



**PAK BRUNEI INVESTMENT COMPANY LTD.**

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

**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018**

| September 30,<br>2018<br>(Un-audited)<br>----- (US \$ in '000') ----- | December 31,<br>2017<br>(Audited) |  | September 30,<br>2018<br>(Un-audited) | December 31,<br>2017<br>(Audited) | Note | ----- (Rupees in '000') ----- |
|---|-----------------------------------|--|---------------------------------------|-----------------------------------|------|-------------------------------|
| <b>ASSETS</b>   |                                   |  |                                       |                                   |      |                               |
| 634   | 1,108                             | Cash and balances with treasury banks                                  | 78,796                                | 137,621                           |      |                               |
| 3,474   | 4,426                             | Balances with other banks  | 431,703                               | 549,900                           |      |                               |
| 12,016  | 25,762                            | Lendings to financial institutions                                     | 1,492,948                             | 3,200,909                         |      |                               |
| 207,072   | 47,637                            | Investments - net  | 25,728,740                            | 5,918,860                         | 7    |                               |
| 154,014   | 155,589                           | Advances - net   | 19,136,267                            | 19,331,908                        | 8    |                               |
| 253   | 228                               | Operating fixed assets   | 31,495                                | 28,303                            |      |                               |
| 2,051   | 1,525                             | Deferred tax assets-net  | 254,869                               | 189,506                           |      |                               |
| 12,839  | 5,421                             | Other assets   | 1,595,234                             | 673,523                           |      |                               |
| <b>392,355</b>  | <b>241,694</b>                    |  | <b>48,750,052</b>                     | <b>30,030,530</b>                 |      |                               |
| <b>LIABILITIES</b>  |                                   |  |                                       |                                   |      |                               |
| -   | -                                 | Bills payable  | -                                     | -                                 |      |                               |
| 287,827   | 112,484                           | Borrowings   | 35,762,548                            | 13,976,083                        |      |                               |
| 12,072  | 38,239                            | Deposits and other accounts  | 1,500,000                             | 4,751,164                         |      |                               |
| -   | -                                 | Sub-ordinated loans  | -                                     | -                                 |      |                               |
| -   | -                                 | Liabilities against assets subject to finance lease                    | -                                     | -                                 |      |                               |
| -   | -                                 | Deferred tax liabilities-net   | -                                     | -                                 |      |                               |
| 9,996   | 5,941                             | Other liabilities  | 1,242,025                             | 738,202                           |      |                               |
| <b>309,896</b>  | <b>156,664</b>                    |  | <b>38,504,573</b>                     | <b>19,465,449</b>                 |      |                               |
| <b>82,459</b>   | <b>85,031</b>                     | <b>NET ASSETS</b>  | <b>10,245,479</b>                     | <b>10,565,081</b>                 |      |                               |
| <b>REPRESENTED BY</b>   |                                   |  |                                       |                                   |      |                               |
| 48,290  | 48,290                            | Share capital  | 6,000,000                             | 6,000,000                         | 9    |                               |
| 11,093  | 10,880                            | Reserves   | 1,378,289                             | 1,351,812                         |      |                               |
| 25,786  | 27,467                            | Unappropriated profit  | 3,203,863                             | 3,412,835                         |      |                               |
| <b>85,168</b>   | <b>86,637</b>                     | Total equity attributable to the equity holders of the holding company | <b>10,582,152</b>                     | <b>10,764,647</b>                 |      |                               |
| 16  | 18                                | Non-controlling interest   | 2,045                                 | 2,178                             |      |                               |
| <b>85,185</b>   | <b>86,655</b>                     |  | <b>10,584,197</b>                     | <b>10,766,825</b>                 |      |                               |
| (2,726)   | (1,624)                           | Deficit on revaluation of assets - net of tax                          | (338,718)                             | (201,744)                         |      |                               |
| <b>82,459</b>   | <b>85,031</b>                     |  | <b>10,245,479</b>                     | <b>10,565,081</b>                 |      |                               |

**CONTINGENCIES AND COMMITMENTS** 10

The annexed notes 1 to 14 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| <u>Period ended</u>                   |                      | <u>Note</u>   | <u>Period ended</u>  |                      |
|---------------------------------------|----------------------|---|----------------------|----------------------|
| <u>September 30,</u>                  | <u>September 30,</u> |   | <u>September 30,</u> | <u>September 30,</u> |
| <u>2018</u>                           | <u>2017</u>          |   | <u>2018</u>          | <u>2017</u>          |
| ----- (US \$ in '000') -----          |                      |   |                      |                      |
| <b>13,611</b>                         | 9,889                | Mark-up / Return / Interest earned  | <b>1,691,127</b>     | 1,228,719            |
| <b>8,194</b>                          | 5,885                | Mark-up / Return / Interest expensed  | <b>1,018,127</b>     | 731,158              |
| <b>5,416</b>                          | 4,005                | Net mark-up / Interest income   | <b>673,000</b>       | 497,561              |
| <b>2,010</b>                          | 465                  | (Reversal)/Provision against non-performing loans and advances                        | <b>249,728</b>       | 57,820               |
| <b>428</b>                            | 113                  | Provision for diminution in the value of investments                                  | <b>53,184</b>        | 14,079               |
| -                                     | -                    | Bad debts written off directly  | -                    | -                    |
| <b>2,438</b>                          | 579                  |   | <b>302,912</b>       | 71,899               |
| <b>2,979</b>                          | 3,426                | Net mark-up / interest income after provisions  | <b>370,088</b>       | 425,662              |
| <b>NON MARK-UP/ INTEREST INCOME</b>   |                      |   |                      |                      |
| <b>1,340</b>                          | 885                  | Fee, commission and brokerage income  | <b>166,484</b>       | 109,903              |
| <b>188</b>                            | 117                  | Dividend income   | <b>23,362</b>        | 14,580               |
| <b>39</b>                             | 1,337                | Gain on sale of securities  | <b>4,861</b>         | 166,073              |
| (144)                                 | 2                    | Unrealized gain / (loss) on revaluation of investments classified as held for trading | (17,860)             | 310                  |
| <b>2</b>                              | 4                    | Other income  | <b>228</b>           | 558                  |
| <b>1,425</b>                          | 2,345                | Total non-mark-up / interest income   | <b>177,075</b>       | 291,424              |
| <b>4,404</b>                          | 5,771                |   | <b>547,163</b>       | 717,086              |
| <b>NON MARK-UP/ INTEREST EXPENSES</b> |                      |   |                      |                      |
| <b>2,661</b>                          | 2,360                | Administrative expenses   | <b>330,619</b>       | 293,251              |
| -                                     | -                    | Other provisions / write offs - net   | -                    | -                    |
| <b>7</b>                              | -                    | Provision for Sindh Workers' Welfare Fund   | <b>810</b>           | -                    |
| -                                     | -                    | Other charges   | -                    | -                    |
| <b>2,667</b>                          | 2,360                | Total non-mark-up / interest expenses   | <b>331,429</b>       | 293,251              |
| <b>1,736</b>                          | 3,411                |   | <b>215,734</b>       | 423,835              |
| -                                     | 1,513                | Share of profit/(loss) of subsidiaries  | -                    | 188,034              |
| <b>1,736</b>                          | 4,924                | <b>Profit before tax from continuing operations</b>                                   | <b>215,734</b>       | 611,869              |
| <b>1,014</b>                          | 1,171                | Taxation - Current  | <b>126,019</b>       | 145,517              |
| <b>249</b>                            | 313                  | - Prior years   | <b>31,000</b>        | 38,923               |
| (475)                                 | 112.85               | - Deferred  | (58,982)             | 14,022               |
| <b>789</b>                            | 1,597                |   | <b>98,037</b>        | 198,462              |
| <b>947</b>                            | 3,327                | <b>Profit after tax from continuing operations</b>                                    | <b>117,697</b>       | 413,407              |
| <b>Discontinued Operation</b>         |                      |   |                      |                      |
| -                                     | 24                   | Profit after tax from discontinued operation  | -                    | 3,024                |
| <b>947</b>                            | 3,352                |   | <b>117,697</b>       | 416,431              |
| <b>Attributable to:</b>               |                      |   |                      |                      |
| <b>946</b>                            | 3,350                | Equity shareholders of the holding company  | <b>117,505</b>       | 416,280              |
| <b>2</b>                              | 1                    | Non-controlling interest  | <b>192</b>           | 151                  |
| <b>947</b>                            | 3,352                |   | <b>117,697</b>       | 416,431              |
| <b>0.0016</b>                         | 0.0016               | <b>Earnings per share - Basic and diluted (in Rupees)</b>                             | <b>0.20</b>          | 0.69                 |

The annexed notes 1 to 14 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| <u>Period ended</u>          |                      |   | <u>Period ended</u>           |                      |
|------------------------------|----------------------|---|-------------------------------|----------------------|
| <u>September 30,</u>         | <u>September 30,</u> |   | <u>September 30,</u>          | <u>September 30,</u> |
| <u>2018</u>                  | <u>2017</u>          |   | <u>2018</u>                   | <u>2017</u>          |
| ----- (US \$ in '000') ----- |                      |   | ----- (Rupees in '000') ----- |                      |
| <b>947</b>                   | 3,350                | Profit after taxation for the period  | <b>117,697</b>                | 416,431              |
|                              |                      | <b>Other comprehensive income - net</b>   |                               |                      |
| -                            | -                    | Items that are not to be reclassified to profit or loss in subsequent periods       | -                             | -                    |
| -                            | -                    | Items that may be reclassified to profit or loss in subsequent periods              | -                             | -                    |
| <b>947</b>                   | 3,350                | <b>Comprehensive income transferred to equity</b>                                   | <b>117,697</b>                | 416,431              |
|                              |                      | <b>Components of comprehensive income not reflected in equity</b>                   |                               |                      |
| <b>(1,102)</b>               | (366)                | Surplus / (deficit) on revaluation of 'available-for-sale securities' - net of tax* | <b>(136,974)</b>              | (113,763)            |
|                              |                      | Share of other comprehensive loss from associate                                    | -                             | -                    |
| <b>(155)</b>                 | <b>2,985</b>         | <b>Total comprehensive income for the period</b>                                    | <b>(19,277)</b>               | <b>302,668</b>       |

\* (Deficit) / Surplus on revaluation of 'available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on June 26, 2014.

The annexed notes 1 to 14 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| <u>Period ended</u>                         |                      |   | <u>Period ended</u>          |                      |
|---|----------------------|---|------------------------------|----------------------|
| <u>September 30,</u>                        | <u>September 30,</u> |   | <u>September 30,</u>         | <u>September 30,</u> |
| <u>2018</u>                                 | <u>2017</u>          |   | <u>2018</u>                  | <u>2017</u>          |
| ----- (US \$ in '000') -----                |                      |   | ----- (Rupees in '000) ----- |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |                      |   |                              |                      |
| 1,736                                       | 4,949                | Profit before taxation  | 215,734                      | 614,893              |
| 188   | 117                  | Less: Dividend Income   | 23,362                       | 14,580               |
| <b>1,548</b>                                | <b>4,831</b>         |   | <b>192,372</b>               | <b>600,313</b>       |
| Adjustments                                 |                      |   |                              |                      |
| 69  | 68                   | Depreciation  | 8,626                        | 8,402                |
| 8   | 5                    | Amortization  | 981                          | 681                  |
| 22  | -                    | Sindh workers' welfare fund   | 2,683                        | -                    |
| 2,009.88                                    | 465                  | (Reversal)/Provision against Non Performing Advances                                | 249,728                      | 57,820               |
| 428   | 113                  | Provision for diminution in value of investments                                    | 53,184                       | 14,079               |
| -   | -                    | Provision against other assets  | -                            | -                    |
| (0)   | (0.60)               | Loss/(Gain) on sale of fixed assets   | (27)                         | (74)                 |
| -   | (24.34)              | Profit from discontinued operations   | -                            | (3,024)              |
| -   | (1,513.35)           | Share of profit of associates   | -                            | (188,034)            |
| 144   | -                    | Return of COIs and TDRs   | (27,532)                     | -                    |
| -   | (2)                  | Unrealized loss/(Gain) on revaluation of investments classified as held-for-trading | 17,860                       | (310)                |
| <b>2,680</b>                                | <b>(889)</b>         |   | <b>305,503</b>               | <b>(110,460)</b>     |
| <b>4,229</b>                                | <b>3,942</b>         |   | <b>497,875</b>               | <b>489,853</b>       |
| (Increase) / decrease in operating assets   |                      |   |                              |                      |
| 1,811                                       | (16)                 | Lendings to financial institutions  | 225,052                      | (1,935)              |
| (813)                                       | 2,621                | Held -for-trading securities  | (100,956)                    | 325,720              |
| (419)                                       | (24,325)             | Advances  | (52,022)                     | (3,022,428)          |
| (5,890)                                     | 2,168                | Other assets (excluding current taxation)   | (731,771)                    | 269,382              |
| <b>(5,309)</b>                              | <b>(19,551)</b>      |   | <b>(659,697)</b>             | <b>(2,429,261)</b>   |
| Increase in operating liabilities           |                      |   |                              |                      |
| 179,874                                     | (90,941)             | Borrowings  | 22,349,374                   | (11,299,454)         |
| (24,344)                                    | 6,523                | Deposits and other accounts   | (3,024,683)                  | 810,451              |
| 1,727                                       | 1,224                | Other liabilities (excluding current taxation)                                      | 214,607                      | 152,074              |
| <b>157,258</b>                              | <b>(83,195)</b>      |   | <b>19,539,298</b>            | <b>(10,336,929)</b>  |
| <b>156,177</b>                              | <b>(98,804)</b>      |   | <b>19,377,476</b>            | <b>(12,276,337)</b>  |
| -   | -                    | Financial charges paid  | -                            | -                    |
| (1,202)                                     | (1,396)              | Income tax paid   | (149,380)                    | (173,427)            |
| <b>154,975</b>                              | <b>(100,199)</b>     | <b>Net cash from operating activities</b>   | <b>19,228,096</b>            | <b>(12,449,764)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b> |                      |   |                              |                      |
| (162,282)                                   | 61,452               | Net investments in available-for-sale securities                                    | (20,163,522)                 | 7,635,467            |
| 592   | (321)                | Net investments in held-to-maturity securities                                      | 73,544                       | (39,931)             |
| -   | 31,984               | Investment in Associates  | -                            | 3,974,060            |
| -   | -                    | Proceeds from disposal classified as held for sale                                  | -                            | -                    |
| 143   | 203                  | Dividend income received  | 17,793                       | 25,222               |
| (103)                                       | (46)                 | Investments in operating fixed assets   | (12,815)                     | (5,713)              |
| 0.35  | 1                    | Proceeds from disposal of fixed assets  | 44                           | 92                   |
| <b>(161,650)</b>                            | <b>93,273</b>        | <b>Net cash used in investing activities</b>  | <b>(20,084,956)</b>          | <b>11,589,197</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b> |                      |   |                              |                      |
| (2,415)                                     | (2,414)              | Dividend paid   | (300,008)                    | (300,000)            |
| -   | -                    | Advance against equity  | -                            | -                    |
| -   | -                    | Proceeds from issue of share capital  | -                            | -                    |
| <b>(2,415)</b>                              | <b>(2,414)</b>       | <b>Net cash flows from financing activities</b>                                     | <b>(300,008)</b>             | <b>(300,000)</b>     |
| <b>(9,089)</b>                              | <b>(9,341)</b>       | <b>Increase/(Decrease) in cash and cash equivalents</b>                             | <b>(1,156,868)</b>           | <b>(1,160,567)</b>   |
| <b>13,419</b>                               | <b>21,369</b>        | <b>Cash and cash equivalents at beginning of the period</b>                         | <b>1,667,367</b>             | <b>2,655,066</b>     |
| <b>4,330</b>                                | <b>12,028</b>        | <b>Cash and cash equivalents at the end of the period</b>                           | <b>510,499</b>               | <b>1,494,500</b>     |

The annexed notes 1 to 14 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

|  | Share<br>capital             | Statutory<br>reserve | Unappropriated<br>profit | Non-Controlling<br>interest | Total             |
|--|------------------------------|----------------------|--------------------------|-----------------------------|-------------------|
|  | ----- (Rupees in '000) ----- |                      |                          |                             |                   |
| Balance as at January 01, 2017 - restated  | 6,000,000                    | 1,257,721            | 3,346,556                | 2,205                       | 10,606,482        |
| <b>Comprehensive income:</b>   |                              |                      |                          |                             |                   |
| Profit after taxation for the period ended<br>September 30, 2017                   | -                            | -                    | 416,280                  | 151                         | 416,431           |
| Other comprehensive income   | -                            | -                    | -                        | -                           | -                 |
| Total comprehensive income for the period  | -                            | -                    | 416,280                  | 151                         | 416,431           |
| Transfer to statutory reserve  |                              | 85,730               | (85,730)                 | -                           | -                 |
| <b>Transaction with owners, recorded directly in equity</b>                        |                              |                      |                          |                             |                   |
| Final cash dividend for the year ended<br>December 31, 2016@ Re.0.50 per share     | -                            | -                    | (300,000)                | -                           | (300,000)         |
| <b>Balance as at September 30, 2017 - restated</b>                                 | <b>6,000,000</b>             | <b>1,343,451</b>     | <b>3,377,106</b>         | <b>2,356</b>                | <b>10,722,913</b> |
| Balance as at October 01, 2017   | 6,000,000                    | 1,343,451            | 3,377,106                | 2,356                       | 10,722,913        |
| <b>Comprehensive income:</b>   |                              |                      |                          |                             |                   |
| Profit after taxation for the period ended<br>December 31, 2017                    | -                            | -                    | 47,210                   | 220                         | 47,430            |
| Other comprehensive income   | -                            | -                    | (3,105)                  | -                           | (3,105)           |
| Total comprehensive income for the period  | -                            | -                    | 44,105                   | 220                         | 44,325            |
| Transfer to statutory reserve  | -                            | 8,361                | (8,361)                  | -                           | -                 |
| Dividend payout by Awwal Modaraba<br>@ Rs. 1.225 per certificate                   | -                            | -                    | -                        | (269)                       | (269)             |
| Movement in NCI's holding  | -                            | -                    | (15)                     | (129)                       | (144)             |
| <b>Balance as at December 31, 2017</b>   | <b>6,000,000</b>             | <b>1,351,812</b>     | <b>3,412,835</b>         | <b>2,178</b>                | <b>10,766,825</b> |
| Balance as at January 01, 2018   | 6,000,000                    | 1,351,812            | 3,412,835                | 2,178                       | 10,766,825        |
| <b>Comprehensive income:</b>   |                              |                      |                          |                             |                   |
| Profit after taxation for the period ended<br>September 30, 2018                   | -                            | -                    | 117,505                  | 192                         | 117,697           |
| Other comprehensive income   | -                            | -                    | -                        | -                           | -                 |
| Total comprehensive income for the period  | -                            | -                    | 117,505                  | 192                         | 117,697           |
| Transfer to statutory reserve  | -                            | 26,477               | (26,477)                 | -                           | -                 |
| <b>Transaction with owners, recorded directly in equity</b>                        |                              |                      |                          |                             |                   |
| Final cash dividend for the year ended<br>December 31, 2017@ Re.0.50 per share     | -                            | -                    | (300,000)                | -                           | (300,000)         |
| Profit distribution for the year ended<br>30 June 2018 @ Rs. 1.480 per certificate |                              |                      | -                        | (325)                       | (325)             |
| <b>Balance as at September 30, 2018</b>  | <b>6,000,000</b>             | <b>1,378,289</b>     | <b>3,203,863</b>         | <b>2,045</b>                | <b>10,584,197</b> |

The annexed notes 1 to 14 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

**1. STATUS AND NATURE OF BUSINESS**

The "Group" consists of:

- **Holding Company**

Pak Brunei Investment Company Limited (the "Holding Company" or "parent") is a Development Finance Institution (DFI) incorporated as an un-listed public limited company under the (now repealed) Companies Ordinance, 1984. The State Bank of Pakistan (the SBP) granted the approval for commencement of business with effect from August 20, 2007. The Holding Company is a joint venture between the Government of Pakistan and the Brunei Investment Agency. The Holding Company's objectives inter alia include making investments in the industrial and agro based industrial fields in Pakistan on commercial basis through carrying out of industrial and agro based industrial projects and marketing of their products in Pakistan and abroad and to undertake other feasible businesses and to establish and acquire companies to conduct various businesses. The registered office of the Holding 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, 2017: 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 which is a perpetual Modaraba engaged in providing working capital, term finance, ijarah, musharika, morabaha and other shariah compliant instruments to credit worthy customers. The Modaraba is listed on the Pakistan Stock Exchange Limited.

- **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).

The principal objective of PLL is to carry on and undertake the business of leasing of movable and immovable property 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)**

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 Basis of Measurement**

These consolidated financial statements have been prepared under the historical cost convention except that certain investments and derivatives have been stated at revalued amounts in accordance with the directives of the State Bank of Pakistan (SBP).

### **2.2 US Dollar equivalent**

The US dollar amounts shown in the consolidated condensed interim statement of financial position, consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flow are stated as additional information solely for the convenience of readers. For this purpose of conversion to US Dollars, the rate of Rs. 124.25 to US Dollars has been used for both 2017 and 2018, as it was the prevalent rate as on September 30, 2018.

## **3. STATEMENT OF COMPLIANCE**

**3.1** These consolidated condensed interim financial statements of the Company have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives have been followed.

**3.2** The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Non Banking Financial Institutions in Pakistan vide BSD Circular Letter number 11 dated September 11, 2002, till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks and NBFCs. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on banks by the SBP and accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

**3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2017.



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed in preparation of these consolidated financial statements are same as those applied in preparing the most recent annual consolidated financial statements of the Company.

#### **5. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of consolidated financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the accounting policies and the key sources of estimating uncertainty were the same as those applied to consolidated financial statements for the year ended December 31, 2017.

#### **6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Company for the year ended December 31, 2017.

## 7. INVESTMENTS

|   | September 30, 2018 (Un-audited) |                        |                   | December 31, 2017 (Audited)  |                                |                  |
|---|---------------------------------|------------------------|-------------------|------------------------------|--------------------------------|------------------|
|   | Held by<br>the Company          | Given as<br>collateral | Total             | Held by<br>the Company       | Given as<br>collateral         | Total            |
|   | ----- (Rupees in '000) -----    |                        |                   | ----- (Rupees in '000) ----- |                                |                  |
|   |                                 |                        |                   | <b>Held by<br/>Bank</b>      | <b>Given as<br/>collateral</b> | <b>Total</b>     |
|   |                                 |                        |                   | -----Rupees in '000'-----    |                                |                  |
| <b>7.1 Investments by type:</b>                                   |                                 |                        |                   |                              |                                |                  |
| <b>Held-for-trading securities</b>                                |                                 |                        |                   |                              |                                |                  |
| Ordinary shares of listed companies                               | 117,367                         | -                      | 117,367           | 16,411                       | -                              | 16,411           |
| Market Treasury Bills   | -                               | -                      | -                 | 243,641                      | -                              | 243,641          |
|   | <b>117,367</b>                  | <b>-</b>               | <b>117,367</b>    | <b>260,052</b>               | <b>-</b>                       | <b>260,052</b>   |
| <b>Available- for- sale securities</b>                            |                                 |                        |                   |                              |                                |                  |
| Market Treasury Bills   | 2,390,557                       | 99,719                 | 2,490,276         | 2,967,052                    | -                              | 2,967,052        |
| Pakistan Investment Bonds   | 2,005,462                       | 16,802,100             | 18,807,562        | 39,269                       | -                              | 39,269           |
| Ordinary shares of listed companies                               | 1,368,714                       | -                      | 1,368,714         | 1,043,317                    | -                              | 1,043,317        |
| Ordinary shares of unlisted companies                             | 246,331                         | -                      | 246,331           | 141,331                      | -                              | 141,331          |
| Term Finance Certificates and SUKUK                               | 1,874,581                       | 739,776                | 2,614,357         | 1,501,819                    | -                              | 1,501,819        |
| Mutual funds  | 774,482                         | -                      | 774,482           | 504,436                      | -                              | 504,436          |
| Preference shares   | 3,250                           | -                      | 3,250             | 3,250                        | -                              | 3,250            |
|   | <b>8,663,377</b>                | <b>17,641,595</b>      | <b>26,304,972</b> | <b>6,200,474</b>             | <b>-</b>                       | <b>6,200,474</b> |
| <b>Held- to- maturity securities</b>                              |                                 |                        |                   |                              |                                |                  |
| Commercial paper  | -                               | -                      | -                 | 59,812                       | -                              | 59,812           |
| <b>Investment at cost</b>   | <b>8,780,744</b>                | <b>17,641,595</b>      | <b>26,422,339</b> | <b>6,520,338</b>             | <b>-</b>                       | <b>6,520,338</b> |
| <b>Less: Provision for diminution in value of Investments</b>     | <b>(298,035)</b>                | <b>-</b>               | <b>(298,035)</b>  | <b>(364,171)</b>             | <b>-</b>                       | <b>(364,171)</b> |
| <b>Investments (net of provisions)</b>                            | <b>8,482,709</b>                | <b>17,641,595</b>      | <b>26,124,304</b> | <b>6,156,167</b>             | <b>-</b>                       | <b>6,156,167</b> |
| Surplus/(Deficit) on revaluation of held-for-trading securities   | (17,849)                        | -                      | (17,849)          | (33)                         | -                              | (33)             |
| Surplus/(Deficit) on revaluation of available-for-sale securities | (376,186)                       | (1,529)                | (377,715)         | (237,274)                    | -                              | (237,274)        |
| <b>Total investments (Net of Provision)</b>                       | <b>8,088,674</b>                | <b>17,640,066</b>      | <b>25,728,740</b> | <b>5,918,860</b>             | <b>-</b>                       | <b>5,918,860</b> |

**September 30,**    December 31,  
**2018**                      2017  
**(Un-audited)**            (Audited)  
----- **(Rupees in '000)** -----

## 8. ADVANCES

|  |                   |            |
|--|-------------------|------------|
| Loans, cash credits, running finances, etc. in Pakistan    | <b>11,804,317</b> | 13,514,052 |
| LTFE scheme under State Bank of Pakistan                   |                   |            |
| - Long Term Finance Facility (LTFE) scheme                 | <b>4,949,474</b>  | 3,758,417  |
| - Power Plants Using Renewable Energy (PPRE) scheme        | <b>257,586</b>    | 254,984    |
| - Finance for Storage of Agriculture Produce (FSAP) scheme | <b>340,598</b>    | 348,708    |
|  | <b>5,547,658</b>  | 4,362,109  |
| Net investment in finance lease - inPakistan               | <b>1,574,443</b>  | 1,199,614  |
| Islamic financing and related assets                       | <b>748,811</b>    | 545,367    |
| Advances - gross   | <b>19,675,229</b> | 19,621,142 |
| Less: Provision for non-performing advances - specific     | <b>(535,120)</b>  | (287,826)  |
| Provision for non-performing advances - general            | <b>(3,842)</b>    | (1,408)    |
|  | <b>(538,962)</b>  | (289,234)  |
| Advances - net of provision                                | <b>19,136,267</b> | 19,331,908 |

8.1 Advances include Rs. 952.796 million (December 31, 2017 : Rs. 953.997 million) which have been placed under non-performing status as detailed below:

| Category of Classification | Domestic                     | Overseas | Total          | Provision<br>Required | Provision<br>Held |
|----------------------------|------------------------------|----------|----------------|-----------------------|-------------------|
|                            | ----- (Rupees in '000) ----- |          |                |                       |                   |
| OAEM                       | 1,175                        | -        | 1,175          | 117                   | 117               |
| Substandard                | 7,543                        | -        | 7,543          | 1,886                 | 1,886             |
| Doubtful                   | 198,042                      | -        | 198,042        | 29,984                | 29,984            |
| Loss                       | 746,036                      | -        | 746,036        | 503,133               | 503,133           |
|                            | <b>952,796</b>               | <b>-</b> | <b>952,796</b> | <b>535,120</b>        | <b>535,120</b>    |

## 8.2 Movement of Provision

|                       | September 30, 2018           |              |                | December 31, 2017 |         |          |
|-----------------------|------------------------------|--------------|----------------|-------------------|---------|----------|
|                       | Specific                     | General      | Total          | Specific          | General | Total    |
|                       | ----- (Rupees in '000) ----- |              |                |                   |         |          |
| Opening balance       | 287,826                      | 1,408        | 289,234        | 235,191           | 899     | 236,090  |
| Charge for the period | 247,294                      | 2,434        | 249,728        | 84,228            | 509     | 84,737   |
| Reversals             | -                            | -            | -              | (31,593)          | -       | (31,593) |
| Closing Balance       | <b>535,120</b>               | <b>3,842</b> | <b>538,962</b> | 287,826           | 1,408   | 289,234  |

## 9. SHARE CAPITAL

|   | <b>September 30,</b>                | December 31, |
|---|-------------------------------------|--------------|
|   | <b>2018</b>                         | 2017         |
|   | <b>(Un-audited)</b>                 | (Audited)    |
|   | ----- <b>(Rupees in '000)</b> ----- |              |
| <b>Authorized Capital</b>   |                                     |              |
| 600,000,000 (2017: 600,000,000) Ordinary shares of Rs. 10 each                    | <b>6,000,000</b>                    | 6,000,000    |
| <b>Issued, subscribed and paid up Capital</b>                                     |                                     |              |
| 600,000,000 (2017: 600,000,000) Ordinary shares of Rs. 10 each fully paid in cash | <b>6,000,000</b>                    | 6,000,000    |

|   | <b>September 30,<br/>2018<br/>(Un-audited)</b> | December 31,<br>2017<br>(Audited)     |
|---|--|---------------------------------------|
|   | ----- (Rupees in '000) -----                   |                                       |
| <b>10. CONTINGENCIES AND COMMITMENTS</b>  |  |                                       |
| There has been no change in the disclosure of contingencies and commitments as disclosed in last annual audited financial statements for the year ended December 31, 2017, except as follows: |  |                                       |
| <b>10.1 Transaction-related Contingent liability</b>  | <u><u>1,749,015</u></u>                        | <u><u>2,008,754</u></u>               |
| <b>10.2 Commitments to extend credit</b>  | <u><u>5,859,955</u></u>                        | <u><u>3,983,406</u></u>               |
| <b>10.3 Commitments for trading in government securities</b>  |  |                                       |
| - Reverse Repurchases   | <u><u>1,493,897</u></u>                        | <u><u>-</u></u>                       |
| - Repurchases   | <u><u>16,169,698</u></u>                       | <u><u>-</u></u>                       |
| <b>10.4 Other commitments</b>   |  |                                       |
| - Govt securities   | <u><u>-</u></u>                                | <u><u>1,722,024</u></u>               |
| <b>11. BASIC AND DILUTED EARNINGS PER SHARE</b>   |  |                                       |
|   | <u>Period ended</u>                            |                                       |
|   | <b>September 30,<br/>2018<br/>(Un-audited)</b> | September 30,<br>2017<br>(Un-audited) |
| Profit after taxation for the period attributable to ordinary shareholders (Rupees in '000)   | <u><u>117,697</u></u>                          | <u><u>416,431</u></u>                 |
| Weighted average number of ordinary shares outstanding during the period (in '000)  | <u><u>600,000</u></u>                          | <u><u>600,000</u></u>                 |
| Basic and diluted earnings per share (Rupees)   | <u><u>0.20</u></u>                             | <u><u>0.69</u></u>                    |

## 12. RELATED PARTY TRANSACTIONS

The Group has related party relationship with associates, employees' defined benefit and defined contribution plan, its key management personnel, and other related parties (such as Nimir Industrial Chemicals Limited, Allahdin Power Limited, Bunny's (Private) Limited and Atlas Cables (Private) Limited mainly on account of common directorship.

There are no transactions with key management personnel other than those carried out as per their terms of employment. 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. The details of transactions with related parties during the period and balances with them as at period end are as follows:

|  | For the period ended September 30, 2018<br>(Un-audited) |                       |           | For the year ended December 31, 2017<br>(Audited) |                       |             |
|--|---|-----------------------|-----------|---|-----------------------|-------------|
|  | Key management personnel                                | Other related parties | Associate | Key management personnel                          | Other related parties | Associates  |
|  | ----- (Rupees in '000) -----                            |                       |           |   |                       |             |
| <b>Advances</b>                                  |   |                       |           |   |                       |             |
| At beginning of the period / year                | 52,409  | 809,921               | -         | 61,719  | 359,808               | -           |
| Given during the period / year                   | 16,979  | 168,747               | -         | 14,306  | 675,641               | -           |
| Transferred                                      | 5,652   | -                     | -         | (15,496)  | (15,496)              | -           |
| Repaid during the period / year                  | (9,268)   | (6,470)               | -         | (8,120)   | (210,032)             | -           |
| At end of the period / year                      | 65,772  | 972,198               | -         | 52,409  | 809,921               | -           |
| <b>Borrowings</b>                                |   |                       |           |   |                       |             |
| At beginning of the period / year                | -   | -                     | -         | -   | -                     | -           |
| Received during the period / year                | -   | 195,268               | -         | -   | -                     | -           |
| Repaid during the period / year                  | -   | (195,268)             | -         | -   | -                     | -           |
| At end of the period / year                      | -   | -                     | -         | -   | -                     | -           |
| <b>Investments</b>                               |   |                       |           |   |                       |             |
| At beginning of the period / year                | -   | -                     | -         | -   | 19,250                | 4,335,621   |
| Investments/additions                            | -   | 116,121               | -         | -   | 41,210                | 741,985     |
| Redemption                                       | -   | -                     | -         | -   | (60,460)              | (4,692,803) |
| Share of profit                                  | -   | -                     | -         | -   | -                     | 60,428      |
| Retained interest in associate classified as AFS | -   | -                     | -         | -   | -                     | (445,231)   |
| At end of the period / year                      | -   | 116,121               | -         | -   | -                     | -           |
| <b>Other Assets / (Liabilities)</b>              |   |                       |           |   |                       |             |
| At beginning of the period / year                | -   | 4,103                 | -         | -   | 6,482                 | -           |
| Investments / additions made during the year     | -   | -                     | -         | -   | -                     | -           |
| Redemption during the year                       | -   | -                     | -         | -   | -                     | -           |
| Charge for the year                              | -   | (1,039)               | -         | -   | (5,689)               | -           |
| Remeasurements arising during the year           | -   | (3,839)               | -         | -   | (4,436)               | -           |
| Transfer to other assets                         | -   | -                     | -         | -   | -                     | -           |
| Benefits paid to outgoing members                | -   | (1,423)               | -         | -   | 7,746                 | -           |
| At end of the period                             | -   | (2,198)               | -         | -   | 4,103                 | -           |

|                                      | For the half year ended September 30, 2018<br>(Un-audited) |                             |           | For the half year ended September 30, 2017<br>(Un-audited) |                          |                |
|--------------------------------------|--|-----------------------------|-----------|--|--------------------------|----------------|
|                                      | Key<br>management<br>personnel                             | Other<br>related<br>parties | Associate | Key<br>management<br>personnel                             | Other<br>related parties | Associates     |
|                                      | ----- (Rupees in '000) -----                               |                             |           |  |                          |                |
| Mark-up / return / interest earned   | <u>1,815</u>   | <u>54,838</u>               |           | <u>1,826</u>   | <u>38,763</u>            |                |
| Mark-up / return / interest expensed | <u>-</u>   | <u>529</u>                  |           | <u>-</u>   | <u>-</u>                 |                |
| Gain on sale of securities-net       | <u>-</u>   | <u>-</u>                    | <u>-</u>  | <u>-</u>   | <u>28,886</u>            | <u>188,039</u> |
| Fee income                           | <u>-</u>   | <u>1,300</u>                |           | <u>-</u>   | <u>-</u>                 |                |
| Dividend income                      | <u>-</u>   | <u>-</u>                    | <u>-</u>  | <u>-</u>   | <u>80</u>                | <u>7,800</u>   |
| Salaries and other benefits          | <u>111,779</u>   | <u>-</u>                    |           | <u>88,183</u>  | <u>-</u>                 |                |
| Re-imbursement of expenses           | <u>7,375</u>   | <u>-</u>                    |           | <u>4,001</u>   | <u>-</u>                 | <u>10,671</u>  |
| Contribution to provident fund       | <u>3,549</u>   | <u>-</u>                    |           | <u>3,707</u>   | <u>-</u>                 |                |
| Contribution to gratuity fund        | <u>2,806</u>   | <u>-</u>                    |           | <u>2,597</u>   | <u>-</u>                 |                |

### **13. GENERAL**

#### **13.1 Credit Rating**

The JCR-VIS Credit Rating Company Limited has assigned a long-term entity rating of 'AA+' (Double A plus) and short-term rating of 'A-1+' (Single A One Plus) to the Holding Company in June 2018. Outlook on the assigned ratings is 'Stable'. These ratings denote a very low expectation of credit risk and indicate a very strong capacity for timely payment of financial commitments.

**13.2** Figures have been rounded-off to the nearest thousand rupees.

#### **14. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were authorized for issue on **24-October-2018** by Board of Directors of the Group.

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**