

PAK BRUNEI INVESTMENT COMPANY LTD.

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2008

PAK BRUNEI INVESTMENT COMPANY LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2008

		September 30, 2008 (Un-audited)	December 31, 2007 (Audited)
	Note	----- (Rupees in '000') -----	
ASSETS			
Cash and balances with treasury banks		23,066	1,580
Balances with other banks		10,766	266,141
Lendings to financial institutions	6	3,695,015	1,464,299
Investments	7	3,511,371	1,956,095
Advances	8	913,571	254,444
Operating fixed assets		43,276	38,590
Deferred tax assets-net		4,645	-
Other assets		155,022	381,325
		8,356,732	4,362,474
LIABILITIES			
Bills payable		-	-
Borrowings		2,306,519	1,150,000
Deposits and other accounts		725,000	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		21,572	20,529
Deferred tax liabilities-net		-	1,163
Other liabilities		49,437	54,504
		3,102,528	1,226,196
NET ASSETS		5,254,204	3,136,278
REPRESENTED BY			
Share capital	9	5,000,000	3,000,000
Reserves		73,661	28,149
Unappropriated profit		294,644	112,594
		5,368,305	3,140,743
Deficit on revaluation of securities-net of tax		(114,101)	(4,465)
		5,254,204	3,136,278
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, 2008

	Quarter Ended September 30, 2008	Period Ended September 30, 2008	Quarter Ended September 30, 2007	Period Ended September 30, 2007
Note	----- (Rupees in '000') -----			
Mark-up / Return / Interest earned	191,808	457,895	54,223	109,121
Mark-up / Return / Interest expensed	31,787	91,855	-	-
Net mark-up / Interest income	<u>160,021</u>	<u>366,040</u>	54,223	109,121
Provision against non-performing loans and advances	-	-	-	-
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	-	-	-	-
Net mark-up / interest income after provisions	<u>160,021</u>	<u>366,040</u>	54,223	109,121
NON MARK-UP/ INTEREST INCOME				
Fee, commission and brokerage income	1,375	23,686	1,058	1,058
Dividend income	2,596	5,957	-	-
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	5,716	32,034	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	(498)	(498)	(1,681)	(1,681)
Other income	167	181	-	-
Total non-mark-up / interest income	<u>9,356</u>	<u>61,360</u>	(623)	(623)
	<u>169,377</u>	<u>427,400</u>	53,600	108,498
NON MARK-UP/ INTEREST EXPENSES				
Administrative expenses	34,485	98,628	17,960	24,200
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	3,826
Total non-mark-up / interest expenses	<u>34,485</u>	<u>98,628</u>	17,960	28,026
	<u>134,893</u>	<u>328,772</u>	35,640	80,472
Extra ordinary items	-	-	-	-
PROFIT BEFORE TAXATION	<u>134,893</u>	<u>328,772</u>	35,640	80,472
Taxation - Current	43,472	103,812	11,880	27,571
- Prior years	-	-	-	-
- Deferred	249	(2,602)	594	594
	<u>43,721</u>	<u>101,210</u>	12,474	28,165
PROFIT AFTER TAXATION	<u>91,172</u>	<u>227,562</u>	23,166	52,307
Unappropriated profit brought forward	248,984	112,594	29,141	-
Profit available for appropriation	<u>340,156</u>	<u>340,156</u>	52,307	52,307
Earnings per share - Basic and diluted (in Rupees)	<u>0.22</u>	<u>0.56</u>	0.10	0.31

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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, 2008

	Period Ended September 30, 2008	Period Ended September 30, 2007
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	328,772	80,472
Less: Dividend Income	5,957	-
	322,815	80,472
Adjustments for non-cash charges		
Depreciation	4,716	189
Amortization	713	-
Loss on sale of fixed assets	793	-
Unrealized loss on revaluation of HFT	498	-
Finance charges on leased assets	1,721	-
	8,441	189
	331,256	80,661
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,230,716)	(605,796)
Held -for-trading securities	79,052	-
Advances	(659,126)	-
Other assets	226,303	(38,203)
	(2,584,486)	(643,999)
Increase in operating liabilities		
Borrowings	1,156,519	-
Deposits and other accounts	725,000	-
Other liabilities (excluding current taxation)	(938)	40,822
	1,880,581	40,822
	(372,649)	(522,516)
Financial charges paid	(1,315)	-
Income tax paid	(108,821)	(8,202)
Net cash used in operating activities	(482,785)	(530,718)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(1,747,668)	(178,840)
Dividend income received	5,957	-
Investments in operating fixed assets	(18,664)	(8,884)
Proceeds from disposal of fixed assets	10,693	-
Net cash used in investing activities	(1,749,682)	(187,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(1,421)	-
Proceeds from issue of share capital	2,000,000	3,000,000
Net cash flows from financing activities	1,998,579	3,000,000
Increase in cash and cash equivalents	(233,888)	2,281,558
Cash and cash equivalents at beginning of the period	267,721	-
Cash and cash equivalents at end of the period	33,832	2,281,558

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, 2008

	Share capital	Statutory reserve	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2007	-	-	-	-
Issue of Share Capital	3,000,000	-	-	3,000,000
Profit after taxation for the period ended September 30, 2007	-	-	52,307	52,307
Total recognised income and expense for the period	-	-	52,307	52,307
Balance as at September 30, 2007	3,000,000	-	52,307	3,052,307
Balance as at October 01, 2007	3,000,000	-	52,307	3,052,307
Issue of share capital	-	-	-	-
Profit after taxation for the quarter ended December 31, 2007	-	-	88,436	88,436
Total recognised income and expense for the period		-	140,743	3,140,743
Transfer to statutory reserve	-	28,149	(28,149)	-
Balance as at December 31, 2007	3,000,000	28,149	112,594	3,140,743
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
Profit after taxation for the period ended September 30, 2008	-	-	227,562	227,562
Total recognised income and expense for the period	-	-	227,562	227,562
Transfer to statutory reserve	-	45,512	(45,512)	-
Balance as at September 30, 2008	5,000,000	73,661	294,644	5,368,305

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, 2008

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, 2007.

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, 2007.

	September 30, 2008 (Un-audited)	December 31, 2007 (Audited)
Note	----- (Rupees in '000) -----	-----

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings	6.2	785,716	-
Placements	6.3	1,375,000	355,000
Certificate of Investments (COIs)/Term deposit receipts (TDRs)	6.4	1,534,299	1,109,299
		<u>3,695,015</u>	<u>1,464,299</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 at rates, ranging between 12.50% and 12.90% (December 31, 2007: NIL) per annum and maturing on various dates, latest by November 15, 2008.

6.3 The profit rate on placements ranges between from 15.00% to 22.00% (December 31, 2007: 11.10% to 13.00%) per annum and maturing on various dates, latest by October 10, 2008.

6.4 The profit rate on these COIs and TDRs ranges between from 11.25% and 16.75% (December 31, 2007: 9.50% to 11.20%) per annum and maturing on various dates, latest by October 08, 2009.

7. INVESTMENTS

		Held by Bank	Given as collateral	Total
	Rupees in '000'.....		
Current period (September 30, 2008) - Un-audited	7.1	<u>3,302,027</u>	<u>209,344</u>	<u>3,511,371</u>
Prior year - Audited (December 31, 2007)	7.1	<u>1,956,095</u>	<u>-</u>	<u>1,956,095</u>
Prior year corresponding period - Un-Audited (September 30, 2007)		<u>178,840</u>	<u>-</u>	<u>178,840</u>

<u>September 30, 2008 (Un-audited)</u>			<u>December 31, 2007 (Audited)</u>		
<u>Held by the Company</u>	<u>Given as collateral</u>	<u>Total</u>	<u>Held by the Company</u>	<u>Given as collateral</u>	<u>Total</u>
----- (Rupees in '000) -----			----- (Rupees in '000) -----		

7.1 Investments by type:

Held-for-trading securities

Ordinary shares of listed companies	20,263	-	20,263	101,806	-	101,806
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Available- for- sale securities

Market Treasury Bills	232,271	211,957	444,228	18,825	-	18,825
Pakistan Investment Bonds	46,721	-	46,721	-	-	-
Ordinary shares of listed companies	212,937	-	212,937	34,568	-	34,568
Term Finance Certificates and SUKUK	1,997,603	-	1,997,603	1,418,680	-	1,418,680
Mutual funds	907,924	-	907,924	230,156	-	230,156
Commercial Papers	-	-	-	159,516	-	159,516
	3,397,456	211,957	3,609,413	1,861,745	-	1,861,745

Investment at cost	3,417,719	211,957	3,629,676	1,963,551	-	1,963,551
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Less: Provision for diminution in value of Investments

	-	-	-	-	-	-
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Investments (net of provisions)	3,417,719	211,957	3,629,676	1,963,551	-	1,963,551
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Deficit on revaluation of held-for-trading securities	(498)	-	(498)	(2,491)	-	(2,491)
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Deficit on revaluation of available-for-sale securities	(115,194)	(2,613)	(117,807)	(4,965)	-	(4,965)
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Total investments (Net of Provision)	3,302,027	209,344	3,511,371	1,956,095	-	1,956,095
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September 30, 2008 (Un-audited)	December 31, 2007 (Audited)
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----- (Rupees in '000) -----

8. ADVANCES

Loans, cash credits, running finances, etc. in Pakistan	913,571	159,962
Financing in respect of Continuous Funding System (CFS)	-	94,482
	<hr/>	<hr/>
Advances - gross	913,571	254,444
Less: Provision for non-performing advances	-	-
	<hr/>	<hr/>
Advances - net of provision	<u>913,571</u>	<u>254,444</u>

September 30, 2008 (Un-audited)	December 31, 2007 (Audited)
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----- (Rupees in '000) -----

9. SHARE CAPITAL

Authorized Capital

600,000,000 (2007: 600,000,000) Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>6,000,000</u>
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Issued, subscribed and paid up

500,000,000 (2007: 300,000,000) Ordinary shares of Rs. 10 each fully paid in cash	<u>5,000,000</u>	<u>3,000,000</u>
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September 30, December 31,
2008 2007
(Un-audited) (Audited)
----- (Rupees in '000) -----

10. CONTINGENCIES AND COMMITMENTS

Commitments for underwriting

Ordinary shares	-	30,750
Preference shares	-	25,000
	<u>-</u>	<u>55,750</u>
Commitments for transactions under continuous funding system	<u>-</u>	<u>4,324</u>
Commitments in respect of term finance certificates futures	<u>116,000</u>	<u>145,437</u>
Commitments in respect of term finance loans	<u>34,763</u>	<u>-</u>
Commitments for the acquisition of operating fixed assets	<u>1,767</u>	<u>-</u>

11. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter Ended September 30, 2008 (Un-audited)	Period Ended September 30, 2008 (Un-audited)	Quarter Ended September 30, 2007 (Un-audited)	Period Ended September 30, 2007 (Un-audited)
Profit after taxation for the period attributable to ordinary shareholders (Rupees in '000)	<u>91,172</u>	<u>227,562</u>	<u>23,166</u>	<u>52,307</u>
Weighted average number of ordinary shares outstanding during the period (in '000)	<u>423,913</u>	<u>405,474</u>	<u>241,304</u>	<u>167,033</u>
Basic and diluted earnings per share (Rupees)	<u>0.22</u>	<u>0.56</u>	<u>0.10</u>	<u>0.31</u>

12. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associated undertakings, employee 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, 2008 (Un-Audited)		For the year ended December 31, 2007 (Audited)	
	Key management personnel	Other related parties	Key management personnel	Other related parties
.....Rupees in '000'.....				
Advances				
Opening balance	7,024	-	-	-
Given during the period	20,453	-	7,095	-
Repaid during the period	(1,477)	-	(71)	-
As at September 30, 2008	<u>26,000</u>	-	<u>7,024</u>	-
Placements made during the period	-	-	-	1,490,000
Placements matured during the period	-	-	-	1,490,000
Investments made during the period	-	-	-	28,840
Mark-up/return/Interest earned	-	-	-	42,932
Dividend Income received	-	-	-	620
Reimbursement of expenses	-	-	-	2,760

13. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed financial statements were authorized for issue on **November 14, 2008** 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