CONTENTS

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.
ICON House 83-C, 12th Commercial Street,
Phase-II Extension, DHA, Karachi.
Phone : +92 - 21 - 35899641-44
Fax : +92 - 21 - 35899645
Website : www.pakomanfunds.com

Board of Director of The Management Company

H.E Yahya Bin Said Bin Abdullah Al- Jabri	Chairman
Mr. Bahauddin Khan	Director
Mr. Humayun Murad	Director
Mr. Jehangir Shah	Director
Mr. Rashid Ali Ibrahim Al Balushi	Director
Ms. Sadaf Kazmi	CEO

Audit Committee

Mr. Humayun Murad	Chairman
Mr. Bahauddin Khan	Member
Mr. Rashid Ali Ibrahim Al Balushi	Member

Chief Financial Officer
Mr. Abdul Rehman

Company Secretary
Ms. Hina Mir

Asset Manager Rating
AM3 + (Stable Outlook)

Trustee
MCB Financial Services Limited
4th Floor, Perdesi House, 2/1, R-Y-16,
Old Queens Road, Karachi.

Auditors
RSM Avais Hyder Liaquat Nauman
Chartered Accountants
407, Progressive Plaza, Beamont Road,
Karachi-75530

Bankers to The Fund
BankIslami Pakistan Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
NRSP Microfinance Bank Limited
Silkbank Limited
Soneri Bank Limited
Zarai Taraqiati Bank

Legal Advisor
Mohsin Tayyab Ali
Corporate & Commercial Law Firm
D-21, Block - 4,
KDA Scheme 5,Clifton, Karachi.

Transfer Agent
ITMINDS Limited - A Subsidiary of CDC.
CDC House, 99-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi-74400, Pakistan.
Phone : +92 - 21 - 111 - 111 - 500
Fax : +92 - 21 - 34326040
Web site : www.itminds.biz

DIRECTORS REPORT TO THE UNIT HOLDERS

The Board of Directors of Pak Oman Asset Management Company Limited ("the Management Company" or "POAMCL" or "the Company") is pleased to present the quarter report of the Pak Oman Advantage Islamic Income (POAIIF) for the Quarter Ended 30 September 2020.

Economic Review 1Q-FY21

In 1Q-FY21, CPI averaged at 8.84% as compared to 8.43% in previous quarter and 10.08% in same period last year. During the quarter headline inflation saw an upward trend due to higher food inflation and upward revision in energy prices. During the period under review, SPI and WPI averaged at 12.46% and 3.58% respectively.

On the external front, Current account settled in surplus of $792 million, i-e +1.2% of GDP in 1Q-FY21 as compared to deficit of $1,492 million -2.3% of GDP in comparable period last year. Major contributor for improvement in current account balance was declining services' deficit and healthy growth of approximately 31% in overseas worker's remittances. During the period, country's imports declined by -3.83% while exports declined by 10.48% over same period last year.

In the monetary policy announced during the quarter, SBP decided to maintain benchmark policy rate at 7.00%. In reaching its decision to maintain policy rate at 7%, MPC considered key trends and prospects in the real, external and fiscal sectors, and the resulting outlook for monetary conditions and inflation. MPC is of the view that prevailing financial conditions are sufficient for economic revival of financial and industrial sector. In addition to this, SBP is of the view that after reduction in borrowing cost, there is significant liquidity in the market to support local industries.

On the monetary front, broad Money Supply M2 has shown negative growth of -0.15% in FY-To date as compared to positive growth of 0.08% in same period last year. Net foreign Assets of the banking system have increased by PKR 292 billion while Net domestic assets have reduced by PKR 324 billion. Net government borrowings have increased by PKR 93 billion as compared to borrowing of PKR 310 billion in same period last year. During the period, government has showed inclination towards borrowing from commercial banks while central government has retired borrowings from SBP.

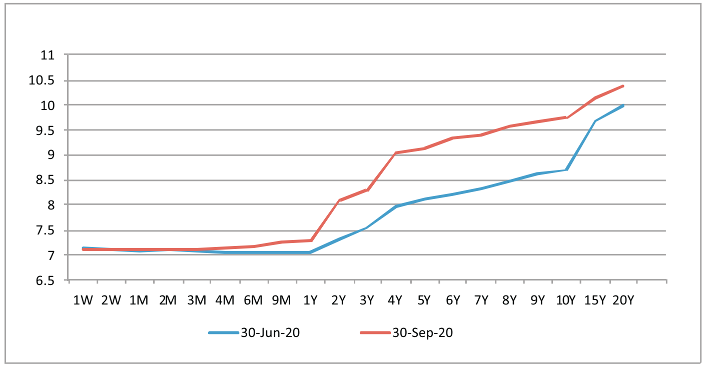
Going forward, government's major challenge would be to wipe off the brunt of Corona virus Pandemic and its economic implications. It remains to be seen how the unprecedented situation of the covid-19 affects future CAD and inflation readings, where SBP expects inflation to settle in the band of 7%-9% in FY21. Reduction in country's exports, international oil prices and stabilization of local currency will be major challenges for government.

Fixed Income Review 1Q-FY21

In first quarter of FY21, secondary market yields across short term papers reversed from their bottom levels witnessed in previous quarter. Yields on 3m, 6m and 12m paper increased by 1bps, 11bps and 24bps and stood at 7.10%, 7.16% and 7.29% respectively by end of Sep-20. On the other hand, yield on longer tenor bonds increased by 76bps, 102bps and 106bps and settled at 8.29%, 9.13% and 9.75% for 3yr, 5yr and 10yr bond respectively. During the quarter, money market remained stagnant and minimal activity was witnessed post SBP's decision to maintain policy rate at 7.00%.

In the monetary policy announced during the quarter, SBP decided to maintain benchmark policy rate at 7.00%. In reaching its decision to maintain policy rate at 7%, MPC considered key trends and prospects in the real, external and fiscal sectors, and the resulting outlook for monetary conditions and inflation. MPC is of the view that prevailing financial conditions are sufficient for economic revival of financial and industrial sector. In addition to this, SBP is of the view that after reduction in borrowing cost, there is significant liquidity in the market to support local industries.

In the T-Bill auctions held during the period, SBP raised a total of PKR 1,733 billion against the target of PKR 1,600 billion and maturing amount of PKR 2,159 billion. The Last cut-off yields stood at 7.1292%, 7.1800% and 7.3090% for 3m, 6m and 12m paper respectively. In the PIB auction for fixed rated bonds, SBP raised PKR 260 billion against the target of PKR 420 billion. Banks offered PKR 474 billion. Cut-off yields settled at 8.20%, 8.45%, 8.99% and 10.54% for 3yr, 5yr and 10yr and 20yr bond respectively while all bids were rejected for 15yr bond.



POAIIF

In 1QFY21 the unit price of POAIIF appreciated by 6.84% against its benchmark of 4.42%, an outperformance of 242bps. The assets under management of fund settled at PKR 1,100 by end of Sep-2020 as compared to PKR 1,012 million at the end of June-2020. By end of Sep-2020, Exposure against corporate sukuks stood at 20.95% as compared to exposure of 11.02% in June-2020. Investment in Government of Pakistan Ijaarah Sukuks averaged at 49.21% as compared to 16.19% in previous quarter. Exposure was increased against both these asset classes to increase fund's recurring income. Remaining funds were invested as cash with A and above rated Islamic banks/Islamic windows of commercial banks. Average cash exposure of the fund from June-20 to Sep 2020 stood at 32.02% of the fund size.

PAK OMAN ADVANTAGE ISLAMIC INCOME FUND

Acknowledgment

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 of the Fund and the management of the Pakistan Stock Exchange. We also wish to place on record our appreciation for the employees of the Management Company.

For and on behalf of the Board

15 October 2020
Karachi - Pakistan.

Sadaf kazmi
Chief Executive Officer

یونٹ ہولڈرز کو ڈائریکٹران کی رپورٹ

پاک اومان مینیجمنٹ کمپنی لمیٹڈ ("منتظم کمپنی" یا "POAMCL" یا "کمپنی") کے بورڈ آف ڈائریکٹرز پاک اومان ایڈوانٹیج اسلامک انکم (POAIIF) کی 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لئے پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔

اقتصادی جائزہ برائے پہلی سہ ماہی مالیاتی سال 2021ء

IQFY21 میں CPI اوسطاً گزشتہ سہ ماہی میں 8.43% اور گزشتہ سال کی اسی سہ ماہی میں 10.08% کے مقابلے میں 8.84% رہی۔ سہ ماہی کے دوران زیادہ افراطِ زر کی بڑی وجہ خراب نہ ہونے والی غذا کی قیمتوں اور توانائی کی قیمتوں میں اضافہ شامل ہیں۔ زیرِ جائزہ مدت کے دوران، SPI کی اور WPI بالترتیب اوسطاً 12.46 فی صد رہی۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ گزشتہ سال کی تقابلی مدت میں 1,492 ملین ڈالر خسارہ جی ڈی پی کا منفی 2.3% فیصد کے مقابلے میں مالیاتی سال 21 کی پہلی سہ ماہی میں 792 ملین ڈالر کے سرپلس یعنی جی ڈی پی کا پلس 1.2% طے کیا گیا۔ کرنٹ اکاؤنٹ بیلنس میں بہتری میں سروسز خسارہ میں کمی اور بیرون ملک مقیم کارکنوں کی ترسیلات زر میں تقریباً 31 فیصد کی صحت مند نمو اہم شراکت دار ہیں۔ اس عرصے کے دوران، ملک کی درآمدات میں 3.83 فیصد کی کمی واقع ہوئی جبکہ برآمدات میں گذشتہ سال کی اسی مدت کے مقابلے 10.48 فیصد کمی ہوئی ہے۔

سہ ماہی کے دوران اعلان کردہ مالیاتی پالیسی میں، اسٹیٹ بینک نے بینچ مارک پالیسی شرح کو 7.00 فیصد برقرار رکھنے کا فیصلہ کیا۔ پالیسی شرح کو 7 فیصد پر برقرار رکھنے کے اپنے فیصلے تک پہنچنے کے لئے، ایم پی سی نے اصلی، بیرونی اور مالیاتی شعبوں میں کلیدی رجحانات اور امکانات، اور مانیٹری شرائط اور افراطِ زر کے نتائج کے نقطہ نظر پر غور وخوض کیا۔ ایم پی سی کا خیال ہے کہ معاشی اور صنعتی شعبے کی معاشی بحالی کے لئے مروجہ مالی شرائط کافی ہیں۔ اس کے علاوہ، اسٹیٹ بینک پاکستان کا مؤقف ہے کہ قرض کی لاگت میں کمی کے بعد، مقامی صنعتوں کی مدد کے لئے مارکیٹ میں نمایاں لیکویڈیٹی موجود ہے۔

مالیاتی محاذ پر، براڈ منی سپلائی ایم 2 نے مالی سال میں 0.15- فیصد کی منفی نمو ظاہر کی ہے جبکہ پچھلے سال کے اسی عرصے میں 0.08 فیصد کی مثبت شرح نمو ہوئی۔ بینکنگ سسٹم کے خالص غیر ملکی اثاثوں میں 292 بلین روپے کا اضافہ ہوا ہے جبکہ مقامی خالص اثاثوں میں 324 بلین روپے کی کمی واقع ہوئی ہے۔ گذشتہ سال اسی مدت میں 310 بلین روپے کے قرض کے مقابلہ میں خالص حکومتی قرضوں میں 93 بلین روپے کا اضافہ ہوا ہے۔ اس عرصے کے دوران، حکومت نے تجارتی بینکوں سے قرض لینے کی طرف جھکاؤ ظاہر کیا ہے جبکہ مرکزی حکومت نے اسٹیٹ بینک پاکستان سے قرض لینے سے اجتناب کیا ہے۔

آگے بڑھتے ہوئے، حکومت کو سب سے بڑا چیلنج کورونا وائرس وبائی بیماری اور اس کے معاشی اثرات کو ختم کرنا ہے۔ ابھی یہ دیکھنا باقی ہے کہ کوڈ 19 کی غیر معمولی صورتحال مستقبل کے CAD اور افراطِ زر کی ریڈنگ کو کس طرح متاثر کرتی ہے، جہاں اسٹیٹ بینک کو توقع ہے کہ مالی سال 21 میں افراطِ زر 7 فیصد-9 فیصد کے مابین طے ہوگا۔ ملک کی برآمدات، تیل کی بین الاقوامی قیمتوں میں کمی اور مقامی کرنسی میں استحکام حکومت کے لئے بڑے چیلنج ہوں گے۔

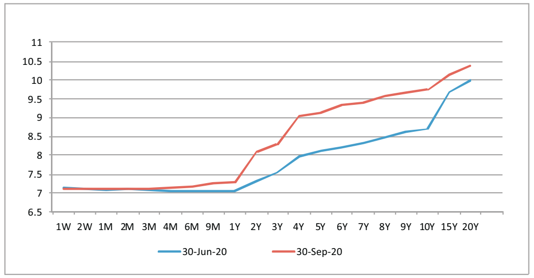
مستقل آمدنی تجزیہ پہلی سہ ماہی مالیاتی سال 2021ء

مالیاتی سال 2021 کی پہلی سہ ماہی میں ثانوی مارکیٹ افادہ شارٹ ٹرم پیپرز کی مد میں شمال کی جانب مُڑ گیا۔ شارٹ ٹرم پیپرز پر آمدنی 1bps، 11bps اور 24bps بڑھ گئی اور یہ 3، 6 اور 12 ماہ پیپرز پر بالترتیب 7.10 فی صد، 7.16 فی صد اور 7.29 فی صد پر بند ہوئی۔ دوسری جانب، طویل مدتی بانڈز پر آمدنی 76bps، 102bps اور 106bps بڑھ گئی اور تین، پانچ اور دس سالہ بانڈز پر آمدنی بالترتیب 8.29 فیصد، 9.13 فی صد اور 9.75 فی صد رہی۔ رواں سہ ماہی کے دوران، منی مارکیٹ جمود کا شکار رہی اور سٹیٹ بینک پاکستان کے پالیسی شرح کو 7.00% پر برقرار رکھنے کے فیصلہ کے بعد کم از کم سرگرمی دیکھی گئی۔

سہ ماہی کے دوران اعلان کردہ مالیاتی پالیسی میں، اسٹیٹ بینک نے بینچ مارک پالیسی شرح کو 7.00 فیصد برقرار رکھنے کا فیصلہ کیا۔ پالیسی شرح کو 7 فیصد پر برقرار رکھنے کے اپنے فیصلے تک پہنچنے کے لئے، ایم پی سی نے اصلی، بیرونی اور مالیاتی شعبوں میں کلیدی رجحانات اور امکانات، اور مانیٹری شرائط اور افراطِ زر کے نتائج کے نقطہ نظر پر غور وخوض کیا۔ ایم پی سی کا خیال ہے کہ معاشی اور صنعتی شعبے کی معاشی بحالی کے لئے مروجہ مالی شرائط کافی ہیں۔ اس کے علاوہ، اسٹیٹ بینک پاکستان کا مؤقف ہے کہ قرض کی لاگت میں کمی کے بعد، مقامی صنعتوں کی مدد کے لئے مارکیٹ میں نمایاں لیکویڈیٹی موجود ہے۔

اس مدت کے دوران ٹی بلز کی نیلامی میں، SBP نے 1,600 بلین روپے ہدف اور وصول شدہ 2,159 بلین روپے کے مقابلہ میں 1,733 بلین روپے اکٹھے کئے۔ 3، 6 اور

12 ماہ کے پیپرز پر نظر ثانی شدہ منافع بالترتیب 7.1292 فی صد، 7.180 فی صد اور 7.3090 فی صد رہا۔ مستقل شرح کے بانڈز پر PIB نیلامی میں SBP نے 420 بلین روپے ہدف کے مقابلے میں 260 بلین روپے اکٹھے کئے۔ بینکوں نے 474 بلین روپے کی پیشکش کی۔ 3، 5 اور 10 سالہ بانڈز پر نظر ثانی شدہ منافع بالترتیب 8.20 فی صد، 8.45 فی صد اور 1045 فی صد طے کیا گیا۔ جب کہ 15 سالہ مدت کے بانڈز پر کوئی بولی نہ ہوئی۔



POAIIF

1QFY21 میں، POAIIF کے یونٹ کی قیمت 4.42 فی صد بینچ مارک کے مقابلہ میں 6.84 فی صد تک زیادہ، یعنی 242bps کی بہتر کارکردگی دکھائی۔ مالیاتی سال کے آغاز میں 1,012 ملین روپے کے مقابلہ میں ستمبر 2020 کے اختتام پر فنڈ کے زیرِ انتظام اثاثہ جات کی قدر 1,100 روپے ہے۔ مالیاتی سال 20 کی پہلی سہ ماہی میں 11.02 فی صد کے مقابلہ میں ستمبر 2020 کے اختتام تک، کارپوریٹ سکوک کی مد میں ایکسپوژر 20.95 فی صد رہا۔ حکومت پاکستان کے اجارہ سکوک میں اوسط سرمایہ کاری گزشتہ سہ ماہی میں 16.19% کے مقابلے 49.21% رہی۔ ایکسپوژر میں اضافہ فنڈز کی وصول ہونے والی آمدنی میں اضافہ کے لئے تمام اثاثہ کلاسوں کے سبب ہوا۔ زیرِ جائزہ مدت کے دوران، بقیہ رقوم A اور اس سے زائد درجہ کے اسلامی بینکوں / کمرشل بینکوں کی اسلامک ونڈوز میں نقد سرمایہ کاری پر صرف کئے گئے۔ جون۔ ستمبر 2020ء کے دوران اوسط کیش ایکسپوژر فنڈ سائز کا 40.82 فی صد رہا۔

اظہارِ تشکر

ہم ان تمام سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا ہے۔ ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، فنڈ کے متولیان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ مخلصانہ کوششوں پر ان کے مشکور ہیں۔ منتظم کمپنی کے ملازمین کے لئے ہم اپنی ستائش ریکارڈ پر لانا چاہتے ہیں۔

صدف کاظمی
چیف ایگزیکٹو آفیسر
15 اکتوبر 2020ء
کراچی۔ پاکستان

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 Un-audited	June 30, 2020 Audited
		------------Rupees in ('000) -----------	
Assets			
Balances with banks	5	**509,405**	860,371
Investments	6	**579,448**	162,204
Profit accrued		**13,310**	5,985
Deposits, prepayments and other receivable		**2,659**	3,102
Total assets		**1,104,822**	**1,031,662**
Liabilities			
Payable to the Management Company	7	**1,132**	1,224
Payable to the Trustee		**69**	42
Payable to the Securities & Exchange Commission of Pakistan		**55**	48
Dividend payable		**676**	15,005
Accrued expenses and other liabilities	8	**2,639**	2,534
Total liabilities		**4,571**	**18,853**
NET ASSETS		**1,100,251**	**1,012,809**
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**1,100,251**	**1,012,809**
CONTINGENCIES AND COMMITMENTS	9		
NUMBER OF UNITS IN ISSUE		**20,604,158**	**19,293,844**
NET ASSET VALUE PER UNIT		**53.3994**	**52.4940**

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended September 30 2020	2019
		------------Rupees in ('000) -----------	
Income			
Profit on bank balances and term deposits		**7,989**	2,433
Profit on Sukuk Certificates		**13,081**	4,529
Capital (loss) / gain on disposal of Sukuk certificates - net		**(802)**	24
Unrealised gain / (loss) on revaluation of marketable securities classified as financial assets 'at fair value through profit or loss' - net		**463**	(1,003)
Total Income		**20,731**	**5,983**
Expenses			
Remuneration of the Management Company	7.1	**965**	799
Sindh Sales Tax on Remuneration of the Management Company	7.2	**125**	104
Accounting and operational charges		**-**	53
Remuneration of MCB Financial Services - Trustee		**179**	64
Sindh Sales Tax on Remuneration of Trustee		**23**	8
Annual fees to the Securities & Exchange Commission of Pakistan		**55**	11
Auditors' remuneration		**120**	154
Fees and Subscription		**4**	48
Bank, settlement and brokerage charges		**141**	5
Printing and stationary expenses		**-**	-
Sharish Advisory Fee		**39**	144
Legal and professional charges		**21**	17
Provision for Sindh Workers' Welfare Fund (SWWF)		**381**	92
Total Expenses		**2,053**	**1,499**
Net income for the period before taxation		**18,678**	**4,484**
Taxation	11	**-**	-
Net income for the period after taxation		**18,678**	**4,484**
Allocation of Net Income for the year:			
- Net income for the period after taxation		**18,678**	4,484
- Income already paid on units redeemed		**(872)**	(68)
		17,806	**4,416**
Accounting income available for distribution:			
- Relating to capital gains		**-**	-
- Excluding capital gains		**17,806**	4,416
		17,806	**4,416**

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended September 30 2020	2019
	------------Rupees in ('000) -----------	
Net income for the period after taxation	**18,678**	4,484
Other comprehensive income for the period	**-**	-
Total comprehensive income for the period	**18,678**	4,484

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended September 30, 2020			Quarter Ended September 30, 2019		
	Capital Value	Undistributed Income	Net Assets	Capital Value	Undistributed Income	Net Assets
	----------------------------(Rupees in '000)----------------------------					
Net assets at the beginning of the period	**1,002,781**	**10,028**	**1,012,809**	**219,905**	**8,195**	**231,390**
[Units outstanding: 19,293,844 (2019: 4,425,961)]						
Issue of 4,515,586 (2019: 20,893 units)						
-Capital value (at net asset value per unit at the beginning of the period)	**237,041**	**-**	**237,041**	1,092	-	1,092
-Element of (loss) / income	**1,539**	**-**	**1,539**	20	-	20
Total proceeds on issunace of units	**238,580**	**-**	**238,580**	1,112	-	1,112
Redemption of 3,205,272 (2019: 484,944 units)						
-Capital value (at net asset value per unit at the beginning of the period)	**(168,258)**	**-**	**(168,258)**	(25,353)	-	(25,353)
-Element of (loss) / income	**(686)**	**(872)**	**(1,558)**	-	(68)	(68)
Total payments on redemption of units	**(168,944)**	**(872)**	**(169,816)**	(25,353)	(68)	(25,421)
Total comprehensive income for the period	**-**	**18,678**	**18,678**	-	4,484	4,484
Net assets at the end of the period	**1,072,417**	**27,834**	**1,100,251**	**195,664**	**12,611**	**211,565**
[Units outstanding: 20,604,158 (2019: 3,961,910)]						
Undistributed income brought forward comprising of:						
-Realized income		**12,254**			8,396	
-Unrealised loss		**(2,226)**			(201)	
		10,028			**8,195**	
Accounting income available for distribution:						
-Relating to capital gains		**-**			-	
-Excluding capital gains		**17,806**			4,416	
		17,806			**4,416**	
Net income for the year after taxation						
Undistributed income carried forward - net		**27,834**			**12,611**	
Represented by:						
-Realized		**27,371**			13,614	
-Unrealised income / (loss)		**463**			(1,003)	
		27,834			**12,611**	
					-----------------Rupees---------------	
Net asset value at the beginning of the period					**52.4940**	**52.2801**
Net asset value at the end of the period					**53.3994**	**53.3998**

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended September 30 2020	2019
		------------Rupees in ('000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period after taxation		**18,678**	4,484
Adjustments for:			
Net unrealised (gain) / loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		**(463)**	1,003
Capital (gain) / loss on disposal of Sukuk		**(802)**	24
Provision for Sindh Workers Welfare Fund (SWWF)		**381**	92
		(884)	1,119
(Increase) / decrease in assets			
Investments - Net		**(415,979)**	3,870
Profit accrued		**(7,325)**	26
Deposits, prepayments and other receivable		**443**	(934)
		(422,861)	2,962
(Decrease) / increase in liabilities			
Payable to Asset Management Company		**(92)**	(180)
Payable to Trustee		**27**	(4)
Payable to the Securities & Exchange Commission of Pakistan		**7**	(183)
Dividend payable		**(14,329)**	-
Accrued expenses and other liabilities		**(276)**	307
		(14,663)	(60)
Net cash (used in) / generated from operating activities		**(419,730)**	8,505
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		**238,580**	1,112
Payments against redemption of units		**(169,816)**	(25,421)
Net cash generated from / (used in) financing activities		**68,764**	(24,309)
Net decrease in cash and cash equivalents		**(350,966)**	(15,804)
Cash and cash equivalents at the beginning of the period		**860,371**	99,611
Cash and cash equivalents at the end of the period		**509,405**	83,807

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Advantage Islamic Income Fund (the Fund) was established under a Trust deed executed between Pak Oman Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL). The trust deed was approved on 15 May 2012 by the Securities and Exchange Commision of Pakistan (SECP) in accordance with the Non-Banking Finance Conpanies (Establishment & Regulation) Rules, 2003 (The NBFC Rules).

The Management Company is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at Icon House, 83-C, 12th Commercial Street, Phase-II Extension, DHA, Karachi.

The Fund is an Shariah compliant open-ended mutual fund by the Management Company and is listed on the Pakistan Stock Exchange Limited .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.

The fund is categorised as an income fund in accordance with the requirements of the Securities and Exchange Commission of Pakistan (SECP) circular No.7 dated March 06, 2009 and accordingly its investments compromise of shariah compliant securities as ro ensure 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 and comprise the investments permissible as 'authorised investments' under the Truste Deed.

The Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of "AM3+" (Stable Outlook) to the Management Company as at 28 August, 2020 and a stability rating of "A(f)" to the Fund on September 15, 2020.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as a trustee of the Fund.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: ‘Interim Financial Reporting’, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund’s affairs as at September 30, 2020.

3 BASIS OF PREPARATION

These condensed interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2020.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at September 30, 2020 have been extracted from the annual published audited financial statements of the Fund for the year ended June 30, 2020, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the quarter ended September 30, 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainity are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020.

The Fund’s financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

	Note	September 30 2020 Un-audited	June 30 2020 Audited
		------(Rupees in '000)---------	
5. BALANCE WITH BANKS			
-Saving accounts	**5.1**	**509,405**	860,371

5.1 These savings accounts carry mark-up at the rates ranging from 2.75% to 9.50% (June 30, 2020: 6.00% to 13%) per annum.

	Note	September 30 2020 Un-audited	June 30 2020 Audited
		------(Rupees in '000)---------	
6. INVESTMENTS			
At fair value through profit or loss - held for trading			
- Listed Sukuk certificates	**6.1**	**14,889**	17,128
- Unlisted Sukuk certificates	**6.2**	**216,604**	96,576
- Government of Pakistan - Ijarah Sukuk Certificates	**6.3**	**347,955**	48,500
		579,448	162,204

6.1 Listed Sukuk Certificates

Name of the investee company	Number of certificates: As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at September 30, 2020	Investment as a percentage of: Market value as a percentage of net assets	Market value as a percentage of investment	Investment as a percentage of total issue size
					(Rupees in '000)		%age		
Byco Petroleum Pakistan Limited	255	-	-	255	14,912	14,889	1.35%	2.57%	0.33%
	255	**-**	**-**	**255**	**14,912**	**14,889**	**1.35%**	**2.57%**	
June 30, 2020					16,823	17,128			

6.2 Unlisted Sukuk Certificates

Name of the investee company	Number of certificates: As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at 30 September 2020	Investment as a percentage of: Market value as a percentage of net assets	Market value as a percentage of investment	Investment as a percentage of total issue size
					(Rupees in '000)		%age		
TPL Corporation Limited [Formely TPL Trakker Limited	35	-	-	35	26,250	26,250	2.39%	4.53%	5.83%
International Brands Limited	400	800	-	1,200	84,344	85,859	7.80%	14.82%	1.41%
Dawood Hercules Coporation Limited	170	500	-	670	47,368	47,510	4.32%	8.20%	0.82%
Dawood Hercules Coporation Limited	150	-	-	150	10,693	10,635	0.97%	1.83%	0.82%
The Hub Power Company Limited	200	250	-	450	45,700	46,350	4.21%	8.00%	0.82%
	955	**1,550**	**-**	**2,505**	**214,355**	**216,604**	**14.51%**	**37.38%**	
June 30, 2020					96,155	96,576			

6.3 Government of Pakistan - Ijarah Sukuks

Name of the investee company	Number of certificates: As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at September 30, 2020	Carrying value as at September 30, 2020	Market value as at 30 September 2020	Investment as a percentage of: Market value as a percentage of net assets	Market value as a percentage of investment	Investment as a percentage of total issue size
					(Rupees in '000)		%age		
Government of Pakistan - Ijarah Sukuks	500	-	-	500	48,500	48,165	4.38%	8.31%	-
Government of Pakistan - Ijarah Sukuks	-	6,000	3,000	3,000	301,218	299,790	27.25%	51.74%	-
Government of Pakistan - Ijarah Sukuks	-	3,000	3,000	-	-	-	-	-	-
	500	**9,000**	**6,000**	**3,500**	**349,718**	**347,955**	**31.63%**	**60.05%**	
June 30, 2020					50,000	48,500			

	Note	September 30 2020 Un-audited	June 30 2020 Audited
		------(Rupees in '000)---------	
7 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration of the Management Company	7.1	**330**	274
Sindh Sales Tax on remuneration of the Management Company	7.2	**125**	118
Federal Excise Duty on remuneration of the Management Company	7.3	**661**	661
Accounting and operational charges		**-**	142
Payable against Shariah Advisory fee		**-**	13
Sales Load Payable		**16**	16
		1,132	**1,224**

7.1 The Management Company has charged its remuneration at the rate of 0.35% (June 30, 2020: 0.35%) per annum of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) on Management Company's remuneration through Sindh Sales Tax on Services Act, 2011 effective from 01 July 2011.

7.3 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Supreme Court of Pakistan in respect of levy of Federal Excise Duty at the rate of 16% on the services of the Management Company, as reported in note 8.3 to the annual financial statements of the Fund for the year ended June 30, 2020.

Had the said provision for FED not been maintained, the net asset value of the Fund as at September 30, 2020 would have been higher by Rs. 0.0321 (June 30, 2020: Rs. 0.0343) per unit.

	Note	September 30 2020 Un-audited	June 30 2020 Audited
		--------------Rupees in ('000) --------------	
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		**36**	400
Printing charges payable		**25**	-
Withholding tax payable		**224**	-
Capital Gain Tax payable		**149**	-
Provision for Sindh Workers' Welfare Fund	8.1	**1,936**	1,554
Shariah advisory fee payable		**13**	-
Transaction charges payable		**114**	-
Rating fee payable		**142**	-
Others		**-**	580
		2,639	**2,534**

8.1 There is no change in the status of the SWWF as reported in note 11.1 to the annual financial statements of the Fund for the year ended June 30, 2020.

Had the said provision for SWWF not been maintained, the net asset value of the Fund as at September 30, 2020 would have been higher by Rs. 0.0940 (June 30, 2020: Rs. 0.0805) per unit.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2020 and June 30, 2020.

10 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2020 is 0.62% which includes 0.09% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

11 TAXATION

The income of the fund is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

12.1 <u>Transactions for the period:</u>

	Quarter Ended September 30 2020	2019
	Un-audited	
	---------------Rupees (000')------------------	
Pak Oman Asset Management Company Limited (Management Company)		
Remuneration for the period	**965**	799
Sindh Sales Tax on remuneration of the Management Company	**125**	104
Accounting and operational charges	**-**	53
Pak Oman Investments Company Limited (Holding Company of Management Company)*		
Issue of 941,072 (2019:Nil) units	**50,000**	-
MCB Financial Services Limited (Trustee of the Fund)		
Remuneration of the Trustee	**179**	64
Sindh Sales Tax on remuneration of Trustee	**23**	8

12.2 <u>Outstanding balances as at period / year end</u>

	September 30 2020 (Unaudited)	June 30 2020 (Audited)
	------------Rupees (000')-------------	
Pak Oman Asset Management Company Limited (Management Company)		
Remuneration payable to the Management Company	**330**	274
Sindh Sales Tax payable on Remuneration of the Management Company	**125**	118
Federal Excise Duty payable on Remuneration of the Management Company	**661**	661
Accounting and operational charges	**-**	142
Payable against Shariah Advisory fee	**-**	13
Sales Load Payable	**16**	16
MCB Financial Services Limited - The Trustee		
Sindh Sales Tax on the Trustee's remuneration	**61**	37
Remuneration payable to the Trustee	**8**	5
Pak Oman Investments Company Limited (Holding Company of Management Company)*		
Units in issue: 3,269,170 (June 30, 2020: 3,269,170)	**224,824**	171,612
Dividend payable		14,329
Pak Qater Individual Family Participant Investment Fund*		
Units in issue: 3,269,170 (June 30, 2020: 13,400,098)	**715,557**	703,425

* Unitholder having holding of 10% or more as at reporting date

13 GENERAL

Figures have been rounded off to the nearest thousand rupees.

14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 15 October, 2020.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director