

# Financial Statements

For the period ended September 30, 2009





**PAK BRUNEI INVESTMENT COMPANY LTD.**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2009**

		September 30, 2009 (Un-audited)	December 31, 2008 (Audited)
	Note	----- (Rupees in '000') -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		21,941	4,267
Balances with other banks		31,901	14,870
Lendings to financial institutions	6	998,524	1,519,299
Investments	7	6,098,473	2,687,585
Advances	8	1,414,348	1,062,744
Operating fixed assets		40,467	44,334
Deferred tax assets-net		8,789	27,236
Other assets		854,840	168,558
		<b>9,469,283</b>	<b>5,528,893</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings		2,964,140	186,154
Deposits and other accounts		677,000	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		17,244	20,710
Deferred tax liabilities-net		-	-
Other liabilities		112,915	40,869
		<b>3,771,299</b>	<b>247,733</b>
<b>NET ASSETS</b>		<b>5,697,984</b>	<b>5,281,160</b>
<b>REPRESENTED BY</b>			
Share capital	9	5,000,000	5,000,000
Reserves		150,481	72,602
Unappropriated profit		601,921	290,407
		<b>5,752,402</b>	<b>5,363,009</b>
Deficit on revaluation of securities-net of tax		(54,418)	(81,849)
		<b>5,697,984</b>	<b>5,281,160</b>

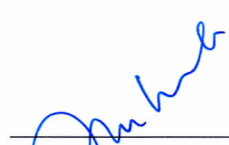
**CONTINGENCIES AND COMMITMENTS**

10

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

  
**Chief Executive**

  
**Director**

  
**Director**

  
**Chairman**


**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT - (UN-AUDITED)**  
**FOR THE QUARTER / PERIOD ENDED SEPTEMBER 30, 2009**

Note	Quarter Ended September 30, 2009	Period Ended September 30, 2009	Quarter Ended September 30, 2008	Period Ended September 30, 2008
	----- (Rupees in '000') -----			
Mark-up / Return / Interest earned	248,415	645,648	191,808	457,895
Mark-up / Return / Interest expensed	53,773	70,877	31,787	91,855
Net mark-up / Interest income	<u>194,642</u>	<u>574,771</u>	<u>160,021</u>	<u>366,040</u>
Provision against non-performing loans and advances	11,250	11,250	-	-
Provision for diminution in the value of investments	20,212	104,362	-	-
Bad debts written off directly	-	-	-	-
	<u>31,462</u>	<u>115,612</u>	<u>-</u>	<u>-</u>
Net mark-up / interest income after provisions	<u>163,180</u>	<u>459,159</u>	<u>160,021</u>	<u>366,040</u>
<b>NON MARK-UP/ INTEREST INCOME</b>				
Fee, commission and brokerage income	9,671	18,360	1,375	23,686
Dividend income	10,413	13,310	2,596	5,957
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	88,496	201,518	5,716	32,034
Unrealized gain / (loss) on revaluation of investments classified as held for trading	789	-	(498)	(498)
Other income	3,176	3,178	167	181
Total non-mark-up / interest income	<u>112,545</u>	<u>236,366</u>	<u>9,356</u>	<u>61,360</u>
	<u>275,725</u>	<u>695,525</u>	<u>169,377</u>	<u>427,400</u>
<b>NON MARK-UP/ INTEREST EXPENSES</b>				
Administrative expenses	27,376	93,683	34,485	98,628
Other provisions / write offs	-	25,000	-	-
Other charges	7,028	7,078	-	-
Total non-mark-up / interest expenses	<u>34,404</u>	<u>125,761</u>	<u>34,485</u>	<u>98,628</u>
	<u>241,321</u>	<u>569,764</u>	<u>134,892</u>	<u>328,772</u>
Extra ordinary items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<u>241,321</u>	<u>569,764</u>	<u>134,892</u>	<u>328,772</u>
Taxation - Current	52,781	170,234	43,472	103,812
- Prior years	-	-	-	-
- Deferred	26,203	10,137	249	(2,602)
<b>PROFIT AFTER TAXATION</b>	<u>78,984</u>	<u>180,371</u>	<u>43,721</u>	<u>101,210</u>
	<u>162,337</u>	<u>389,393</u>	<u>91,171</u>	<u>227,562</u>
Unappropriated profit brought forward	517,463	290,407	248,984	112,594
<b>Profit available for appropriation</b>	<u>679,800</u>	<u>679,800</u>	<u>340,156</u>	<u>340,156</u>
<b>Earnings per share - Basic and diluted (in Rupees)</b>	<u>0.32</u>	<u>0.78</u>	<u>0.22</u>	<u>0.56</u>

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

  
 Chief Executive

  
 Director

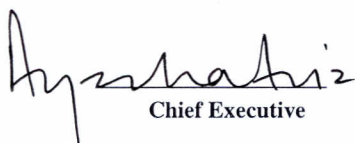
  
 Director

  
 Chairman

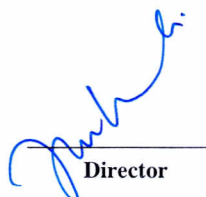
**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

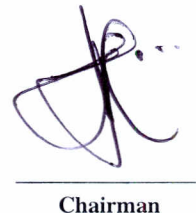
	Note	Period Ended September 30, 2009	Period Ended September 30, 2008
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		569,764	328,772
Less: Dividend Income		13,310	5,957
		<u>556,454</u>	<u>322,815</u>
Adjustments for non-cash charges			
Depreciation		7,510	4,716
Amortization		1,581	713
Provision against Non Performing Loans & Advances		11,250	
Provision for diminution in value of investments		104,362	-
Provision against other assets		25,000	
Unrealized loss/(Gain) on revaluation of HFT		-	498
Loss/(Gain) on sale of fixed assets		-	793
Finance charges on leased assets		1,854	1,721
		<u>151,557</u>	<u>8,441</u>
		708,011	331,256
(Increase) / decrease in operating assets			
Lendings to financial institutions		520,775	(2,230,716)
Held -for-trading securities		-	79,052
Advances		(362,854)	(659,126)
Other assets		(711,282)	226,303
		<u>(553,361)</u>	<u>(2,584,487)</u>
Increase in operating liabilities			
Borrowings		2,777,986	1,156,519
Deposits and other accounts		677,000	725,000
Other liabilities (excluding current taxation)		16,223	(938)
		<u>3,471,209</u>	<u>1,880,581</u>
		3,625,859	(372,650)
Financial charges paid		(1,888)	(1,315)
Income tax paid		(114,379)	(108,821)
		<u>3,509,592</u>	<u>(482,786)</u>
Net cash used in operating activities			
		3,509,592	(482,786)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(3,479,507)	(1,747,668)
Dividend income received		13,310	5,957
Investments in operating fixed assets		(5,224)	(18,664)
Proceeds from disposal of fixed assets		-	10,693
Net cash used in investing activities		<u>(3,471,421)</u>	<u>(1,749,682)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(3,466)	(1,421)
Proceeds from issue of share capital		-	2,000,000
Net cash flows from financing activities		<u>(3,466)</u>	<u>1,998,579</u>
<b>Increase in cash and cash equivalents</b>		<b>34,705</b>	<b>(233,889)</b>
Cash and cash equivalents at beginning of the period		19,137	267,721
Cash and cash equivalents at end of the period		<u>53,842</u>	<u>33,832</u>

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

  
**Chief Executive**

  
**Director**

  
**Director**


  
**Chairman**

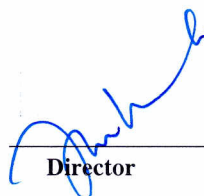
**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

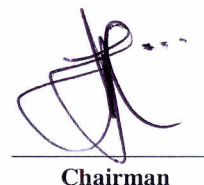
	Share capital	Statutory reserve	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2008	3,000,000	28,149	112,594	3,140,743
Issue of Share Capital	2,000,000	-	-	2,000,000
Transfer to statutory reserve		45,512	(45,512)	-
Profit after taxation for the period ended September 30, 2008	-	-	227,562	227,562
<b>Total recognised income and expense for the period</b>	-	-	227,562	227,562
<b>Balance as at September 30, 2008</b>	<b>5,000,000</b>	<b>28,149</b>	<b>340,156</b>	<b>5,368,305</b>
Balance as at October 01, 2008	5,000,000	28,149	340,156	5,368,305
Issue of share capital	-	-	-	-
Profit after taxation for the quarter ended December 31, 2008	-	-	(5,296)	(5,296)
<b>Total recognised income and expense for the period</b>		-	334,860	5,363,009
Transfer to statutory reserve	-	44,453	(44,453)	-
<b>Balance as at December 31, 2008</b>	<b>5,000,000</b>	<b>72,602</b>	<b>290,407</b>	<b>5,363,009</b>
Balance as at January 01, 2009	5,000,000	72,602	290,407	5,363,009
Issue of Share Capital	-	-	-	-
Profit after taxation for the period ended September 30, 2009	-	-	389,393	389,393
<b>Total recognised income and expense for the period</b>	-	-	389,393	389,393
Transfer to statutory reserve	-	77,879	(77,879)	-
<b>Balance as at September 30, 2009</b>	<b>5,000,000</b>	<b>150,481</b>	<b>601,921</b>	<b>5,752,402</b>

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

  
**Chief Executive**

  
**Director**

  
**Director**

  
**Chairman**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

**1. STATUS AND NATURE OF BUSINESS**

Pak Brunei Investment Company Limited (the Company) is incorporated 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 interlia 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 making 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 Khadija Towers, Plot No. 11/5, Block-2, Scheme-5, Clifton, Karachi-Pakistan.

**2. STATEMENT OF COMPLIANCE**

- 2.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- 2.2** The SECP has approved the adoption of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard 40, "Investment Property". The requirements of these standards have not been taken into account for the purpose of these financial statements as the implementation of the said standards has been deferred by SBP, vide BSD circular letter number 11 dated September 11, 2002, for Non Banking Financial Institutions in Pakistan till further instructions. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.
- 2.3** The disclosures made in these financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4. ESTIMATES

The preparation of 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 financial statements for the year ended December 31, 2008.

### 5. 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, 2008.

	<b>September 30, 2009</b>	December 31, 2008
	(Un-audited)	(Audited)
Note	----- (Rupees in '000) -----	-----

### 6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings	6.2	739,225	-
Placements	6.3	-	100,000
Certificate of Investments (COIs)/Term deposit receipts (TDRs)	6.4	259,299	1,344,299
Certificate of Musharika	6.5	-	75,000
		<u>998,524</u>	<u>1,519,299</u>

6.1 All lendings of the Company are in local currency.

6.2 These are short-term lendings to various financial institutions against government securities. These carry mark-up @ 12.35% (December 31, 2008: NIL) per annum and maturing October 01, 2009.

6.3 The profit rate on placement is Nil (December 31, 2008: 18% to 13.00%) .

6.4 The profit rate on these COIs and TDRs ranges between from 10.98% and 16.10% (December 31, 2008: 10.15% to 19%) per annum and maturing on various dates, latest by October 08, 2012.

6.5 The profit rate on certificate of musharaka is Nil (December 31, 2008: 11.11%).



## 7. INVESTMENTS

		<b>Held by Bank</b>	<b>Given as collateral</b>	<b>Total</b>
.....Rupees in '000'.....				
Current period (March 31, 2009) - Un-audited	7.1	<u><b>3,646,251</b></u>	<u><b>2,452,222</b></u>	<u><b>6,098,473</b></u>
Prior year - Audited (December 31, 2008)	7.1	<u>2,440,389</u>	<u>247,196</u>	<u>2,687,585</u>
Prior year corresponding period - Un-Audited (September 30, 2008)		<u>3,302,027</u>	<u>209,344</u>	<u>3,511,371</u>

<b>September 30, 2009 (Un-audited)</b>			<b>December 31, 2008 (Audited)</b>		
<b>Held by the Company</b>	<b>Given as collateral</b>	<b>Total</b>	<b>Held by the Company</b>	<b>Given as collateral</b>	<b>Total</b>
----- (Rupees in '000) -----			----- (Rupees in '000) -----		

### 7.1 Investments by type:

#### Held-for-trading securities

Ordinary shares of listed companies	-	-	-	-	-	-
-------------------------------------	---	---	---	---	---	---

#### Available- for- sale securities

Market Treasury Bills	874,925	2,453,597	3,328,522	196,974	247,196	444,170
Pakistan Investment Bonds	47,090	-	47,090	46,696	-	46,696
Ordinary shares of listed companies	179,557	-	179,557	281,592	-	281,592
Term Finance Certificates and SUKUK	2,752,687	-	2,752,687	2,083,262	-	2,083,262
Mutual funds	28,840	-	28,840	28,840	-	28,840
	<b>3,883,099</b>	<b>2,453,597</b>	<b>6,336,696</b>	2,637,364	247,196	2,884,560

<b>Investment at cost</b>	<b>3,883,099</b>	<b>2,453,597</b>	<b>6,336,696</b>	2,637,364	247,196	2,884,560
---------------------------	------------------	------------------	------------------	-----------	---------	-----------

#### Less: Provision for diminution in value of Investments

	(185,912)	-	(185,912)	(108,921)	-	(108,921)
--	-----------	---	-----------	-----------	---	-----------

<b>Investments (net of provisions)</b>	<b>3,697,187</b>	<b>2,453,597</b>	<b>6,150,784</b>	2,528,443	247,196	2,775,639
--	------------------	------------------	------------------	-----------	---------	-----------

Deficit on revaluation of held-for-trading securities	-	-	-	-	-	-
Deficit on revaluation of available-for-sale securities	(50,936)	(1,375)	(52,311)	(88,054)	-	(88,054)

<b>Total investments (Net of Provision)</b>	<b>3,646,251</b>	<b>2,452,222</b>	<b>6,098,473</b>	2,440,389	247,196	2,687,585
---	------------------	------------------	------------------	-----------	---------	-----------

### 7.2 Particulars of Provision

Opening balance	108,921	-	108,921	-	-	-
Charge for the year	104,362	-	104,362	108,921	-	108,921
Reversals/Adjustments	(27,371)	-	(27,371)	-	-	-
<b>Closing Balance</b>	<b>185,912</b>	<b>-</b>	<b>185,912</b>	<b>108,921</b>	<b>-</b>	<b>108,921</b>

September 30,      December 31,  
2009                      2008  
(Un-audited)              (Audited)  
----- (Rupees in '000) -----

**8. ADVANCES**

Loans, cash credits, running finances, etc.

In Pakistan

Outside Pakistan

<b>1,388,499</b>	1,062,744
-	-
<b>1,388,499</b>	1,062,744

Net investment in finance lease - in Pakistan

In Pakistan

Outside Pakistan

<b>37,099</b>	-
-	-
<b>37,099</b>	-

Advances - gross

Less: Provision for non-performing advances

<b>1,425,598</b>	1,062,744
<b>(11,250)</b>	-

Advances - net of provision

<b>1,414,348</b>	1,062,744
------------------	-----------

**8.1** Advances include Rs. 45 million (December 31, 2008 : Nil) which have been placed under non-performing status as detailed below:

Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Substandard	45,000	-	45,000	11,250	11,250
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<b>45,000</b>	<b>-</b>	<b>45,000</b>	<b>11,250</b>	<b>11,250</b>

September 30,      December 31,  
2009                      2008  
(Un-audited)              (Audited)  
----- (Rupees in '000) -----

**8.2** Movements in Provision

Opening balance

Charge for the period

Closing balance

-	-
11,250	-
-	-
<b>11,250</b>	<b>-</b>

**9. SHARE CAPITAL**

**Authorized Capital**

600,000,000 (2008: 600,000,000) Ordinary shares of Rs. 10 each

<b>6,000,000</b>	6,000,000
------------------	-----------

**Issued, subscribed and paid up**

500,000,000 (2008: 500,000,000) Ordinary shares of Rs. 10  
each fully paid in cash

<b>5,000,000</b>	5,000,000
------------------	-----------

September 30, December 31,  
2009 2007  
(Un-audited) (Audited)  
----- (Rupees in '000) -----

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Transaction-related Contingent liability

Standby letter of credit		<u>434,839</u>	<u>447,707</u>
Underwriting of shares	10.1.1	<u>200,000</u>	<u>-</u>

**10.1.1** Dawood Islamic Bank Limited filed a legal suit for damages against the Company for alleged non performance of underwriting commitment to issue shares at a premium. Legal advisors of the Company have opined that the possibility of the company being subjected to any liability in relation to the suit is negligible.

<b>10.2</b> Commitments for the acquisition of Software		<u>560</u>	<u>1,187</u>
---	--	------------	--------------

<b>10.3</b> Commitments to extend credit		<u>780,379</u>	<u>150,000</u>
--	--	----------------	----------------

## 11. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter Ended September 30, 2009 (Un-audited)	Period Ended September 30, 2009 (Un-audited)	Quarter Ended September 30, 2008 (Un-audited)	Period Ended September 30, 2008 (Un-audited)
Profit after taxation for the period attributable to ordinary shareholders (Rupees in '000)	<u>162,337</u>	<u>389,393</u>	<u>91,171</u>	<u>227,562</u>
Weighted average number of ordinary shares outstanding during the period (in '000)	<u>500,000</u>	<u>500,000</u>	<u>423,913</u>	<u>405,474</u>
Basic and diluted earnings per share (Rupees)	<u>0.32</u>	<u>0.78</u>	<u>0.22</u>	<u>0.56</u>

**12. RELATED PARTY TRANSACTIONS**

The Company has related party relationship with its employee defined contribution plans and its key management personnel. Transactions between the Company and its related parties are carried out as per terms of employment.

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

	For the period ended September 30, 2009 (Un-Audited)		For the year ended December 31, 2008 (Audited)	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	.....Rupees in '000'.....			
Advances				
Opening balance	25,465	-	7,024	-
Given during the period	4,967	-	20,453	-
Repaid during the period	(2,922)	-	(2,012)	-
Closing balance	<u>27,510</u>	<u>-</u>	<u>25,465</u>	<u>-</u>

**13. DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on October 25, 2009 by the Board of Directors of the Company.

**14. GENERAL**

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

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

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chairman