



PAK BRUNEI INVESTMENT COMPANY LTD.

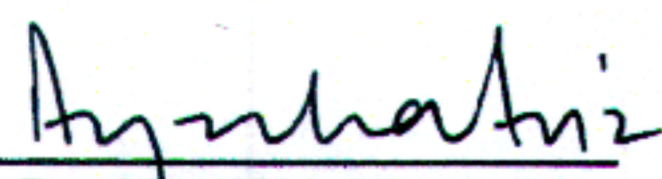
**CONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)**

FOR THE PERIOD ENDED JUNE 30, 2019

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

(Audited)			(Audited)		
June 30, 2019	December 31, 2018		June 30, 2019	December 31, 2018	
----- USD in '000 -----			----- Rupees in '000 -----		
ASSETS					
3,503	1,711	Cash and balances with treasury banks	6	576,214	281,404
1,327	1,003	Balances with other banks	7	218,328	165,057
297	334	Lendings to financial institutions	8	48,879	54,879
151,274	146,587	Investments	9	24,884,604	24,113,564
123,272	131,396	Advances	10	20,278,310	21,614,581
1,042	173	Fixed assets	11	171,341	28,477
104	42	Intangible assets	12	17,126	6,871
1,870	1,913	Deferred tax assets	13	307,628	314,708
11,332	11,560	Other assets	14	1,864,385	1,901,552
294,021	294,719			48,366,815	48,481,093
LIABILITIES					
-	-	Bills payable		-	-
218,967	220,712	Borrowings	15	36,020,146	36,307,199
4,559	4,410	Deposits and other accounts	16	750,000	725,403
-	-	Liabilities against assets subject to finance lease		-	-
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
10,991	8,414	Other liabilities	17	1,808,046	1,383,916
234,517	233,536			38,578,192	38,416,518
59,504	61,183	NET ASSETS		9,788,623	10,064,575
REPRESENTED BY					
36,474	36,474	Share capital		6,000,000	6,000,000
8,553	8,553	Reserves		1,406,995	1,406,995
(3,130)	(4,092)	Deficit on revaluation of assets	18	(514,808)	(673,212)
17,595	20,234	Unappropriated profit		2,894,428	3,328,566
59,492	61,169	Total equity attributable to the equity holders of the holding company		9,786,615	10,062,349
12	14	Non-controlling interest		2,007	2,226
59,504	61,183			9,788,623	10,064,575
CONTINGENCIES AND COMMITMENTS					
19					

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


President/Chief Executive


Chief Financial Officer


Director


Director

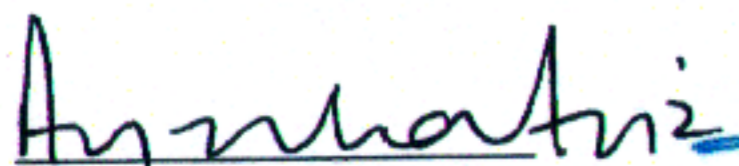

Director

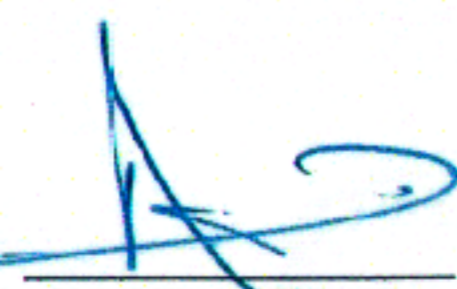
PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD AND HALF YEAR ENDED JUNE 30, 2019

Period Ended		
June 30, 2019	June 30, 2018	
----- USD in '000 -----		
13,777	5,906	Mark-up / return / interest earned
10,711	3,295	Mark-up / return / interest expensed
3,066	2,611	Net mark-up / interest income
		Non mark-up / interest income
502	864	Fee and commission income
122	83	Dividend income
(1,425)	(117)	(Loss) / gain on securities
25	-	Other income
(777)	830	Total non-markup / interest income
2,289	3,441	Total income
		Non mark-up / interest expenses
1,445	1,332	Operating expenses
13	25	Sindh Workers' Welfare Fund
1,458	1,357	Total non mark-up / interest expenses
831	2,084	Profit before provisions
1,395	1,582	Provisions and write offs - net
-	-	Extraordinary / unusual items
(564)	502	Profit before taxation
253	189	Taxation
(817)	313	Profit after taxation
		Attributable to:
(815)	313	Equity shareholders of the holding company
(1)	1	Non-controlling interest
(817)	313	
----- USD -----		
(0.00136)	0.00052	Basic and diluted earnings per share

Note	Quarter Ended		Period Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----			
20	1,164,759	550,779	2,266,363	971,537
21	910,756	281,589	1,761,894	542,011
	254,003	269,190	504,469	429,526
22	62,168	71,317	82,562	142,148
	13,325	10,180	20,044	13,645
23	(214,769)	(35,549)	(234,417)	(19,288)
24	3,390	9	4,046	47
	(135,886)	45,957	(127,765)	136,552
	118,118	315,147	376,705	566,078
25	130,500	170,982	237,698	219,157
26	247	285	2,194	4,048
	130,747	171,267	239,892	223,205
	(12,629)	143,880	136,813	342,873
27	184,178	246,537	229,559	260,291
	-	-	-	-
	(196,807)	(102,657)	(92,746)	82,582
28	14,138	(7,275)	41,610	31,032
	(210,945)	(95,382)	(134,356)	51,550
	(210,602)	(95,621)	(134,138)	51,466
	(343)	239	(219)	84
	(210,945)	(95,382)	(134,356)	51,550
----- Rupees -----				
29	(0.22)	0.09	(0.22)	0.09

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


President/Chief Executive


Chief Financial Officer


Director


Director


Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD AND HALF YEAR ENDED JUNE 30, 2019

Period Ended	
June 30, 2019	June 30, 2018
----- USD in '000 -----	

(817) 313 Profit after taxation for the year

Other comprehensive loss

*Items that may be reclassified to profit and loss
account in subsequent periods:*

963 697 Movement in deficit on revaluation of
investments - net of tax

*Items that will not be reclassified to profit and loss
account in subsequent periods:*

- - Remeasurement loss on defined benefit
obligations - net of tax

146 1,010 **Total comprehensive (loss) / income**

Quarter Ended		Period Ended	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			

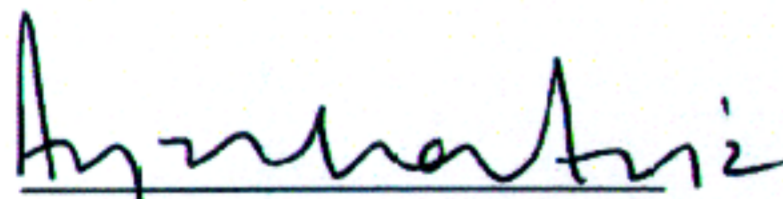
(210,945) (95,382) (134,356) 51,550

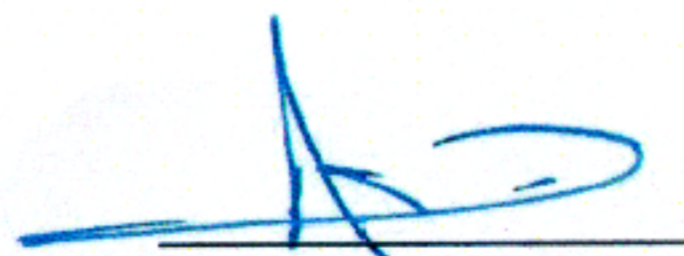
(60,497) 114,612 158,404 114,612

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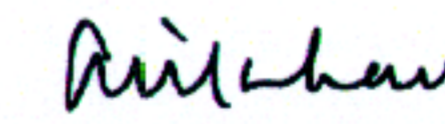
(271,442) 19,230 24,048 166,162


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


President/Chief Executive


Chief Financial Officer


Director


Director

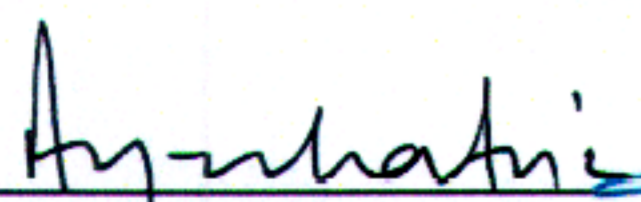

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD AND HALF YEAR ENDED JUNE 30, 2019

	Share capital	Capital reserve Statutory reserve (a)	Deficit on revaluation of investments	Revenue reserve Unappropriated profit	Non-controlling interest	Total
Rupees in '000						
Opening Balance as at January 01, 2018 (as restated)	6,000,000	1,351,812	(201,744)	3,412,835	2,178	10,565,081
Comprehensive income for the year						
Profit after taxation for the period/half year ended June 30, 2018	-	-	-	51,466	84	51,550
Other comprehensive loss						
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	114,612	-	-	114,612
	-	-	114,612	51,466	84	166,162
Transfer to statutory reserve	-	29,582	-	(29,582)	-	-
Opening Balance as at July 01, 2018	6,000,000	1,381,394	(87,132)	3,434,719	2,262	10,731,243
Comprehensive income for the year						
Profit after taxation (December 31, 2018)	-	-	-	219,633	289	219,922
Other comprehensive loss						
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	(185)	-	(185)
- Movement in deficit on revaluation of investments - net of tax	-	-	(586,080)	-	-	(586,080)
	-	-	(586,080)	219,448	289	(366,343)
Transfer to statutory reserve	-	25,601	-	(25,601)	-	-
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)
Dividend payout by Awwal Modaraba @ Rs. 1.48 per certificate	-	-	-	-	(325)	(325)
Opening Balance as at January 01, 2019	6,000,000	1,406,995	(673,212)	3,328,566	2,226	10,064,575
Comprehensive income for the year						
Profit after taxation for the period/half year ended June 30, 2019	-	-	-	(134,138)	(219)	(134,356)
Other comprehensive loss						
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	158,404	-	-	158,404
	-	-	158,404	(134,138)	(219)	24,048
Transfer to statutory reserve	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Final cash dividend paid for the year ended December 31, 2018 @ Re. 0.50 per share	-	-	-	(300,000)	-	(300,000)
Closing Balance as at June 30, 2019	6,000,000	1,406,995	(514,808)	2,894,428	2,007	9,788,623

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

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


President/Chief Executive


Chief Financial Officer


Director


Director


Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD AND HALF YEAR ENDED JUNE 30, 2019

June 30,
2019
----- USD in '000 -----

June 30,
2018

(564)	502
122	21
(686)	481

144	15
21	2
13	-
1,395	84
(3)	-
(1)	4
1,569	105
883	586

36	10,583
(56)	(1,276)
7,874	1,817
632	(50)
8,486	11,074

(1,745)	28,739
150	(18,427)
2,578	(308)
983	10,004
(1,024)	(435)
9,328	21,229

(4,365)	(28,318)
-	(7)
6	-
(1,017)	(20)
2	-
5	-
(5,369)	(28,345)

(1,824)	-
(1,824)	-
2,135	(7,116)
2,691	10,136
4,826	3,020

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income

Adjustments:

Depreciation
Amortisation
Provision for Sindh Workers' Welfare Fund
Provision and write-offs
Gain on sale of fixed assets
Unrealized gain on revaluation of investments
classified as held for trading - net

(Increase) / decrease in operating assets

Lendings to financial institutions
Held-for-trading securities
Advances
Others assets (excluding advance taxation)

Increase/ (decrease) in operating liabilities

Borrowings from financial institutions
Deposits
Other liabilities (excluding current taxation)

Income tax paid

Net cash flow generated from / (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities
Net investments in held-to-maturity securities
Dividends received
Investments in operating fixed assets
Investments in operating intangible assets
Proceeds from sale of fixed assets
Net cash flow (used in) / generated from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid
Net cash flow used in financing activities

Decrease in cash and cash equivalents
Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

June 30,
2019
----- Rupees in '000 -----

June 30,
2018

(92,746)	82,582
20,044	3,465
(112,790)	79,117

23,701	2,515
3,475	291
2,194	-
229,559	13,754
(518)	(25)
(124)	676
258,287	17,211
145,497	96,328

6,000	1,740,909
(9,216)	(209,880)
1,295,209	298,918
103,985	(8,228)
1,395,978	1,821,719

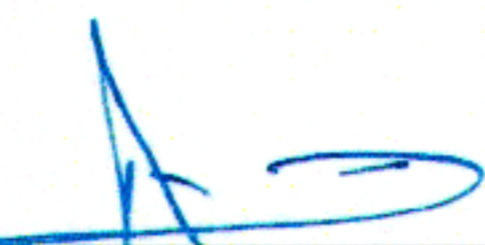
(287,053)	4,727,636
24,597	(3,031,164)
424,130	(50,746)
161,674	1,645,726
(168,406)	(71,488)
1,534,743	3,492,285

(717,562)	(4,658,248)
-	(1,101)
1,044	(6)
(167,326)	(3,343)
-	-
902	25
(882,942)	(4,662,673)

(300,000)	-
(300,000)	-
351,801	(1,170,388)
442,741	1,667,367
794,542	496,979

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


President/Chief Executive


Chief Financial Officer


Director


Director


Director

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

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 (December 31, 2018: 2) one located in Karachi and the other in Lahore.

Subsidiaries

- Awwal Modaraba Management Limited (AMML) - 100% holding

Awwal Modaraba Management Limited (the Company) was incorporated in Pakistan on June 05, 2014 as an unlisted public company under the (now repealed) Companies Ordinance, 1984. Subsequently, it was registered as a Modaraba Management Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The Company is a wholly owned subsidiary of Pak Brunei Investment Company Limited (the Holding Company) with its registered office situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan.

The principal activity of the Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Company within the meaning of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Presently, the Company is managing Awwal Modaraba only the details of which have been provided below.

- Primus Leasing Limited (PLL) - 100% holding

PLL was incorporated in Pakistan as a public unlisted company on July 13, 2017 under the Companies Act, 2017. The registered office of PLL is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. PLL is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). PLL has 2 offices (2018: 2 offices) one located in Karachi and the other in Lahore.

The principal objective of PLL is to carry on and undertake the business of leasing of assets for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes on such terms, covenants and conditions and at such rentals as may be deemed fit.

- Awwal Modaraba (AM) - 99.78% holding

AM has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. AM is managed by the AMML. After receiving certificate of minimum subscription, AM commenced its business operations with effect from February 10, 2016. The registered office is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan.

AM is a perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing working capital, Term Finance, Ijarah, Musharika, Morabaha and other Shari'ah compliant investments / instruments to credit worthy customers. AM is listed on the Pakistan Stock Exchange Limited.

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.

6	CASH AND BALANCES WITH TREASURY BANKS	Note	June 30,	(Audited) December 31,
			2019	2018
			----- Rupees in '000 -----	
	Cash in hand		85	-
	With State Bank of Pakistan in:			
	Local currency current account	6.1	470,125	161,349
	With National Bank of Pakistan in:			
	Local currency current account	6.2	106,004	120,055
			<u>576,214</u>	<u>281,404</u>

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.

6.2 This carry mark-up at rates ranging from 6.15% to 8.00% per annum (2018: 5.00% to 6.15% per annum).

7	BALANCES WITH OTHER BANKS	Note	June 30,	(Audited) December 31,
			2019	2018
			----- Rupees in '000 -----	
	In Pakistan			
	In deposit accounts	7.1	210,712	160,077
	In current accounts		7,616	4,980
			<u>218,328</u>	<u>165,057</u>

7.1 These carry mark-up at rates ranging from 4.10% to 11.00% per annum (2018: 3.40% to 8.50% per annum).

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	June 30,	(Audited) December 31,
			2019	2018
			----- Rupees in '000 -----	
	Investments against repurchase agreements	8.1	48,879	54,879
	Repurchase agreement lendings (reverse repo)		-	-
			<u>48,879</u>	<u>54,879</u>

8.1 On January 16, 2018, Awwal Modaraba entered into an agreement with a shareholder of a company (the investee company) for the purchase of 2,051,150 shares of the investee company. Concurrently, the Modaraba has entered into a separate agreement with another shareholder of the investee company for selling of underlying shares after a period of eighteen months from the date of purchase at an agreed price. The underlying shares have been transferred in the name of Modaraba. Subsequently, the tenor of facility was extended for one year.

8.2	Particulars of lending	June 30,	(Audited) December 31,
		2019	2018
		----- Rupees in '000 -----	
	In local currency	48,879	54,879
	In foreign currencies	-	-
		<u>48,879</u>	<u>54,879</u>

Audited

9 INVESTMENTS

9.1 Investments by type:

Held-for-trading securities

Ordinary shares

June 30, 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 -----							
9,216	-	124	9,340	-	-	-	-
9,216	-	124	9,340	-	-	-	-

Available-for-sale securities							
Federal government securities							
19,802,439	-	(80,257)	19,722,182	19,817,801	-	(326,260)	19,491,541
2,222,628	(333,398)	(374,245)	1,514,985	2,140,824	(210,979)	(391,638)	1,538,207
2,899,159	(269,053)	(8,753)	2,621,353	2,635,582	(225,725)	(3,684)	2,406,173
906,271	-	(173,218)	733,053	802,419	-	(124,776)	677,643
3,250	(3,250)	-	-	3,250	(3,250)	-	-
25,833,747	(605,701)	(636,473)	24,591,573	25,399,876	(439,954)	(846,358)	24,113,564

Held-to-maturity securities							
Commercial paper							
283,691	-	-	283,691	-	-	-	-
283,691	-	-	283,691	-	-	-	-

26,126,654	(605,701)	(636,349)	24,884,604	25,399,876	(439,954)	(846,358)	24,113,564

Total investments

9.1.1 Investments given as collateral

Pakistan Investment Bonds

Term finance / sukuk certificates

June 30, 2019			December 31, 2018		
Cost / amortised cost	Surplus / (deficit)	Carrying value	Cost / amortised cost	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----					
15,285,604	(68,940)	15,216,664	17,122,100	(194,249)	16,927,851
739,824	-	739,824	739,824	-	739,824
16,025,428	(68,940)	15,956,488	17,861,924	(194,249)	17,667,675

9.2 Provision for diminution in value of investments

(Audited)

June 30, 2019 December 31, 2018

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

Opening balance

439,954 364,171

Charge / reversals

Charge for the year

292,290 103,144

Reversal on disposals

(126,543) (27,361)

165,747 75,783

Closing balance

605,701 439,954

Particulars of provision against debt securities

Category of classification

Audited

June 30, 2019		December 31, 2018	
Non-performing investments	Provision	Non-performing investments	Provision
----- (Rupees in '000) -----			
Domestic			
Loss	269,052	269,366	225,725

	Performing		Non-performing		Total	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
----- Rupees in '000 -----						
Loans, cash credits, running finances, etc.	19,371,914	20,594,638	615,279	592,529	19,987,193	21,187,167
Islamic financing and related assets	669,985	742,470	-	-	669,985	742,470
Advances - gross	20,041,899	21,337,108	615,279	592,529	20,657,178	21,929,637
Provision against advances						
- Specific	-	-	370,021	309,684	370,021	309,684
- General	8,847	5,372	-	-	8,847	5,372
	8,847	5,372	370,021	309,684	378,868	315,056
Advances - net of provision	20,033,052	21,331,736	245,258	282,845	20,278,310	21,614,581
(Audited)						
June 30, 2019 December 31, 2018						
----- Rupees in '000 -----						

10.1 Particulars of advances (gross)

In local currency	20,657,178	21,929,637
In foreign currencies	-	-
	20,657,178	21,929,637

10.2 Advances include Rs. 615.279 million (2018: Rs. 592.529 million) which have been placed under the non-performing status as detailed below:

Category of classification	Note	(Audited)			
		June 30, 2019		December 31, 2018	
		Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----					
Domestic					
Other Assets Especially Mentioned	10.2.1	31,435	3,144	12,451	1,245
Substandard		9,059	2,265	-	-
Doubtful		4,458	2,229	81,477	29,739
Loss		570,327	362,383	498,601	278,700
Total		615,279	370,021	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

	June 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	309,684	5,372	315,056	287,826	1,408	289,234
Charge for the year	63,186	3,475	66,661	193,853	5,212	199,065
Reversals	(2,849)	-	(2,849)	(171,995)	(1,248)	(173,243)
	60,337	3,475	63,812	21,858	3,964	25,822
Amounts written off	-	-	-	-	-	-
Closing balance	370,021	8,847	378,868	309,684	5,372	315,056

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. 207.943 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.

		(Audited)	
		June 30, 2019	December 31, 2018
		----- Rupees in '000 -----	
11	FIXED ASSETS		
	Property and equipment	48,368	23,949
	Capital work-in-progress	11.1 -	4,528
	Right-of-use assets	11.2 122,973	
		<u>171,341</u>	<u>28,477</u>
11.1	Capital work-in-progress		
	Advance against purchase of motor vehicle	-	4,528
11.2	These represent right-of-use assets recognised due to adoption of IFRS 16 .		
12	INTANGIBLE ASSETS		
	Computer Software	15,672	5,402
	Capital work-in-progress	12.1 1,454	1,469
		<u>17,126</u>	<u>6,871</u>
12.1	Capital work-in-progress		
	Software	1,454	1,469
13	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	656	671
	- Provision for diminution in the value of investments	129,966	99,035
	- Provision against advances, other assets, etc.	100,016	91,367
	- Deficit on revaluation of investments	107,932	173,146
	- Preliminary expenses	-	2,053
	- Excess of minimum tax and ACT over corporate tax	-	588
	- Lease liability on right-of-use assets	40,546	
	- Provision for bonus	2,810	9,926
		<u>381,926</u>	<u>376,786</u>
	Taxable temporary differences on		
	- Accelerated tax depreciation	(36,758)	(3,949)
	- Net investment in finance lease	(29,988)	2,578
	- Unrealized gain on revaluation of HFT investments	(19)	
	- Amortization of discount on investments	(7,533)	(60,707)
		<u>(74,298)</u>	<u>(62,078)</u>
		<u>307,628</u>	<u>314,708</u>
14	OTHER ASSETS		
	Income/ mark-up accrued in local currency	1,179,540	926,168
	Advances, deposits, advance rent and other prepayments	18,651	79,458
	Advance taxation (payments less provisions)	346,157	277,473
	Advance against subscription of term finance certificates	14.1 -	350,000
	Receivable against sale of shares	129,964	164,044
	Receivable against advisory fee	83,858	70,291
	Non-banking asset acquired in satisfaction of claims	14.2 106,215	28,525
	Dividend receivable	-	5,593
	Others	-	
		<u>1,864,385</u>	<u>1,901,552</u>
	Less: Provision held against other assets	-	-
		<u>1,864,385</u>	<u>1,901,552</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	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>

15	BORROWINGS	Note	(Audited)	
			June 30, 2019	December 31, 2018
			----- Rupees in '000 -----	
	Secured			
	Borrowings from State Bank of Pakistan			
	- Long-Term Finance Facility (LTFF) scheme	15.1	5,103,216	5,347,670
	- Power Plants Using Renewable Energy (PPRE) scheme		170,307	183,156
	- Finance for Storage of Agriculture Produce (FSAP) scheme		278,159	320,981
			5,551,682	5,851,807
	Repurchase agreement borrowings	15.2	15,220,779	4,954,100
	Borrowings from banks	15.3	8,837,125	16,301,946
	Total secured		<u>29,609,586</u>	<u>27,107,853</u>
	Unsecured			
	Letters of placement:			
	- Others	15.4	6,410,560	9,199,346
			<u>36,020,146</u>	<u>36,307,199</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 12.50% to 12.70% per annum (2018: 5.49% to 10.51% per annum). Pakistan Investment Bonds having a face value of Rs. 15,287 million (2018: Rs. 5,000 million) have been given as collateral against these borrowings.

15.3 These carry mark-up at rates ranging from 11.11% to 13.38% 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 Nil (2018: Rs. 12,122 million) respectively.

15.4 These carry mark-up at rates ranging from 11.23% to 14.00% per annum (2018: 10.50% to 11.30% per annum) and are repayable within 2 months (2018: 2 months).

16 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019			(Audited) 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>

17	OTHER LIABILITIES	Note	(Audited)	
			June 30, 2019	December 31, 2018
			----- Rupees in '000 -----	
	Mark-up / return / interest payable in local currency		297,231	279,907
	Unearned commission and income on bills discounted		24,872	25,976
	Accrued expenses		53,955	78,335
	Brokerage / commission payable		2,491	1,613
	Payable against purchase of shares		272,096	362,031
	Security deposits against advances		600,927	511,534
	Provision for Sindh Worker's Welfare Fund		104,221	103,466
	Payable to defined benefit plan - related party		4,580	261
	Lease liability against right-of-use asset		94,496	
	Sales tax payable on modaraba management fee		-	5,515
	Taxation payable		-	223
	Unclaimed dividend		-	155
	Mark-up payable to TFC holders as Trustee		324,789	
	Others		28,388	14,900
			<u>1,808,046</u>	<u>1,383,916</u>

			June 30, 2019	(Audited) December 2018
	Note		----- Rupees in '000 -----	
18	DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of				
- Available-for-sale securities	9.1	(636,473)	(846,358)	
Deferred tax on deficit on revaluation of:				
- Available-for-sale securities		121,665	173,146	
		<u>(514,808)</u>	<u>(673,212)</u>	
19	CONTINGENCIES AND COMMITMENTS			
- Guarantees	19.1	655,364	765,541	
- Commitments	19.2	17,924,092	7,246,111	
- Other contingent liabilities	19.3	-	-	
		<u>18,579,456</u>	<u>8,011,652</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		811,180	335,802	
Commitments in respect of:				
- government securities	19.2.1	-	-	
- repo transactions	19.2.2	15,363,175	5,004,044	
- forward lendings	19.2.3	1,749,737	1,906,265	
		<u>17,924,092</u>	<u>7,246,111</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>15,363,175</u>	<u>5,004,044</u>	
19.2.3	Commitments in respect of forward lendings			
Forward repurchase agreement lending		-	-	
Undrawn formal standby facilities, credit lines				
and other commitments to lend		1,749,737	1,906,265	
		<u>1,749,737</u>	<u>1,906,265</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.

	Note	June 30, 2019	June 30, 2018
		----- Rupees in '000 -----	
20 MARK-UP / RETURN / INTEREST EARNED			
On:			
a) Loans and advances		1,024,367	663,574
b) Investments		1,172,516	281,980
c) Lendings to financial institutions		52,355	24,000
d) Sub-lease of premises		606	-
d) Balances with banks		16,518	1,983
		<u>2,266,363</u>	<u>971,537</u>
21 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		76,820	108,750
Interest expense on lease liability		5,423	
Borrowings		1,679,651	433,261
		<u>1,761,894</u>	<u>542,011</u>
22 FEE AND COMMISSION INCOME			
Advisory / arrangement fee		49,722	114,046
Processing fee income		1,316	1,976
Commitment fee		3,401	769
Commission on letters of credit		-	1,952
Trustee fee		27,582	23,221
Front end fee		541	184
		<u>82,562</u>	<u>142,148</u>
23 (LOSS) / GAIN ON SECURITIES			
Realised	23.1	(234,541)	6,404
Unrealised - held for trading		124	(25,692)
		<u>(234,417)</u>	<u>(19,288)</u>
23.1 Realised (loss) / gain on:			
Federal government securities		107	(5,997)
Shares		(235,288)	12,401
Non-government debt securities		640	-
		<u>(234,541)</u>	<u>6,404</u>
24 OTHER INCOME			
Rent on property		3,515	-
Gain on sale of fixed assets - net		518	25
Others		13	22
		<u>4,046</u>	<u>47</u>

25 OPERATING EXPENSES

June 30, June 30,
2019 2018
----- Rupees in '000 -----

Total compensation expense	141,555	126,934
Property expense		
Rent and taxes	-	17,395
Insurance	2,152	4,082
Security	943	254
Utilities cost	1,334	1,832
Repairs and maintenance (including janitorial charges)	3,172	2,437
Depreciation	17,231	104
	24,832	26,104
Information technology expenses		
Software maintenance	4,310	2,843
Hardware maintenance	550	407
Depreciation	1,638	1,704
Amortisation	3,475	655
	9,973	5,609
Other operating expenses		
Directors' fees and allowances	4,439	1,723
Fees and subscription	1,534	1,038
Legal and professional charges	8,345	9,252
Outsourced services costs	8,614	8,308
Travelling and conveyance	17,226	16,476
Brokerage commission	4,853	5,067
Depreciation	5,985	3,943
Training and development	191	449
Postage and courier charges	162	249
Communication	1,914	1,632
Stationery and printing	2,201	1,889
Marketing, advertisement and publicity	344	579
Donations	-	1,540
Auditors' remuneration	966	3,591
Others	4,564	4,774
	61,338	60,510
	<u>237,698</u>	<u>219,157</u>

26 PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers' Welfare Fund	<u>2,194</u>	<u>4,048</u>
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	Note	June 30, 2019	June 30, 2018
		----- Rupees in '000 -----	
27 PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2	165,747	26,433
Provisions against loans and advances	10.3	63,812	233,858
Other provisions / write offs		-	-
		<u>229,559</u>	<u>260,291</u>
28 TAXATION			
Current		99,740	50,121
Prior years		-	31,000
Deferred		(58,130)	(50,089)
		<u>41,610</u>	<u>31,032</u>
29 BASIC EARNINGS PER SHARE			
Profit for the year		<u>(134,356)</u>	<u>51,550</u>
Weighted average number of ordinary shares		<u>600,000</u>	<u>600,000</u>
Basic earnings per share		<u>(0.22)</u>	<u>0.09</u>
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.			

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:

June 30, 2019					
Carrying / notional value	Level 1	Level 2	Level 3	Total	
On balance sheet financial instruments					
Rupees in '000					
Financial assets - measured at fair value					
Investments					
Federal government securities	19,722,182	-	19,722,182	-	19,722,182
Shares	1,524,325	1,524,325	-	-	1,524,325
Non-Government debt securities	2,621,353	-	2,621,353	-	2,621,353
Units of mutual funds	733,053	733,053	-	-	733,053
Off-balance sheet financial instruments - measured at fair value					
Commitments in respect of repo transactions	15,363,175	-	15,363,175	-	15,363,175
Audited					
December 31, 2018					
Carrying / notional value	Level 1	Level 2	Level 3	Total	
On balance sheet financial instruments					
Rupees in '000					
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

Profit and Loss Account

Net mark-up / return / profit
Non mark-up / return / interest income
Total income

Segment direct expenses

Total expenses

Provisions

Profit before tax

Statement of Financial Position

Cash and bank balances

Lendings to financial institutions

Investments

Advances - performing

- non-performing

Others

Total assets

Borrowings

Deposits and other accounts

Others

Total liabilities

Equity

Total equity and liabilities

Contingencies and commitments

Profit and Loss Account

Net mark-up / return / profit
Non mark-up / return / interest income
Total income

Segment direct expenses

Total expenses

Provisions

Profit before tax

Statement of Financial Position

Cash and bank balances

Investments

Lendings to financial institutions

Advances - performing

- non-performing

Others

Total assets

Borrowings

Deposits and other accounts

Others

Total liabilities

Equity

Total equity and liabilities

Contingencies and commitments

June 30, 2019			
Corporate finance	Trading and sales	Commercial banking	Total
-	383,409	121,060	504,469
82,542	(210,307)	-	(127,765)
82,542	173,102	121,060	376,704
40,873	147,662	51,357	239,892
40,873	147,662	51,357	239,892
-	167,552	62,007	229,559
41,669	(142,112)	7,696	(92,747)
-	385,466	409,076	794,542
-	48,879	-	48,879
-	24,773,604	111,000	24,884,604
-	415,808	19,247,223	19,663,031
-	33,494	581,785	615,279
87,117	1,919,871	353,492	2,360,480
87,117	27,577,122	20,702,576	48,366,815
-	31,867,573	4,152,573	36,020,146
-	664,832	85,168	750,000
16,850	1,346,890	444,306	1,808,046
16,850	33,879,295	4,682,047	38,578,192
70,267	(6,302,173)	16,020,529	9,788,623
87,117	27,577,122	20,702,576	48,366,815
-	-	-	-
-	15,363,175	3,216,281	18,579,456

June 30, 2018			
Corporate finance	Trading and sales	Commercial banking	Total
-	106,107	323,419	429,526
142,148	(5,596)	-	136,552
142,148	100,511	323,419	566,078
56,049	39,632	127,524	223,205
56,049	39,632	127,524	223,205
-	26,433	233,858	260,291
86,099	34,446	(37,963)	82,582

December 31, 2018			
Corporate finance	Trading and sales	Commercial banking	Total
-	305,512	140,948	446,460
-	24,113,564	-	24,113,564
-	-	54,879	54,879
-	1,140,880	20,190,856	21,331,736
-	11,304	271,541	282,845
-	715,181	1,536,427	2,251,608
-	26,286,441	22,194,651	48,481,092
-	18,579,125	17,728,074	36,307,199
-	365,335	360,068	725,403
-	653,091	730,825	1,383,916
-	19,597,551	18,818,967	38,416,518
-	6,688,890	3,375,684	10,064,574
-	26,286,441	22,194,651	48,481,092
-	5,004,044	3,007,608	8,011,652

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, its key management personnel and state controlled entities.

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. Remuneration to executives is disclosed in note 25 to the consolidated financial statements. Transactions with owners have been disclosed in 'Consolidated 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.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	June 30, 2019			December 31, 2018		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Advances						
Opening balance	-	74,920	-	-	52,409	-
Addition during the year	-	2,414	-	-	37,302	-
Repaid during the year	-	(22,055)	-	-	(14,791)	-
Transfer in / (out) - net	-	36,373	-	-	-	-
Closing balance	-	91,652	-	-	74,920	-
Borrowings						
Opening balance	-	-	14,346	-	-	-
Borrowings during the year	-	-	204,788	-	-	428,564
Settled during the year	-	-	(179,672)	-	-	(414,218)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	39,462	-	-	14,346
Other Liabilities						
Interest / mark-up payable	-	-	71	-	-	114
Other liabilities	-	-	14,668	-	-	7,415
	-	-	14,739	-	-	7,529
			14,739			
	June 30, 2019			March 31, 2018		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Income						
Mark-up / return / interest earned	-	1,790	-	-	609	18,616
Expense						
Operating expenses	4,539	93,095	1,429	-	32,485	-
Reimbursement of expenses		5,189			1,964	

	June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,052,705	8,452,473
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,052,705	8,452,473
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	8,052,705	8,452,473
Risk Weighted Assets (RWAs):		
Credit Risk	21,096,208	22,838,316
Market Risk	4,130,300	4,383,671
Operational Risk	1,745,474	1,745,474
Total	26,971,982	28,967,461
Common Equity Tier 1 Capital Adequacy ratio	29.86%	29.18%
Tier 1 Capital Adequacy Ratio	29.86%	29.18%
Total Capital Adequacy Ratio	29.86%	29.18%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	8,052,705	8,452,473
Total Exposures	49,820,030	49,873,091
Leverage Ratio - percentage	16.16%	16.95%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	4,852,261	5,625,751
Total Net Cash Outflow	8,643,687	8,561,213
Liquidity Coverage Ratio - percentage	56.14%	65.71%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	21,759,595	19,869,638
Total Required Stable Funding	20,496,320	21,364,065
Net Stable Funding Ratio - percentage	106.16%	93.00%

34 GENERAL

34.1 Figures in these consolidated 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 consolidated financial statements were authorised for issue on October 03, 2019 by the Board of Directors of the Holding Company.


President/Chief Executive


Chief Financial Officer


Director


Director


Director