



PAK BRUNEI INVESTMENT COMPANY LTD.

**FINANCIAL STATEMENTS
(UN-AUDITED)**

FOR THE PERIOD ENDED MARCH 31, 2019

PAK BRUNEI INVESTMENT COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

(Audited)		(Audited)	
March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
----- USD in '000 -----		----- Rupees in '000 -----	
ASSETS			
721	1,147	6	101,511
		Cash and balances with treasury banks	
744	329	7	104,647
		Balances with other banks	
559	-	8	78,720
		Lendings to financial institutions	
190,455	185,621	9	26,797,047
		Investments	
135,012	144,490	10	18,996,195
		Advances	
70	83	11	9,833
		Fixed assets	
31	34	12	4,414
		Intangible assets	
2,352	2,259	13	330,743
		Deferred tax assets	
8,360	12,826	14	1,176,300
		Other assets	
338,304	346,789	47,599,410	48,793,127
LIABILITIES			
-	-	15	-
		Bills payable	
252,644	262,192	15	35,546,974
		Borrowings	
5,330	5,156	16	750,000
		Deposits and other accounts	
-	-		
		Liabilities against assets subject to finance lease	
-	-		
		Subordinated debt	
-	-		
		Deferred tax liabilities	
7,730	8,649	17	1,087,542
		Other liabilities	
265,704	275,997	37,384,516	38,832,642
NET ASSETS			
72,600	70,792	10,214,894	9,960,485
REPRESENTED BY			
42,644	42,644	6,000,000	6,000,000
		Share capital	
10,070	10,000	1,416,843	1,406,995
		Reserves	
(3,327)	(4,785)	18	(468,044)
		Deficit on revaluation of assets	
23,213	22,933		
		Unappropriated profit	
72,600	70,792	3,266,095	3,226,702
		10,214,894	9,960,485

CONTINGENCIES AND COMMITMENTS 19

The annexed notes 1 to 35 and annexure I forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

**PAK BRUNEI INVESTMENT COMPANY LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2019**

Period Ended			Quarter Ended		Period Ended		
March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	
----- USD in '000 -----			----- Rupees in '000 -----				
7,400	3,063	Mark-up / return / interest earned	20	1,041,186	430,920	1,041,186	430,920
6,049	1,851	Mark-up / return / interest expensed	21	851,138	260,422	851,138	260,422
1,351	1,212	Net mark-up / interest income		190,048	170,498	190,048	170,498
		Non mark-up / interest income					
99	112	Fee and commission income	22	13,860	15,743	13,860	15,743
48	25	Dividend income		6,719	3,465	6,719	3,465
(140)	116	(Loss) / gain on securities	23	(19,648)	16,339	(19,648)	16,339
5	-	Other income	24	656	38	656	38
11	253	Total non-markup / interest income		1,587	35,585	1,587	35,585
1,362	1,465	Total income		191,635	206,083	191,635	206,083
		Non mark-up / interest expenses					
533	507	Operating expenses	25	75,005	71,300	75,005	71,300
11	17	Sindh Workers' Welfare Fund	26	1,505	2,440	1,505	2,440
544	524	Total non mark-up / interest expenses		76,510	73,740	76,510	73,740
818	941	Profit before provisions		115,125	132,343	115,125	132,343
309	91	Provisions and write offs - net	27	43,494	12,783	43,494	12,783
-	-	Extraordinary / unusual items		-	-	-	-
509	850	Profit before taxation		71,631	119,560	71,631	119,560
159	259	Taxation	28	22,390	36,482	22,390	36,482
350	591	Profit after taxation		49,241	83,078	49,241	83,078
----- USD -----			----- Rupees -----				
0.00058	0.00098	Basic and diluted earnings per share	29	0.08	0.14	0.08	0.14

The annexed notes 1 to 35 and annexure I forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2019

Period Ended			Quarter Ended		Period Ended	
March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- USD in '000 -----			----- Rupees in '000 -----			
350	591	Profit after taxation for the year	49,241	83,078	49,241	83,078
Other comprehensive loss						
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>						
1,458	823	Movement in deficit on revaluation of investments - net of tax	205,168	115,851	205,168	115,851
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>						
-	-	Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-
<u>1,808</u>	<u>1,414</u>	Total comprehensive (loss) / income	<u>254,409</u>	<u>198,929</u>	<u>254,409</u>	<u>198,929</u>

The annexed notes 1 to 35 and annexure I forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2019

	Share capital	Capital reserve	Deficit on revaluation of investments	Revenue reserve	Total
		Statutory reserve (a)		Unappropriated profit	
Rupees in '000					
Opening Balance as at January 01, 2018 (as restated)	6,000,000	1,351,812	(201,744)	3,306,156	10,456,224
Comprehensive income for the year					
Profit after taxation for the period ended March 31, 2018	-	-	-	83,078	83,078
Other comprehensive loss					
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	115,851	-	115,851
	-	-	115,851	83,078	198,929
Transfer to statutory reserve	-	16,616	-	(16,616)	-
Opening Balance as at April 01, 2018	6,000,000	1,368,428	(85,893)	3,372,618	10,655,153
Comprehensive income for the year					
Profit after taxation (December 31, 2018)	-	-	-	192,836	192,836
Other comprehensive loss					
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	(185)	(185)
- Movement in deficit on revaluation of investments - net of tax	-	-	(587,319)	-	(587,319)
	-	-	(587,319)	192,651	(394,668)
Transfer to statutory reserve	-	38,567	-	(38,567)	-
Transactions with owners, recorded directly in equity					
Final cash dividend paid for the year ended December 31, 2017 @ Re. 0.50 per share	-	-	-	(300,000)	(300,000)
Opening Balance as at January 01, 2019	6,000,000	1,406,995	(673,212)	3,226,702	9,960,485
Comprehensive income for the year					
Profit after taxation for the period ended March 31, 2019	-	-	-	49,241	49,241
Other comprehensive loss					
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	205,168	-	205,168
	-	-	205,168	49,241	254,409
Transfer to statutory reserve	-	9,848	-	(9,848)	-
Closing Balance as at March 31, 2019	6,000,000	1,416,843	(468,044)	3,266,095	10,214,894

(a) This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 35 and annexure I forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

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PAK BRUNEI INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2019

March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018
----- USD in '000 -----			----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES				
509	850	Profit before taxation	71,631	119,560
48	25	Less: Dividend income	6,719	3,465
<u>461</u>	<u>825</u>		<u>64,912</u>	<u>116,095</u>
Adjustments:				
13	13	Depreciation	1,785	1,872
2	2	Amortisation	327	239
11	11	Provision for Sindh Workers' Welfare Fund	1,505	1,609
309	79	Provision and write-offs	43,494	11,174
(4)	-	Gain on sale of fixed assets	(518)	(25)
-	4	Unrealized loss/(gain) on revaluation of investments classified as held for trading - net	-	598
<u>331</u>	<u>109</u>		<u>46,593</u>	<u>15,467</u>
<u>792</u>	<u>934</u>		<u>111,505</u>	<u>131,562</u>
(Increase) / decrease in operating assets				
(559)	17,206	Lendings to financial institutions	(78,720)	2,420,909
-	(1,492)	Held-for-trading securities	-	(209,880)
9,309	4,520	Advances	1,309,796	636,023
4,885	(327)	Others assets (excluding advance taxation)	687,368	(46,047)
<u>13,635</u>	<u>19,907</u>		<u>1,918,444</u>	<u>2,801,005</u>
Increase/ (decrease) in operating liabilities				
(9,548)	33,601	Borrowings from financial institutions	(1,343,399)	4,727,636
175	(21,543)	Deposits	24,597	(3,031,164)
(930)	(237)	Other liabilities (excluding current taxation)	(130,829)	(33,410)
(10,303)	11,821		(1,449,631)	1,663,062
(631)	(466)	Income tax paid	(88,815)	(65,602)
<u>3,493</u>	<u>32,196</u>	Net cash flow generated from / (used in) operating activities	<u>491,503</u>	<u>4,530,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(3,519)	(31,553)	Net investments in available-for-sale securities	(494,692)	(4,439,483)
-	(8)	Net investments in held-to-maturity securities	-	(1,101)
7	-	Dividends received	1,044	-
(2)	(20)	Investments in operating fixed assets	(291)	(2,824)
-	-	Investments in operating intangible assets	-	-
6	-	Proceeds from sale of fixed assets	900	25
<u>(3,508)</u>	<u>(31,581)</u>	Net cash flow (used in) / generated from investing activities	<u>(493,039)</u>	<u>(4,443,383)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
-	-	Dividend paid	-	-
-	-	Net cash flow used in financing activities	-	-
<u>(15)</u>	<u>615</u>	Decrease in cash and cash equivalents	<u>(1,536)</u>	<u>86,644</u>
1,476	1,508	Cash and cash equivalents at beginning of the year	207,694	212,158
<u>1,461</u>	<u>2,123</u>	Cash and cash equivalents at end of the year	<u>206,158</u>	<u>298,802</u>

The annexed notes 1 to 35 and annexure I forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

Pak Brunei Investment Company Limited (the Company) is a Development Finance Institution (DFI) which was incorporated in Pakistan as an unlisted public limited company on November 28, 2006 under the (now repealed) Companies Ordinance, 1984. The State Bank of Pakistan (SBP) granted the approval for commencement of business with effect from August 20, 2007. The Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Company's objectives inter alia include making investments in the industrial and agro-based industrial fields in Pakistan on a commercial basis through carrying out industrial and agro-based industrial projects and marketing of their products in Pakistan and abroad and to undertake other feasible business and to establish and acquire companies to conduct various businesses. The registered office of the Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Company is in operation with 2 offices (March 31, 2018: 2) one located in Karachi and the other in Lahore.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2018.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018.

			(Audited)
		March 31,	December 31,
		2019	2018
	Note	----- Rupees in '000 -----	

6 CASH AND BALANCES WITH TREASURY BANKS

With State Bank of Pakistan in:
Local currency current account

6.1	<u>101,511</u>	<u>161,339</u>
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6.1 This includes the minimum cash reserve required to be maintained with the SBP in accordance with the requirement of BSD Circular No. 04 dated May 22, 2004.

			(Audited)
		March 31,	December 31,
		2019	2018
	Note	----- Rupees in '000 -----	

7 BALANCES WITH OTHER BANKS

In Pakistan
In deposit accounts

7.1	<u>104,647</u>	<u>46,355</u>
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7.1 These carry mark-up at rates ranging from 8.25% to 8.80% per annum (2018: 6.50% to 8.30% per annum).

			(Audited)
		March 31,	December 31,
		2019	2018
	Note	----- Rupees in '000 -----	

8 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (reverse repo)
Term deposit receipts (TDRs)

8.1	78,720	-
	-	-
	<u>78,720</u>	<u>-</u>

8.1 These carried mark-up at rate of 9.75% and will mature on April 01, 2019.

			(Audited)
		March 31,	December 31,
		2019	2018
		----- Rupees in '000 -----	

8.2 Particulars of lending

In local currency
In foreign currencies

78,720	-
-	-
<u>78,720</u>	<u>-</u>

8.3 Securities held as collateral against lendings to financial institutions

						(Audited)	
		March 31, 2019		December 31, 2018			
		Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
		----- Rupees in '000 -----					
Market Treasury Bills	80,000	-	80,000	-	-	-	
Total	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	

9 INVESTMENTS

9.1 Investments by type:

Audited							
March 31, 2019				December 31, 2018			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----							
Held-for-trading securities							
Ordinary shares							
-	-	-	-	-	-	-	-
Available-for-sale securities							
Federal government securities							
19,811,204	-	(120,835)	19,690,369	19,817,801	-	(326,260)	19,491,541
Ordinary shares							
2,114,606	(231,089)	(441,816)	1,441,701	2,140,824	(210,979)	(391,638)	1,538,207
Non-government debt securities							
2,887,513	(225,365)	17,613	2,679,761	2,635,582	(225,725)	(3,684)	2,406,173
Units of mutual funds							
802,419	-	(96,151)	706,268	802,419	-	(124,776)	677,643
Preference shares							
3,250	(3,250)	-	-	3,250	(3,250)	-	-
25,618,992	(459,704)	(641,189)	24,518,099	25,399,876	(439,954)	(846,358)	24,113,564
Held-to-maturity securities							
Commercial paper							
275,576	-	-	275,576	-	-	-	-
275,576	-	-	275,576	-	-	-	-
Subsidiaries							
2,003,372	-	-	2,003,372	2,003,372	-	-	2,003,372
Total investments	27,897,940	(459,704)	26,797,047	27,403,248	(439,954)	(846,358)	26,116,936

9.1.1 Investments given as collateral

Audited						
March 31, 2019			December 31, 2018			
Cost / amortised cost	Surplus / (deficit)	Carrying value	Cost / amortised cost	Surplus / (deficit)	Carrying value	
----- Rupees in '000 -----						
Pakistan Investment Bonds						
17,323,486	(101,230)	17,222,256	17,122,100	(194,249)	16,927,851	
Term finance / sukuk certificates						
739,824	-	739,824	739,824	-	739,824	
18,063,310	(101,230)	17,962,080	17,861,924	(194,249)	17,667,675	

9.2 Provision for diminution in value of investments

		(Audited)	
		March 31, 2019	December 31, 2018
----- Rupees in '000 -----			
Opening balance		439,954	364,171
Charge / reversals			
Charge for the year	20,109		103,144
Reversal on disposals	(361)		(27,361)
	19,748		75,783
Closing balance		459,702	439,954

Particulars of provision against debt securities

				Audited			
				March 31, 2019		December 31, 2018	
Category of classification	Non-performing investments	Provision		Non-performing investments	Provision		
----- (Rupees in '000) -----							
Domestic							
Loss	269,005	225,364		269,366	225,725		

10 ADVANCES

Note	Performing		Non-performing		Total	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	18,739,870	20,046,892	589,755	592,529	19,329,625	20,639,421
Advances - gross	18,739,870	20,046,892	589,755	592,529	19,329,625	20,639,421
Provision against advances						
- Specific	-	-	333,430	309,684	333,430	309,684
- General	-	-	-	-	-	-
	-	-	333,430	309,684	333,430	309,684
Advances - net of provision	18,739,870	20,046,892	256,325	282,845	18,996,195	20,329,737

(Audited)
March 31, 2019, December 31, 2018

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

10.1 Particulars of advances (gross)

In local currency	19,329,625	20,639,421
In foreign currencies	-	-
	19,329,625	20,639,421

10.2 Advances include Rs. 589.755 million (2018: Rs. 592.529 million) which have been placed under the non-performing status as detailed below:

Category of classification	Note	(Audited)			
		March 31, 2019		December 31, 2018	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	10.2.1	13,314	1,331	12,451	1,245
Substandard		-	-	-	-
Doubtful		26,886	2,443	81,477	29,739
Loss		549,555	329,656	498,601	278,700
Total		589,755	333,430	592,529	309,684

10.2.1 The 'Other Assets Especially Mentioned' category pertains to small enterprise finance.

10.3 Particulars of provision against advances

	March 31, 2019			December 31, 2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	309,684	-	309,684	287,826	1,248	289,074
Charge for the year	27,132	-	27,132	193,853	-	193,853
Reversals	(3,386)	-	(3,386)	(171,995)	(1,248)	(173,243)
	23,746	-	23,746	21,858	(1,248)	20,610
Amounts written off	-	-	-	-	-	-
Closing balance	333,430	-	333,430	309,684	-	309,684

10.3.2 The Company has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken, the specific provision against non-performing advances would have been higher by Rs. 230.901 million (December 31, 2018: Rs. 230.901 million). The FSV benefit availed - net of tax is not available for the distribution as either cash or stock dividend to the shareholders.

	Note	(Audited)	
		March 31, 2019	December 31, 2018
----- Rupees in '000 -----			
11	FIXED ASSETS		
	Property and equipment	9,833	11,711
		<u>9,833</u>	<u>11,711</u>
12	INTANGIBLE ASSETS		
	Computer Software	2,960	3,285
	Capital work-in-progress	12.1 1,454	1,454
		<u>4,414</u>	<u>4,739</u>
12.1	Capital work-in-progress		
	Software	<u>1,454</u>	<u>1,454</u>
13	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	671	671
	- Provision for diminution in the value of investments	104,565	99,035
	- Provision against advances, other assets, etc.	96,457	89,809
	- Deficit on revaluation of investments	173,969	173,146
	- Unrealised loss on revaluation	-	-
	- Accelerated tax depreciation	3,284	3,284
	- Provision for bonus	9,926	9,926
		<u>388,872</u>	<u>375,871</u>
	Taxable temporary differences on		
	- Net investment in finance lease	(52,802)	(52,802)
	- Amortization of discount on investments	(5,327)	(5,327)
		<u>(58,129)</u>	<u>(58,129)</u>
		<u>330,743</u>	<u>317,742</u>
14	OTHER ASSETS		
	Income/ mark-up accrued in local currency	642,658	891,736
	Advances, deposits, advance rent and other prepayments	73,387	77,467
	Advance taxation (payments less provisions)	322,865	269,440
	Advance against subscription of term finance certificates	14.1 -	350,000
	Receivable against sale of shares	13,195	164,044
	Receivable from related parties	14.2 11,547	22,598
	Non-banking asset acquired in satisfaction of claims	14.3 106,215	28,525
	Dividend receivable	6,433	758
		<u>1,176,300</u>	<u>1,804,568</u>
	Less: Provision held against other assets	-	-
		<u>1,176,300</u>	<u>1,804,568</u>
14.1	This denotes investments of Rs. 300 million and Rs. 50 million made in the pre-IPO of Term Finance Certificates issued by United Bank Limited and Dubai Islamic Bank Pakistan Limited respectively.		
14.2	Receivable from related parties		
	Receivable from Awwal Modaraba Management Limited (subsidiary)	8,939	4,712
	Receivable from Awwal Modaraba (subsidiary)	1,325	9,192
	Receivable from Primus Leasing Company Limited (subsidiary)	1,283	8,694
		<u>11,547</u>	<u>22,598</u>
14.3	Non-banking asset acquired in satisfaction of claims		
	Opening balance	28,525	-
	Additions during the year	77,690	28,525
	Disposals during the year	-	-
	Closing balance	<u>106,215</u>	<u>28,525</u>

		(Audited)	
		March 31, 2019	December 31, 2018
		----- Rupees in '000 -----	
15	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	- Long-Term Finance Facility (LTFF) scheme	15.1	5,235,839
	- Power Plants Using Renewable Energy (PPRE) scheme		187,362
	- Finance for Storage of Agriculture Produce (FSAP) scheme		299,704
			5,722,905
	Repurchase agreement borrowings	15.2	5,973,198
	Borrowings from banks	15.3	17,499,500
	Total secured		<u>29,195,603</u>
	Unsecured		
	Letters of placement:		
	- Primus Leasing Limited (subsidiary)	15.4	450,000
	- Others	15.5	5,901,371
			<u>35,546,974</u>
			<u>36,890,373</u>

15.1 The Company has entered into agreements for financing with the SBP for Long-Term Financing under Export Oriented Projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the due date by directly debiting the current account maintained by the Company with SBP. The rate of return ranges from 2.00% to 8.40% per annum (2018: 2.00% to 8.40% per annum). These are secured against demand promissory notes and are repayable within 9 years (2018: 10 years).

15.2 These represent borrowings from various financial institutions at mark-up rates ranging from 10.10% to 10.38% per annum (2018: 5.49% to 10.51% per annum). Pakistan Investment Bonds having a face value of Rs. 6,005 million (2018: Rs. 5,000 million) have been given as collateral against these borrowings.

15.3 These carry mark-up at rates ranging from 10.78% to 11.33% per annum (2018: 6.09% to 10.94% per annum) and are repayable within 4 year (2018: 5 years). These are secured against hypothecation of receivables and floating charge over term finance certificates and Pakistan Investment Bonds having a face value of Rs. 740 million (2018: 740 million) and Rs 11,320 million (2018: Rs. 12,122 million) respectively.

15.4 These carry mark-up at the rate of 10.50% per annum (2018: 10.00% per annum) and are repayable within 1 months (2018: 3 months).

15.5 These carry mark-up at rates ranging from 9.75% to 10.88% per annum (2018: 10.50% to 11.300% per annum) and are repayable within 2 months (2018: 2 months).

16 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019			December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
- Certificate of investments (COIs)	750,000	-	750,000	725,403	-	725,403
Financial Institutions						
- Certificate of investments (COIs)	-	-	-	-	-	-
	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>725,403</u>	<u>-</u>	<u>725,403</u>

		(Audited)	
		March 31, 2019	December 31, 2018
		----- Rupees in '000 -----	
17	OTHER LIABILITIES		
	Mark-up / return / interest payable in local currency	377,952	283,901
	Unearned commission and income on bills discounted	26,853	25,976
	Accrued expenses	61,718	54,707
	Brokerage / commission payable	1,535	1,613
	Payable against purchase of shares	116,388	362,031
	Payable to Awwal Modaraba (related party)	-	-
	Security deposits against advances	385,626	382,649
	Provision for Sindh Worker's Welfare Fund	95,972	94,467
	Payable to defined benefit plan - related party	3,612	261
	Others	17,886	11,261
		<u>1,087,542</u>	<u>1,216,866</u>

	Note	March 31, 2019	(Audited) December 2018
----- Rupees in '000 -----			
18 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of			
- Available-for-sale securities	9.1	(641,189)	(846,358)
Deferred tax on deficit on revaluation of:			
- Available-for-sale securities		173,145	173,146
		<u>(468,044)</u>	<u>(673,212)</u>
19 CONTINGENCIES AND COMMITMENTS			
- Guarantees	19.1	655,364	765,541
- Commitments	19.2	9,548,805	7,234,311
- Other contingent liabilities	19.3	-	-
		<u>10,204,169</u>	<u>7,999,852</u>
19.1 Guarantees			
Financial guarantees		<u>655,364</u>	<u>765,541</u>
19.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		318,902	335,802
Commitments in respect of:			
- government securities	19.2.1	-	-
- repo transactions	19.2.2	5,982,792	5,004,044
- forward lendings	19.2.3	3,247,111	1,894,465
		<u>9,548,805</u>	<u>7,234,311</u>
19.2.1 Commitments in respect of government securities			
Sale		<u>-</u>	<u>-</u>
19.2.2 Commitments in respect of repo transactions			
Repurchase of government securities		<u>5,982,792</u>	<u>5,004,044</u>
19.2.3 Commitments in respect of forward lendings			
Forward repurchase agreement lending		78,783	-
Undrawn formal standby facilities, credit lines and other commitments to lend		<u>3,168,328</u>	<u>1,894,465</u>
		<u>3,247,111</u>	<u>1,894,465</u>

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Company without the risk of incurring significant penalty or expense.

19.3 Other contingent liabilities

19.3.1 In 2009, Burj Bank Limited (formerly Dawood Islamic Bank Limited) filed a legal suit amounting to Rs 200 million for damages against the Company for alleged non-performance of underwriting commitment in respect of issue of shares at a premium. The legal advisors of the Company are of the opinion that the Company has a strong case and that the matter will most likely be decided in favour of the Company.

19.3.2 The returns of income of the Company from tax years 2008 to 2018 had been filed with the tax authorities. From tax year 2008 upto tax year 2017, these returns have been revised and additional tax demands have been raised of which Rs. 559.245 million are outstanding as at March 31, 2019. The matters which have been raised in these demands mainly included allocation of common expenses to dividend income, taxation of discount income, additions on account of concessional loans to employees and deletion of the charge pertaining to the Workers' Welfare Fund. The Company is contesting these demands and appeals have been filed by the Company against the same which are pending adjudication at various legal and appellate forums. The Company has made partial payments against some of these demands which are being shown as refundable from tax authorities (note 14). The management is confident that the matters will eventually be decided in favour of the Company and that the Company will be able to adjust amounts in respect of matters decided against the Company (if any) against the tax refunds currently being claimed by it.

	Note	March 31, 2019	March 31, 2018
----- Rupees in '000 -----			
20	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) Loans and advances	463,177	310,009
	b) Investments	548,166	114,953
	c) Lendings to financial institutions	28,495	5,838
	d) Balances with banks	1,348	120
		<u>1,041,186</u>	<u>430,920</u>
21	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	37,467	76,639
	Borrowings	813,671	183,783
		<u>851,138</u>	<u>260,422</u>
22	FEE AND COMMISSION INCOME		
	Advisory / arrangement fee	(2,243)	2,325
	Processing fee income	15	1,203
	Commitment fee	1,873	250
	Commission on letters of credit	-	308
	Trustee fee	14,001	11,573
	Front end fee	214	84
		<u>13,860</u>	<u>15,743</u>
23	(LOSS) / GAIN ON SECURITIES		
	Realised	(19,648)	16,937
	Unrealised - held for trading	-	(598)
		<u>(19,648)</u>	<u>16,339</u>
23.1	Realised (loss) / gain on:		
	Federal government securities	92	(7,029)
	Shares	(20,380)	23,966
	Non-government debt securities	640	-
		<u>(19,648)</u>	<u>16,937</u>

Note	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
24 OTHER INCOME		
Rent on property	125	-
Gain on sale of fixed assets - net	518	25
Others	13	13
	<u>656</u>	<u>38</u>
25 OPERATING EXPENSES		
Total compensation expense	45,299	38,823
Property expense		
Rent and taxes	8,070	7,343
Insurance	736	956
Security	401	649
Utilities cost	496	254
Repairs and maintenance (including janitorial charges)	1,145	538
Depreciation	64	47
	10,912	9,787
Information technology expenses		
Software maintenance	1,865	1,429
Hardware maintenance	407	205
Depreciation	503	512
Amortisation	327	239
	3,102	2,385
Other operating expenses		
Directors' fees and allowances	1,060	323
Fees and subscription	364	177
Legal and professional charges	853	2,797
Outsourced services costs	801	1,450
Travelling and conveyance	6,369	8,395
Brokerage commission	1,839	2,501
Depreciation	1,218	1,313
Training and development	116	121
Postage and courier charges	57	116
Communication	614	526
Stationery and printing	582	566
Marketing, advertisement and publicity	176	-
Donations	-	40
Auditors' remuneration	69	400
Others	1,574	1,580
	<u>15,692</u>	<u>20,305</u>
	<u>75,005</u>	<u>71,300</u>

		March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	
26	PROVISION FOR SINDH WORKERS' WELFARE FUND		
	Provision for Sindh Workers' Welfare Fund	26.1	1,505
			2,440
26.1	As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. Accordingly, as a matter of abundant caution, the management has maintained a provision for SWWF in the unconsolidated financial statements amounting to Rs 95.972 million which includes a provision of Rs 1.505 million for the current period.		
		Note	
			March 31, 2019
			March 31, 2018
			----- Rupees in '000 -----
27	PROVISIONS AND WRITE OFFS - NET		
	Provision for diminution in value of investments - net	9.2	19,748
	Provisions against loans and advances	10.3	23,746
	Other provisions / write offs		-
			43,494
			12,783
28	TAXATION		
	Current		35,390
	Prior years		-
	Deferred		(13,000)
			22,390
			36,482
			March 31, 2019
			March 31, 2018
			----- Rupees -----
29	BASIC EARNINGS PER SHARE		
	Profit for the year		49,241
			83,078
	Weighted average number of ordinary shares		600,000
			600,000
	Basic earnings per share		0.08
			0.14

29.1 Diluted earnings per share

Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue.

30 FAIR VALUE MEASUREMENT

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

30.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Term finance / sukuks certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the prices announced by the Pakistan Stock Exchange Limited.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2019				
	Carrying / notional value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	19,690,369	-	19,690,369	-	19,690,369
Shares	1,441,701	1,441,701	-	-	1,441,701
Non-Government debt securities	2,679,761	-	2,679,761	-	2,679,761
Units of mutual funds	706,268	706,268	-	-	706,268
Off-balance sheet financial instruments - measured at fair value					
Commitments in respect of repo transactions	5,982,792	-	5,982,792	-	5,982,792
Audited					
	December 31, 2018				
	Carrying / notional value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	19,491,541	-	19,491,541	-	19,491,541
Shares	1,514,207	1,514,207	-	-	1,514,207
Non-Government debt securities	2,406,173	-	2,406,173	-	2,406,173
Units of mutual funds	677,643	677,643	-	-	677,643
Off-balance sheet financial instruments - measured at fair value					
Commitments in respect of repo transactions	5,004,044	-	5,004,044	-	5,004,044

March 31, 2019				
Corporate finance	Trading and sales	Commercial banking	Total	
Profit and Loss Account				
Net mark-up / return / profit	-	591,265	449,921	1,041,186
Non mark-up / return / interest income	13,852	(12,265)	-	1,587
Total income	13,852	579,000	449,921	1,042,773
Segment direct expenses	1,016	462,176	464,457	927,649
Total expenses	1,016	462,176	464,457	927,649
Provisions	-	19,933	23,560	43,493
Profit before tax	12,836	96,891	(38,096)	71,631
Statement of Financial Position				
Cash and bank balances	-	116,010	90,148	206,158
Lendings to financial institutions	-	78,720	-	78,720
Investments	-	26,797,047	-	26,797,047
Advances - performing	-	499,771	18,240,099	18,739,870
- non-performing	-	15,570	240,755	256,325
Others	189	855,962	665,139	1,521,290
Total assets	189	28,363,080	19,236,141	47,599,410
Borrowings	-	21,181,475	14,365,499	35,546,974
Deposits and other accounts	-	446,905	303,095	750,000
Others	-	648,038	439,504	1,087,542
Total liabilities	-	22,276,418	15,108,098	37,384,516
Equity	189	6,086,663	4,128,042	10,214,894
Total equity and liabilities	189	28,363,081	19,236,140	47,599,410
Contingencies and commitments	-	6,061,578	4,142,591	10,204,169

March 31, 2018				
Corporate finance	Trading and sales	Commercial banking	Total	
Profit and Loss Account				
Net mark-up / return / profit	-	126,822	304,098	430,920
Non mark-up / return / interest income	15,743	19,842	-	35,585
Total income	15,743	146,664	304,098	466,505
Segment direct expenses	2,489	161,888	169,785	334,162
Total expenses	2,489	161,888	169,785	334,162
Provisions	-	10,907	1,876	12,783
Profit before tax	13,254	(26,131)	132,437	119,560

December 31, 2018				
Corporate finance	Trading and sales	Commercial banking	Total	
Statement of Financial Position				
Cash and bank balances	-	67,577	140,117	207,694
Investments	-	26,116,936	-	26,116,936
Advances - performing	-	484,405	19,562,487	20,046,892
- non-performing	-	11,304	271,541	282,845
Others	1,301	530,673	1,606,786	2,138,760
Total assets	1,301	27,210,895	21,580,931	48,793,127
Borrowings	-	18,579,125	18,311,248	36,890,373
Deposits and other accounts	-	365,335	360,068	725,403
Others	-	612,851	604,015	1,216,866
Total liabilities	-	19,557,311	19,275,331	38,832,642
Equity	1,301	7,653,584	2,305,600	9,960,485
Total equity and liabilities	1,301	27,210,895	21,580,931	48,793,127
Contingencies and commitments	-	5,004,044	2,995,808	7,999,852

32 RELATED PARTY TRANSACTIONS

The Company has related party relationship with subsidiary companies (namely Primus Leasing Limited, Awwal Modaraba and Awwal Modaraba Management Limited), employees' defined benefit and defined contribution plan and its key management personnel.

There are no transactions with key management personnel other than those carried out as per their terms of employment. Contributions to approved defined benefit and contribution plans are made in accordance with the actuarial valuations / terms of scheme. Transactions with owners have been disclosed in 'Unconsolidated Statement of Changes in Equity'. All other transactions between the Company and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment. The details of transactions with related parties during the year and balances with them as at year end, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	March 31, 2019				December 31, 2018			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
(Rupees in '000)								
Investments								
Opening balance	-	-	2,003,372	-	-	-	2,003,372	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Transfer to available-for-sale securities on recharacterisation of investment	-	-	-	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-	-	-	-
Classified as held-for-sale	-	-	-	-	-	-	-	-
Closing balance	-	-	2,003,372	-	-	-	2,003,372	-
Advances								
Opening balance	-	75,591	-	-	-	58,252	-	-
Addition during the year	-	21,065	-	-	-	29,803	-	-
Repaid during the year	-	(19,952)	-	-	-	(12,464)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	76,704	-	-	-	75,591	-	-
Other assets								
Interest / mark-up accrued	-	-	1,104	-	-	-	990	-
Others	-	-	11,546	-	-	-	21,608	-
	-	-	12,650	-	-	-	22,598	-
Borrowings								
Opening balance	-	-	583,174	14,346	-	-	-	-
Borrowings during the year	-	-	1,078,783	38,867	-	-	1,921,857	428,564
Settled during the year	-	-	(1,211,957)	(36,842)	-	-	(1,338,683)	(414,218)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	450,000	16,371	-	-	583,174	14,346
Deposits and other accounts								
Opening balance	-	-	-	-	-	-	-	-
Received during the year	-	-	-	-	-	-	1,580,000	-
Withdrawn during the year	-	-	-	-	-	-	(1,580,000)	-
Closing balance	-	-	-	-	-	-	-	-
Other Liabilities								
Interest / mark-up payable	-	-	4,013	119	-	-	3,994	114
Other liabilities	-	-	-	-	-	-	-	261
	-	-	4,013	119	-	-	3,994	375

	March 31, 2019				March 31, 2018			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	-	991	-	-	-	609	-	13,112
Dividend income	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	-	-	-
Gain on sale of intangibles	-	-	-	-	-	-	-	-
Expense								
Mark-up / return / interest paid	-	-	13,677	-	-	-	-	-
Operating expenses	1,409	16,140	-	-	835	20,600	-	-
Reimbursement of expenses	-	1,648	-	-	-	1,662	-	-
Expenses charged	32.1	-	6,631	-	-	-	5,974	-

32.1 These denote administrative expenses charged by the Company under the cost sharing agreement entered into between the Company and its subsidiaries (namely Primus Leasing Limited, Awwal Modaraba Management Limited and Awwal Modaraba).

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	March 31, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,000,000</u>	<u>6,000,000</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>7,292,299</u>	<u>7,316,166</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>7,292,299</u>	<u>7,316,166</u>
Eligible Tier 2 Capital	<u>-</u>	<u>-</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>7,292,299</u>	<u>7,316,166</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>23,276,408</u>	<u>23,817,108</u>
Market Risk	<u>4,478,181</u>	<u>4,381,901</u>
Operational Risk	<u>1,664,869</u>	<u>1,664,869</u>
Total	<u>29,419,458</u>	<u>29,863,878</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>24.79%</u>	<u>24.50%</u>
Tier 1 Capital Adequacy Ratio	<u>24.79%</u>	<u>24.50%</u>
Total Capital Adequacy Ratio	<u>24.79%</u>	<u>24.50%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>7,292,299</u>	<u>7,316,166</u>
Total Exposures	<u>48,833,551</u>	<u>49,144,614</u>
Leverage Ratio - percentage	<u>14.93%</u>	<u>14.89%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>4,618,351</u>	<u>5,625,751</u>
Total Net Cash Outflow	<u>9,004,095</u>	<u>8,561,213</u>
Liquidity Coverage Ratio - percentage	<u>51.29%</u>	<u>65.71%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>21,463,007</u>	<u>19,869,638</u>
Total Required Stable Funding	<u>20,784,478</u>	<u>21,364,065</u>
Net Stable Funding Ratio - percentage	<u>103.26%</u>	<u>93.00%</u>

34 GENERAL

- 34.1** Figures in these unconsolidated financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.
- 34.2** Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary, to facilitate comparison and better presentation.

35 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on April 29, 2019 by the Board of Directors of the Company.

President/Chief Executive

Chief Financial Officer

Director

Director

Director