



PAK BRUNEI INVESTMENT COMPANY LIMITED

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL  
STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2012

**Ernst & Young Ford Rhodes Sidat Hyder**

Chartered Accountants

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## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pak Brunei Investment Company Limited** (the Company) as at 30 June 2012 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (hereinafter referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other matters**

The financial statements of the Company for the six-month period ended 30 June 2011 and for the year ended 31 December 2011 were reviewed and audited respectively by another firm of Chartered Accountants whose review report dated 27 August 2011 and audit report dated 28 March 2012 expressed an unmodified conclusion and opinion thereon respectively.



Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 09 May 2013

Karachi


**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2012**

(Un-audited) June 30, 2012 ----- (US \$ in '000) -----	(Audited) December 31, 2011		(Un-audited) June 30, 2012 ----- (Rupees in '000) -----	(Audited) December 31, 2011
<b>ASSETS</b>				
824	1,859	Cash and balances with treasury banks	77,475	174,790
2,289	5,969	Balances with other banks	215,150	561,102
-	6,679	Lendings to financial institutions	-	627,841
257,692	273,843	Investments - net	24,223,067	25,741,246
55,188	49,433	Advances - net	5,187,692	4,646,661
557	362	Operating fixed assets	52,313	34,067
-	-	Deferred tax assets	-	-
11,718	8,071	Other assets	1,101,511	758,683
<b>328,268</b>	<b>346,216</b>		<b>30,857,208</b>	<b>32,544,390</b>
<b>LIABILITIES</b>				
-	-	Bills payable	-	-
201,722	248,506	Borrowings from financial institutions	18,961,848	23,359,531
35,432	10,415	Deposits and other accounts	3,330,653	979,018
-	-	Sub-ordinated loans	-	-
-	-	Liabilities against assets subject to finance lease	-	-
1,835	2	Deferred tax liabilities	172,498	190
3,253	2,959	Other liabilities	305,799	278,105
<b>242,242</b>	<b>261,882</b>		<b>22,770,798</b>	<b>24,616,844</b>
<b>86,026</b>	<b>84,334</b>	<b>NET ASSETS</b>	<b>8,086,410</b>	<b>7,927,546</b>
<b>REPRESENTED BY</b>				
63,830	63,830	Share capital	6,000,000	6,000,000
4,973	4,246	Reserves	467,470	399,132
17,765	16,984	Unappropriated profit	1,669,881	1,596,527
86,568	85,060		8,137,351	7,995,659
(542)	(726)	Deficit on revaluation of assets - net of tax	(50,941)	(68,113)
<b>86,026</b>	<b>84,334</b>		<b>8,086,410</b>	<b>7,927,546</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
15				

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

*Erasmus*

  
Chief Executive

  
Director

  
Director

  
Chairman



**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012**

Half year ended June 30, 2012 ----- (US \$ in '000) -----	Half year ended June 30, 2011		Quarter ended June 30, 2012 Note	Half year ended June 30, 2012 ----- (Rupees in '000) -----	Quarter ended June 30, 2011	Half year ended June 30, 2011
17,347	10,680	Mark-up / return / interest earned	863,924	1,630,636	517,028	1,003,948
12,804	5,538	Mark-up / return / interest expensed	635,342	1,203,529	280,910	520,569
4,543	5,142	Net mark-up / interest income	228,582	427,107	236,118	483,379
(191)	133	(Reversal) / provision against non-performing advances	(17,813)	(17,933)	12,663	12,514
(201)	302	(Reversal) / provision for diminution in the value of investments	(23,592)	(18,895)	28,433	28,433
-	-	Bad debts written off directly	-	-	-	-
(392)	435		(41,405)	(36,828)	41,096	40,947
4,935	4,707	Net mark-up / interest income after provisions	269,987	463,935	195,022	442,432
<b>NON MARK-UP/ INTEREST INCOME</b>						
292	303	Fee, commission and brokerage income	24,654	27,476	21,022	28,441
653	364	Dividend income	21,680	61,341	14,183	34,220
723	537	Gain on sale of securities - net	31,186	67,953	17,579	50,455
(11)	275	Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(504)	(1,044)	25,157	25,893
-	2	Other income	-	-	11	184
1,657	1,481	Total non mark-up / interest income	77,016	155,726	77,952	139,193
6,592	6,188		347,003	619,661	272,974	581,625
<b>NON MARK-UP/ INTEREST EXPENSES</b>						
1,016	1,055	Administrative expenses	51,621	95,479	47,524	99,214
-	-	Other provisions / write offs	-	-	-	-
8	10	Other charges	909	767	(40)	916
1,024	1,065	Total non mark-up / interest expenses	52,530	96,246	47,484	100,130
5,568	5,123		294,473	523,415	225,490	481,495
-	-	Extra Ordinary / unusual items	-	-	-	-
5,568	5,123	<b>PROFIT BEFORE TAXATION</b>	294,473	523,415	225,490	481,495
155	2,525	Taxation - Current	(57,216)	14,599	160,534	237,336
-	-	- Prior years	-	-	-	-
1,778	(902)	- Deferred	168,726	167,124	(92,473)	(84,793)
1,933	1,623		111,510	181,723	68,061	152,543
3,635	3,500	<b>PROFIT AFTER TAXATION</b>	182,963	341,692	157,429	328,952
----- (US \$) -----			----- (Rupee) -----			
0.0061	0.0058	Earnings per share - basic and diluted	16	0.30	0.57	0.26
				0.26		0.55

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

BF/SM

  
Chief Executive

  
Director

  
Director

  
Chairman

**PAK BRUNEI INVESTMENT COMPANY LIMITED**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012**

Half year ended June 30, 2012	Half year ended June 30, 2011		Quarter ended June 30, 2012	Half year ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2011
----- (US \$ in '000) -----			----- (Rupees in '000) -----			
3,635	3,500	Profit after taxation for the period	182,963	341,692	157,429	328,952
-	-	Other comprehensive income	-	-	-	-
<u>3,635</u>	<u>3,500</u>	<b>Total comprehensive income for the period</b>	<u>182,963</u>	<u>341,692</u>	<u>157,429</u>	<u>328,952</u>

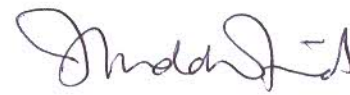
Deficit / surplus on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

  
Chief Executive

  
Director

  
Director

  
Chairman



**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2012**

Half year ended June 30, 2012	Half year ended June 30, 2011		Half year ended June 30, 2012	Half year ended June 30, 2011
----- (US \$ in '000) -----			----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
5,569	5,123	Profit before taxation	523,415	481,495
(653)	(364)	Less: Dividend income	(61,341)	(34,220)
<u>4,916</u>	<u>4,759</u>		<u>462,074</u>	<u>447,275</u>
<b>Adjustments for non-cash charges</b>				
43	38	Depreciation	4,035	3,559
5	11	Amortisation	466	1,020
(191)	133	(Reversal) / provision against non-performing advances	(17,933)	12,514
(201)	302	(Reversal) / provision for diminution in the value of investments	(18,895)	28,433
-	-	Gain on sale of fixed assets	(1)	-
-	-	Unrealised loss / (gain) on revaluation of		
11	(275)	investments classified as held-for-trading	1,044	(25,893)
8	10	Unrealised loss on interest rate swap contracts	767	916
-	-	Finance charges on leased assets	-	-
(325)	219		(30,517)	20,549
<u>4,591</u>	<u>4,978</u>		<u>431,557</u>	<u>467,824</u>
<b>Decrease / (increase) in operating assets</b>				
6,679	6,772	Lendings to financial institutions	627,841	636,592
66,265	(2,389)	Held-for-trading securities	6,228,889	(224,567)
(5,565)	(13,660)	Advances	(523,098)	(1,284,083)
(1,882)	(3,572)	Other assets (excluding current taxation)	(176,892)	(335,759)
<u>65,497</u>	<u>(12,849)</u>		<u>6,156,740</u>	<u>(1,207,817)</u>
<b>(Decrease) / increase in operating liabilities</b>				
(46,784)	58,061	Borrowings from financial institutions	(4,397,683)	5,457,717
25,017	6,649	Deposits and other accounts	2,351,635	625,000
295	781	Other liabilities (excluding current taxation)	27,694	73,382
(21,472)	65,491		(2,018,354)	6,156,099
<u>48,616</u>	<u>57,619</u>		<u>4,569,943</u>	<u>5,416,106</u>
-	-	Financial charges paid	-	-
(2,097)	(1,462)	Income tax paid	(197,218)	(137,434)
<u>46,519</u>	<u>56,157</u>	Net cash flows from operating activities	<u>4,372,725</u>	<u>5,278,672</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(49,541)	(54,150)	Net investments in available-for-sale securities	(4,656,826)	(5,090,109)
(4)	-	Net Investments in held-to-maturity securities	(396)	-
830	329	Dividend income received	78,024	30,972
(392)	(12)	Investment in operating fixed assets	(36,852)	(1,095)
1	-	Sale proceeds from disposal of operating fixed assets	58	-
<u>(49,106)</u>	<u>(53,833)</u>	Net cash used in investing activities	<u>(4,615,992)</u>	<u>(5,060,232)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
-	-	Payments of lease obligations	-	-
(2,128)	-	Dividend paid	(200,000)	-
<u>(2,128)</u>	<u>-</u>	Net cash (used in) / flows from financing activities	<u>(200,000)</u>	<u>-</u>
(4,715)	2,324	<b>(Decrease) / increase in cash and cash equivalents</b>	<u>(443,267)</u>	<u>218,440</u>
7,828	1,710	Cash and cash equivalents at beginning of the period	735,892	160,772
<u>3,113</u>	<u>4,035</u>	Cash and cash equivalents at end of the period	<u>292,625</u>	<u>379,212</u>

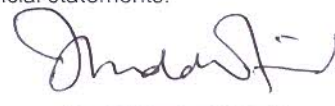
The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Signature

  
Chief Executive

  
Director

  
Director

  
Chairman


**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Share capital	Statutory reserve	Unappropriated profit	Total
----- (Rupees in '000) -----				
<b>Balance as at December 31, 2010</b>	6,000,000	278,311	1,113,241	7,391,552
Profit after taxation for the half year ended June 30, 2011	-	-	328,952	328,952
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	328,952	328,952
Transfer to statutory reserve	-	65,790	(65,790)	-
<b>Balance as at June 30, 2011</b>	6,000,000	344,101	1,376,403	7,720,504
Profit after taxation for the half year ended December 31, 2011	-	-	275,155	275,155
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	275,155	275,155
Transfer to statutory reserve	-	55,031	(55,031)	-
<b>Balance as at December 31, 2011</b>	6,000,000	399,132	1,596,527	7,995,659
Profit after taxation for the half year ended June 30, 2012	-	-	341,692	341,692
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	341,692	341,692
Transfer to statutory reserve	-	68,338	(68,338)	-
Final cash dividend for the year ended December 31, 2011 declared subsequent to the year end at Rs.0.33 per share	-	-	(200,000)	(200,000)
<b>Balance as at June 30, 2012</b>	<b>6,000,000</b>	<b>467,470</b>	<b>1,669,881</b>	<b>8,137,351</b>

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Executive

  
Director

  
Director

  
Chairman



**PAK BRUNEI INVESTMENT COMPANY LIMITED**

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2012**

**STATUS AND NATURE OF BUSINESS**

Pak Brunei Investment Company Limited (the Company) was incorporated in Pakistan as an un-listed public limited company under the 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 and the Brunei Investment Agency. The Company's objective interalia includes making investments in the industrial and agri based industrial fields in Pakistan on commercial basis through carrying out of industrial and agri 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.

**STATEMENT OF COMPLIANCE**

- 2.1 These unconsolidated condensed interim financial statements of the Company have been prepared in accordance with the requirements of International Accounting Standard 34, Interim Financial Reporting, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures has not been made applicable for banks/DFIs. 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 the SBP.
- 2.3 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated annual financial statements of the Company for the year ended December 31, 2011.
- 2.4 These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Company. The consolidated condensed interim financial statements of the Company and its subsidiary companies are presented separately.
- 2.5 The US dollar amounts shown in the unconsolidated condensed interim statement of financial position, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollar at a rate of Rs.94.00 = US dollar 1 as at June 30, 2012 and the corresponding period.

**ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2011 other than those disclosed below:

## 4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2011.

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2011.

## 6. BALANCES WITH OTHER BANKS

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
In Pakistan		
On current account	-	-
On deposit accounts	215,150	561,102
	<u>215,150</u>	<u>561,102</u>

## 7. INVESTMENTS - net

	Note	Held by Company	Given as collateral	Total
		----- (Rupees in '000) -----		
Current period (June 30, 2012) - (Un-audited)	7.1	7,782,701	16,440,366	24,223,067
Prior year (December 31, 2011) - (Audited)	7.1	5,800,712	19,940,534	25,741,246
Prior year corresponding period (June 30, 2011) - (Un-audited)		5,767,900	9,396,511	15,164,411

	(Un-audited) June 30, 2012			(Audited) December 31, 2011		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		

## 7.1 Investments by type:

## Held-for-trading securities

Market Treasury Bills	191,504	718,139	909,643	9,314	6,977,094	6,986,408
Pakistan Investment Bonds	-	-	-	194,855	-	194,855
Ordinary shares of listed companies	50,568	-	50,568	7,837	-	7,837
	<u>242,072</u>	<u>718,139</u>	<u>960,211</u>	<u>212,006</u>	<u>6,977,094</u>	<u>7,189,100</u>

## Available-for-sale securities

Market Treasury Bills	1,453,496	15,251,353	16,704,849	255,771	12,985,868	13,241,639
Pakistan Investment Bonds	1,883,605	476,017	2,359,622	340,549	-	340,549
Ordinary shares of listed companies	348,316	-	348,316	620,040	-	620,040
Ordinary shares of un-listed companies	100,000	-	100,000	100,000	-	100,000
Term Finance Certificates and Sukuks	2,725,413	-	2,725,413	3,312,763	-	3,312,763
Mutual Funds	928,835	-	928,835	978,890	-	978,890
Preference shares	21,500	-	21,500	21,500	-	21,500
	<u>7,461,165</u>	<u>15,727,370</u>	<u>23,188,535</u>	<u>5,629,513</u>	<u>12,985,868</u>	<u>18,615,381</u>

## Held-to-maturity securities

Term Finance Certificates and Sukuks	190,802	-	190,802	190,406	-	190,406
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<b>Investments at cost</b>	<u>7,894,039</u>	<u>16,445,509</u>	<u>24,339,548</u>	<u>6,031,925</u>	<u>19,962,962</u>	<u>25,994,887</u>
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Investment in subsidiary	250,000	-	250,000	250,000	-	250,000
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Less: Provision for diminution in value of Investments	(307,281)	-	(307,281)	(409,752)	-	(409,752)
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Investments (net of provisions)	<u>7,836,758</u>	<u>16,445,509</u>	<u>24,282,267</u>	<u>5,872,173</u>	<u>19,962,962</u>	<u>25,835,135</u>
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Deficit on revaluation of held-for-trading securities	(568)	(299)	(867)	(3,371)	(9,829)	(13,200)
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Deficit on revaluation of available-for-sale securities - net	(53,489)	(4,844)	(58,333)	(68,090)	(12,599)	(80,689)
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<b>Total investments at market value</b>	<u>7,782,701</u>	<u>16,440,366</u>	<u>24,223,067</u>	<u>5,800,712</u>	<u>19,940,534</u>	<u>25,741,246</u>
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6/2/12



(Un-audited) (Audited)  
June 30, December 31,  
2012 2011  
----- (Rupees in '000) -----

## 8. ADVANCES - net

Loans, cash credits, running finances, etc. - in Pakistan	3,723,532	3,337,302
LTFE scheme under State Bank of Pakistan	808,671	767,211
Margin financing / margin trading system - in Pakistan	88,200	88,000
Net investment in finance lease - in Pakistan	570,068	474,860
Advances - gross	<u>5,190,471</u>	<u>4,667,373</u>
Provision for non-performing advances - specific	(2,779)	(1,723)
Provision for non-performing advances - general	-	(18,989)
	<u>(2,779)</u>	<u>(20,712)</u>
Advances - net of provision	<u><u>5,187,692</u></u>	<u><u>4,646,661</u></u>

8.1 Advances include Rs.2.779 million (December 31, 2011: Rs.2.992 million), which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2012 (Un-audited)				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	2,779	-	2,779	2,779	2,779
	<u>2,779</u>	<u>-</u>	<u>2,779</u>	<u>2,779</u>	<u>2,779</u>

Category of classification	December 31, 2011 (Audited)				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	2,537	-	2,537	1,268	1,268
Loss	455	-	455	455	455
	<u>2,992</u>	<u>-</u>	<u>2,992</u>	<u>1,723</u>	<u>1,723</u>



(Un-audited) (Audited)  
June 30, December 31,  
2012 2011  
----- (Rupees in '000) -----

## 9. OPERATING FIXED ASSETS

9.1 During the period, additions to operating fixed assets were as follows:

### Property and equipment

#### Tangible Assets

Furniture and fixtures	-	19
Office equipment	1,106	42
Computers	2,196	919
Vehicles	42	7,875
Others - mobile sets	30	167
	<b>3,374</b>	<b>9,022</b>

Intangible assets - computer software 464 774

### Capital work-in-progress

Lease hold improvements	9.1.1	28,969	11,599
Advance against furniture and fixtures		3,645	2,450
Advance against computer software		400	-
		<b>33,014</b>	<b>14,049</b>
		<b>36,852</b>	<b>23,845</b>

9.1.1 This represents advance paid to various suppliers for renovation / improvement of new office premises.

9.2 During the period, assets amounting to Rs.0.087 million (December 31, 2011: Rs.4.9 million) have been disposed off at a written down value of Rs.0.57 million (December 31, 2011: Rs.1.5 million) in accordance with the Company policy.

## 10. OTHER ASSETS

Income / mark-up accrued in local currency	430,464	353,988
Non-banking assets acquired in satisfaction of claims	209,652	209,652
Advances, deposits and other prepayments	85,718	86,315
Unrealised gain on interest rate swap contracts	-	119
Advance tax (payment less provision)	287,737	105,118
Dividend receivable	6,104	22,787
Receivable from subsidiary - Primus Investment Management Limited	332	2,948
Receivable against sale of shares	131,504	27,756
	<b>1,151,511</b>	<b>808,683</b>
Less: Provision held against advances, deposits and other prepayments	(50,000)	(50,000)
Other assets (net of provision)	<b>1,101,511</b>	<b>758,683</b>

## 11. BORROWINGS FROM FINANCIAL INSTITUTIONS

### Secured

Borrowings from State Bank of Pakistan under LTFF Scheme	808,671	767,209
Repurchase agreement borrowings (Repo)	16,445,510	20,350,655
Borrowing from banks	1,166,667	1,666,667
	<b>18,420,848</b>	<b>22,784,531</b>

### Unsecured

Letters of placement	541,000	575,000
	<b>18,961,848</b>	<b>23,359,531</b>

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	Note	(Un-audited) June 30, 2012 ----- (Rupees in '000) -----	(Audited) December 31, 2011 ----- (Rupees in '000) -----
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>			
Certificates of investment - remunerative	12.1	<u>3,330,653</u>	<u>979,018</u>
12.1 These deposits are placed with the Company at an interest rate of 11.50% to 13.65% per annum (December 31, 2011: 11.50% to 13.85% per annum). These are repayable within 1 month to 12 months (December 31, 2011: 1 month to 10 months).			

**13. SHARE CAPITAL****ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

(Un-audited) June 30, 2012 ----- (Number of shares) -----	(Audited) December 31, 2011	Note	(Un-audited) June 30, 2012 ----- (Rupees in '000) -----	(Audited) December 31, 2011 ----- (Rupees in '000) -----
<u>600,000,000</u>	<u>600,000,000</u>	13.1	<u>6,000,000</u>	<u>6,000,000</u>
	Ordinary shares of Rs.10 each fully paid in cash			
13.1 The Ministry of Finance and Secretary Economic Affairs Division holds 299,995,999 and 4,001 shares (December 31, 2011: 299,995,999 and 4,001 shares) respectively on behalf of Government of Pakistan and remaining 300,000,000 shares (December 31, 2011: 300,000,000 shares) are held by Brunei Investment Agency.				

	(Un-audited) June 30, 2012 ----- (Rupees in '000) -----	(Audited) December 31, 2011 ----- (Rupees in '000) -----
<b>14. DEFICIT ON REVALUATION OF ASSETS - net of tax</b>		
Federal Government Securities	(11,887)	(14,777)
Term Finance Certificates	(10,920)	18,652
Listed shares and units of mutual funds	(35,526)	(84,564)
	(58,333)	(80,689)
Deferred tax asset recognised	7,392	12,576
	<u>(50,941)</u>	<u>(68,113)</u>

**15. CONTINGENCIES AND COMMITMENTS****15.1 Transaction related contingent liability**

Letter of credit	<u>152,293</u>	<u>158,884</u>
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15.2 In the year 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 to issue shares at a premium. Legal advisors of the Company are of the opinion that the possibility of the Company being subject to any liability in relation to the suit is negligible.

15.3 Commitment in respect of capital expenditure	<u>-</u>	<u>28,134</u>
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**15.4 Commitments in respect of government securities**

Purchase (reverse repo)	-	464,944
Sale (repo)	<u>16,596,281</u>	<u>20,502,275</u>

15.5 Commitments to extend credit	<u>1,285,020</u>	<u>392,750</u>
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**15.6 Other commitments**

Sale of shares	<u>30,075</u>	<u>-</u>
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Signature



- 15.7 Income tax returns for the tax years 2007 to 2011 have been filed by the Company on due dates that are deemed to be assessed by the Commissioner Inland Revenue under the provisions of section 120 of the Income Tax Ordinance, 2001.

There is no change in tax status in respect of tax years 2008, 2009 and 2010 as disclosed in the annual financial statements for the year ended December 31, 2011.

During the period, assessment for tax year 2011 was also amended and a tax demand of Rs.55.547 million created which was reduced to Rs.52.091 million after issuance of rectified order under section 221 of the Income Tax Ordinance, 2001. The Company has already paid for Rs. 33.381 million on account of tax liability for the tax year 2010. An appeal is currently being filed before the Commissioner Inland Revenue (Appeals) against the amended order.

An appeal filed with the CIR(A) against the rectified order levying WWF in the tax year 2009 was decided in favour of the Company. However, the tax department has filed an appeal with the Appellate Tribunal Inland Revenue against the aforesaid decision of CIR(A). In 2011, the CIR(A) deleted the levy of WWF. The unrecognised amount relating to WWF is Rs.11.234 million at the period end.

Quarter ended June 30, 2012	Half year ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2011
----- (Un-audited) -----			

#### 16. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period attributable to Ordinary shareholders (Rupees in '000)	182,963	341,692	157,429	328,952
Weighted average number of Ordinary shares outstanding during the period (in '000)	600,000	600,000	600,000	600,000
Basic and diluted earnings per share (Rupees)	0.30	0.57	0.26	0.55

#### 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities is as follows:

	Corporate finance	Trading and sales	Commercial banking
	----- (Rupees in '000) -----		
<b>June 30, 2012 - Un-audited</b>			
Total income	27,476	1,459,343	299,543
Total expenses	19,993	1,025,077	217,877
Net income	7,483	434,204	81,666
Segment assets (gross)	-	25,815,906	5,351,362
Segment non performing advances	-	2,779	-
Investment provided for	-	419,618	-
Segment provision held **	-	310,060	-
Segment liabilities	-	18,718,199	3,880,101
Segment Return on Assets (ROA) (%)	-	3.21%	3.26%
Segment Return on net Assets (ROA) (%)	-	13.09%	11.86%
Segment cost of funds (%)	-	10.32%	10.32%
<b>June 30, 2011 - Un-audited</b>			
Total income	28,441	920,070	194,630
Total expenses	16,462	532,533	112,651
Net income	11,979	387,537	81,979
Segment assets (gross)	-	17,480,565	3,697,808
Segment non performing advances	-	104,216	89,890
Investment provided for	-	726,986	-
Segment provision held **	-	375,548	8,989
Segment liabilities	-	10,847,598	2,294,682
Segment Return on Assets (ROA) (%)	-	3.28%	3.33%
Segment Return on net Assets (ROA) (%)	-	12.53%	12.53%
Segment cost of funds (%)	-	10.57%	10.57%

*EPM*



## 18. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its subsidiary namely Primus Investment Management Limited, its employee contribution plans, its key management personnel and other related parties including Pakistan Mercantile Exchange Limited, Nimir Industrial Chemicals Limited and Haq Bahu Sugar Mills (Pvt) Limited due to common directorship. There are no transactions with key management personnel other than under the terms of employment.

Details of transactions with related parties during the period are as follows:

	For the half year ended June 30, 2012 (Un-audited)			For the year ended December 31, 2011 (Audited)		
	Key management personnel	Other related parties	Subsidiary	Key management personnel	Other related parties	Subsidiary
	----- (Rupees in '000) -----					
<b>Advances</b>						
At beginning of the period / year	23,286	474,000	-	20,063	-	-
Given during the period / year	2,378	8,106	-	8,263	479,000	-
Repaid during the period / year	(10,286)	(39,266)	-	(5,040)	(5,000)	-
At end of the period / year	<u>15,378</u>	<u>442,840</u>	<u>-</u>	<u>23,286</u>	<u>474,000</u>	<u>-</u>
<b>Investments</b>						
At beginning of the period / year	-	15,000	250,000	-	-	-
Investments made during the period / year	-	-	-	-	15,000	250,000
Redemption during the period / year	-	-	-	-	-	-
At end of the period / year	<u>-</u>	<u>15,000</u>	<u>250,000</u>	<u>-</u>	<u>15,000</u>	<u>250,000</u>

	For the half year ended June 30, 2012 (Un-audited)			For the half year ended June 30, 2011 (Un-audited)		
	Key management personnel	Other related parties	Subsidiary	Key management personnel	Other related parties	Subsidiary
	----- (Rupees in '000) -----					
Mark-up / return / interest earned	<u>297</u>	<u>35,081</u>	<u>-</u>	<u>362</u>	<u>179</u>	<u>-</u>
Salaries and other benefits (see note 18.1)	<u>35,927</u>	<u>-</u>	<u>216</u>	<u>37,886</u>	<u>-</u>	<u>-</u>
Contribution to Provident Fund	<u>1,474</u>	<u>-</u>	<u>-</u>	<u>1,663</u>	<u>670</u>	<u>-</u>
Reimbursement of expenses	<u>4,532</u>	<u>-</u>	<u>-</u>	<u>4,921</u>	<u>-</u>	<u>-</u>

## 18.1 Group shared services

The Company has entered into an arrangement with its subsidiary to share various administrative, human resource and related costs on agreed terms.

## 19. GENERAL

## 19.1 Credit rating

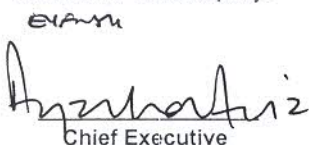
The Company has been assigned credit rating of 'AA+' (Double A plus) in the medium to long term and A1+ (A One Plus) in the short-term by JCR-VIS Credit Rating Agency Limited, SBP approved rating agency. Outlook on the assigned rating is "Stable".


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

19.3 Figures of the profit and loss account for the quarters ended June 30, 2012 and June 30, 2011 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

## 20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 09-MAY-2013 by Board of Directors of the Company.

  
Chief Executive

  
Director

  
Director

  
Chairman