks by rating	Percentage of total balances with banks	
	2010	2009
A - 1+	94.54	99.99
A - 1	5.46	-
A - 2	-	0.01

Further, as at June 30, 2010 the Fund holds placements in banks that have a credit rating of A-1+ (2009: Nil).

18.2.1 The maximum exposure to credit risk before any credit enhancements as at June 30, 2010 is the carrying amount of the financial assets as set out in note 18.6.

18.3 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. As at June 30, 2010, 84.73% financial assets of the Fund are being kept with two banks. However, the Management Company is of the view that the related credit risk is minimal since such banks have credit rating of 'A1+' which represents such banks' highest capacity for timely repayment.

18.4 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 mark up 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.

Financial liabilities	2010	2009
	Total (upto three months) (Rupees in '000)	
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	4,063	5,410
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	57	59
Accrued expenses and other liabilities	1,926	374
	<u>6,046</u>	<u>5,843</u>



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18.5 Fair value of financial assets and liabilities

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

18.6 Financial instruments by category

	Loans and receivables	Financial assets at fair value through profit or loss - upon initial recognition	Financial liabilities measured at amortised cost	Total
2010				
----- (Rupees in '000) -----				
On balance sheet - financial assets				
Balances with banks	88,076	-	-	88,076
Placements with banks	140,000	-	-	140,000
Profit receivable	2,311	-	-	2,311
Deposits and other receivables	17,339	-	-	17,339
	<u>247,726</u>	<u>-</u>	<u>-</u>	<u>247,726</u>
On balance sheet - financial liabilities				
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	4,063	4,063
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	57	57
Accrued expenses and other liabilities	-	-	1,926	1,926
	<u>-</u>	<u>-</u>	<u>6,046</u>	<u>6,046</u>
2009				
----- (Rupees in '000) -----				
On balance sheet - financial assets				
Balances with banks	142,503	-	-	142,503
Investments	-	73,384	-	73,384
Profit receivable	2,984	-	-	2,984
Deposits and other receivables	5,100	-	-	5,100
	<u>150,587</u>	<u>73,384</u>	<u>-</u>	<u>223,971</u>
On balance sheet - financial liabilities				
Payable to Pak Oman Asset Management Company Limited - Management Company of the Fund	-	-	5,410	5,410
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	-	-	59	59
Accrued expenses and other liabilities	-	-	374	374
	<u>-</u>	<u>-</u>	<u>5,843</u>	<u>5,843</u>



19. 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 invest in liquid assets easily convertible in cash to mitigate liquidity risk.

20. UNIT HOLDING PATTERN OF THE FUND

Category	No. of unitholders	Investment (Rupees in '000) 2010	Percentage of total investments
Individuals	245	33,685	13.78
Associated companies / directors	3	117,620	48.10
Banks / DFIs	3	75,662	30.94
Retirement funds	3	9,732	3.98
Others	6	7,816	3.20
Total	260	244,515	100.00
2009			
Individuals	52	32,155	14.48
Associated companies / directors	3	171,332	77.18
Banks / DFIs	1	16,580	7.47
Retirement funds	2	1,927	0.87
Total	58	221,994	100.00

21. LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION

2010	2009
Al Falah Securities (Private) Limited	Al Falah Securities (Private) Limited
First Capital Securities Corporation Limited	First Capital Securities Corporation Limited
JS Global Capital Limited	JS Global Capital Limited
Atlas Capital Markets (Private) Limited	Atlas Capital Markets (Private) Limited
KASB Securities Limited	KASB Securities Limited

22. DETAILS OF MEMBERS OF BOARD INVESTMENT COMMITTEE

Members	Qualification	Experience
Mr. Ali Said Ali (Chairman)	MBA and B.Sc. Mechanical	23 years
Mr. Zafar Iqbal	FCA	21 years
Mr. Sulaiman Hammad Al Harty	MBA	21 years
Agha Ahmed Shah, Esq.,	MBA	26 years

23. 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



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

	Designation	Dates of Board of Directors meetings and directors present				
		July 6, 2009	August 18, 2009	October 20, 2009	February 9, 2010	April 18, 2010
H. E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman	✓	✓	✓	✓	✓
Mr. Zafar Iqbal	Director	x	✓	✓	✓	✓
Mr. Javed Mahmood	Director	x	✓	x	✓	✓
Mr. Sulaiman Hammad Al Harty	Director	x	✓	✓	✓	✓
Mr. Ali Said Ali	Director	✓	✓	✓	✓	✓
Mr. Humayun Murad	Director	x	✓	x	x	✓
Agha Ahmed Shah, Esq.,	Director	✓	✓	✓	✓	✓
Maj. General Imtiaz Ahmed, Esq.,	Director	x	x	x	x	x
Mr. Parveiz Usman	Director	x	✓	x	x	✓
Ms. Hina Ghazanfar	MD & CEO	✓	✓	✓	x	✓

25. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Fund's stability rating is 'A+', as assigned by PACRA.

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

26. PERFORMANCE TABLE

	2010	2009
Details of total net assets and net asset value per unit		
- Net assets as at period end (Rupees in '000)	244,515	221,994
- Net asset value per unit as at period end (Rupees)	52.9356	55.2683
Selling price per unit as at period end (Rupees)	53.4703	55.8266
Repurchase price per unit as at period end (Rupees)	52.9356	55.2683
Highest selling price per unit during the period (Rupees)	54.8632	55.8297
Lowest selling price per unit during the period (Rupees)	49.9229	49.7917
Highest repurchase price per unit during the period (Rupees)	54.3146	55.2714
Lowest repurchase price per unit during the period (Rupees)	49.4237	49.7917
Return of the Fund annualised	3.55%	15.76%
Distribution (Rupees in '000)	12,933	16,280
Interim distribution per unit (Rupees)	0.1000	-
Interim distribution date	April 18, 2010	-
Final distribution per unit (Rupees)	2.8000	4.0531
Final distribution date	July 5, 2010	July 6, 2009
Fund's launch date		October 30, 2008
Average annual return (%) as at period end	Two years 8.51%	One year 15.76%



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Investment portfolio composition of the Fund

	2010		2009	
	Carrying value (Rs '000)	Percentage of total investment	Carrying value (Rs '000)	Percentage of total investment
Sukuk certificates				
- Cement			13,470	18.36
- Fertilizer			19,652	26.78
- Chemicals			17,496	23.84
- Others			22,766	31.02
			<u>73,384</u>	<u>100.00</u>

26.1 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.

26.2 Weighted average portfolio duration of the Fund is 11.04 days.

27. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The board of directors of the Management Company in their meeting held on July 5, 2010 has approved distribution of Rs 2.8 per unit (2009: Rs 4.0531 per unit) for the period ended June 30, 2010 which aggregates Rs 12.933 million (2009: 16.280 million). Out of the approved distribution Rs 10.611 million has been distributed as cash dividend and Rs 2.322 million as bonus units. The distribution will be accounted for in the financial statements for the year ending June 30, 2011.

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on August 18, 2010 by the board of directors of the Management Company.

For Pak Oman Asset Management Company Limited
(Management Company)

MD & CEO

Director