

Financial Statements

For the period ended June 30, 2008



PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2008

		June 30, 2008 (Un-audited)	December 31, 2007 (Audited)
	Note	----- (Rupees in '000') -----	
ASSETS			
Cash and balances with treasury banks		15,971	1,580
Balances with other banks		16,788	266,141
Lendings to financial institutions	6	3,935,337	1,464,299
Investments	7	2,723,983	1,956,095
Advances	8	897,735	254,444
Operating fixed assets	9	26,897	38,590
Deferred tax assets-net		4,894	-
Other assets		444,327	381,325
		8,065,932	4,362,474
LIABILITIES			
Bills payable		-	-
Borrowings		3,044,549	1,150,000
Deposits and other accounts		200,000	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		21,784	20,529
Deferred tax liabilities-net		-	1,163
Other liabilities		563,659	54,504
		3,829,992	1,226,196
NET ASSETS		4,235,940	3,136,278
REPRESENTED BY			
Share capital	10	4,000,000	3,000,000
Reserves		55,427	28,149
Unappropriated profit		221,707	112,594
		4,277,134	3,140,743
Deficit on revaluation of securities-net of tax		(41,194)	(4,465)
		4,235,940	3,136,278

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 16 form an integral part of these interim condensed financial statements.

Chief Executive

Director

Director

Chairman

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2008

	Quarter Ended June 30, 2008	Half Year Ended June 30, 2008	Quarter Ended June 30, 2007	Half Year Ended June 30, 2007
Note				
	----- (Rupees in '000') -----			
Mark-up / Return / Interest earned	152,796	266,087	36,191	54,898
Mark-up / Return / Interest expensed	39,697	60,068	-	-
Net mark-up / Interest income	<u>113,099</u>	<u>206,019</u>	36,191	54,898
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>113,099</u>	<u>206,019</u>	36,191	54,898
NON MARK-UP/ INTEREST INCOME				
Fee, commission and brokerage income	13,205	22,311	-	-
Dividend income	-	3,361	-	-
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	1,798	26,318	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	(248)	-	-	-
Other income	14	14	-	-
Total non-mark-up / interest income	<u>14,769</u>	<u>52,004</u>	-	-
	<u>127,868</u>	<u>258,023</u>	36,191	54,898
NON MARK-UP/ INTEREST EXPENSES				
Administrative expenses	33,805	64,143	3,616	10,066
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	<u>33,805</u>	<u>64,143</u>	3,616	10,066
	<u>94,063</u>	<u>193,880</u>	32,575	44,832
Extra ordinary items	-	-	-	-
PROFIT BEFORE TAXATION	<u>94,063</u>	<u>193,880</u>	32,575	44,832
Taxation - Current	25,567	60,340	11,401	15,691
- Prior years	-	-	-	-
- Deferred	(271)	(2,851)	-	-
	<u>25,296</u>	<u>57,489</u>	11,401	15,691
PROFIT AFTER TAXATION	<u>68,767</u>	<u>136,391</u>	21,174	29,141
Unappropriated profit brought forward	180,218	112,594	7,967	-
Profit available for appropriation	<u>248,985</u>	<u>248,985</u>	29,141	29,141
Earnings per share - Basic and diluted (in Rupees)	<u>0.17</u>	<u>0.34</u>	0.14	0.23

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Chief Executive

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PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008

	Note	Half year Ended June 30, 2008	Half Year Ended June 30, 2007
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		193,880	44,832
Less: Dividend Income		3,361	-
		<u>190,519</u>	<u>44,832</u>
Adjustments for non-cash charges			
Depreciation		3,068	-
Amortization		365	-
Loss on sale of fixed assets		610	-
Finance charges on leased assets		1,038	-
		<u>5,081</u>	<u>-</u>
		<u>195,600</u>	<u>44,832</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,471,038)	(1,523,299)
Held -for-trading securities		99,315	-
Advances		(643,290)	-
Other assets		(63,002)	(25,212)
		<u>(3,078,015)</u>	<u>(1,548,511)</u>
Increase in operating liabilities			
Borrowings		1,894,549	-
Deposits and other accounts		200,000	-
Other liabilities (excluding current taxation)		509,459	17,650
		<u>2,604,008</u>	<u>17,650</u>
		<u>(278,407)</u>	<u>(1,486,029)</u>
Financial charges paid		(828)	-
Income tax paid		(60,854)	(3,700)
Net cash used in operating activities		<u>(340,089)</u>	<u>(1,489,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(907,138)	-
Dividend income received		3,361	-
Investments in operating fixed assets		(669)	(99)
Proceeds from disposal of fixed assets		10,853	-
Net cash used in investing activities		<u>(893,593)</u>	<u>(99)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations		(1,280)	-
Proceeds from issue of share capital		1,000,000	1,500,000
Net cash flows from financing activities		<u>998,720</u>	<u>1,500,000</u>
Increase in cash and cash equivalents		<u>(234,961)</u>	<u>10,172</u>
Cash and cash equivalents at beginning of the period		267,721	-
Cash and cash equivalents at end of the period		<u><u>32,759</u></u>	<u><u>10,172</u></u>

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Chief Executive

Director

Director

Chairman

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008

	Share capital	Statutory reserve	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2007	-	-	-	-
Issue of Share Capital	1,500,000	-	-	1,500,000
Profit after taxation for the half year ended June 30, 2007	-	-	29,141	29,141
Total recognised income and expense for the period	-	-	29,141	29,141
Balance as at June 30, 2007	1,500,000	-	29,141	1,529,141
Balance as at July 1, 2007	1,500,000	-	29,141	1,529,141
Issue of share capital	1,500,000	-	-	1,500,000
Profit after taxation for the half year ended December 31, 2007	-	-	111,602	111,602
Total recognised income and expense for the period		-	111,602	111,602
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 1, 2008	3,000,000	28,149	112,594	3,140,743
Issue of Share Capital	1,000,000	-	-	1,000,000
Profit after taxation for the half year ended June 30, 2008	-	-	136,391	136,391
Total recognised income and expense for the period	-	-	136,391	136,391
Transfer to statutory reserve	-	27,278	(27,278)	-
Balance as at June 30, 2008	4,000,000	55,427	221,707	4,277,134

The annexed notes 1 to 16 form an integral part of these interim condensed financial statements.

Chief Executive

Director

Director

Chairman

PAK BRUNEI INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 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 1st Floor, Razi Tower, Plot No. BC-13, Block-9, Clifton, Karachi-Pakistan.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim 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 condensed interim 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 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2007.
- 2.4** These condensed interim financial statements are un-audited but subject to limited scope review by the external auditors of the Compnay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4. ESTIMATES

The preparation of condensed interim 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 estimation 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.

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

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings	6.2	1,151,038	-
Placements	6.3	650,000	355,000
Certificate of Investments (COIs)/Term deposit receipts (TDRs)	6.4	2,134,299	1,109,299
		<u>3,935,337</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 9.95% and 11.50% (December 31, 2007: NIL) per annum and maturing on various dates, latest by July 12, 2008.

6.3 The profit rate on placements ranges between from 16.50% to 19.00% (December 31, 2007: 11.10% to 13.00%) per annum and maturing on various dates, latest by July 05, 2008.

6.4 The profit rate on these COIs and TDRs ranges between from 10.37% and 17.15% (December 31, 2007: 9.50% to 11.20%) per annum and maturing on various dates, latest by April 25, 2009.

7. INVESTMENTS

		Held by Bank	Given as collateral	Total
	Rupees in '000'.....		
Current period (June 30, 2008) - Un-audited	7.1	<u>2,441,513</u>	<u>282,470</u>	<u>2,723,983</u>
Prior year corresponding period - Audited (December 31, 2007)	7.1	<u>1,956,095</u>	<u>-</u>	<u>1,956,095</u>

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

7.1 Investments by type:

Held-for-trading securities

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

Market Treasury Bills	147,088	285,788	432,876	18,825	-	18,825
Pakistan Investment Bonds	46,628	-	46,628	-	-	-
Ordinary shares of listed companies	111,926	-	111,926	34,568	-	34,568
Term Finance Certificates and SUKUK	1,773,613	-	1,773,613	1,418,680	-	1,418,680
Mutual funds	403,840	-	403,840	230,156	-	230,156
Commercial Papers	-	-	-	159,516	-	159,516
	<u>2,483,095</u>	<u>285,788</u>	<u>2,768,883</u>	1,861,745	-	1,861,745

Investment at cost	2,483,095	285,788	2,768,883	1,963,551	-	1,963,551
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Less: Provision for diminution in value of Investments

	-	-	-	-	-	-
Investments (net of provisions)	2,483,095	285,788	2,768,883	1,963,551	-	1,963,551

Deficit on revaluation of held-for-trading securities	-	-	-	(2,491)	-	(2,491)
Deficit on revaluation of available-for-sale securities	(41,582)	(3,318)	(44,900)	(4,965)	-	(4,965)

Total investments (Net of Provision)	2,441,513	282,470	2,723,983	1,956,095	-	1,956,095
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June 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	671,446	159,962
Financing in respect of Continuous Funding System (CFS)	226,289	94,482
	<hr/>	<hr/>
Advances - gross	897,735	254,444
Less: Provision for non-performing advances	-	-
	<hr/>	<hr/>
Advances - net of provision	897,735	254,444
	<hr/> <hr/>	<hr/> <hr/>

9. OPERATING FIXED ASSETS

During the current period, additions to and disposals from operating fixed assets amounted to Rs. 5,374 thousand (2007: Rs. 39,776 thousand) and Rs. 12,569 thousand (2007: NIL), respectively.

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

10. 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

400,000,000 (2007: 300,000,000) Ordinary shares of Rs. 10 each fully paid in cash	<u>4,000,000</u>	<u>3,000,000</u>
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10.1 The paid up capital of the Company has been increased from Rs. 3,000 million to Rs. 4,000 million through the allotment of 33.33% right issue to the existing share holders on January 8, 2008.

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

11. CONTINGENCIES AND COMMITMENTS

Commitments for underwriting

Ordinary shares	173,638	30,750
Preference shares	-	25,000
	<u>173,638</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>25,000</u>	<u>145,437</u>
Commitments in respect of term finance loans	<u>117,045</u>	<u>-</u>
Commitments for the acquisition of operating fixed assets	<u>11,499</u>	<u>-</u>

12. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter Ended June 30, 2008 (Un-audited)	Half Year Ended June 30, 2008 (Un-audited)	Quarter Ended June 30, 2007 (Un-audited)	Half Year Ended June 30, 2007 (Un-audited)
Profit after taxation for the period attributable to ordinary shareholders (Rupees in '000)	<u>68,767</u>	<u>136,391</u>	<u>21,174</u>	<u>29,141</u>
Weighted average number of ordinary shares outstanding during the period (in '000)	<u>400,000</u>	<u>396,154</u>	<u>150,000</u>	<u>129,284</u>
Basic and diluted earnings per share (Rupees)	<u>0.17</u>	<u>0.34</u>	<u>0.14</u>	<u>0.23</u>

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Corporate Finance	Trading & Sales	Commercial Banking	Total
	----- Rupees in '000 -----			
June 30, 2008 - un-audited				
Total income	22,311	267,540	28,240	318,091
Total expenses	8,712	104,471	11,027	124,211
Net income	<u>13,599</u>	<u>163,069</u>	<u>17,213</u>	<u>193,880</u>
June 30, 2007 - un-audited				
Total income	-	54,898	-	54,898
Total expenses	-	10,066	-	10,066
Net income	<u>-</u>	<u>44,832</u>	<u>-</u>	<u>44,832</u>

14. 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 half year ended June 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	(945)	-	(71)	-
As at June 30, 2008	<u>26,532</u>	<u>-</u>	<u>7,024</u>	<u>-</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

15. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed financial statements were authorized for issue on August 27, 2008 by the Board of Directors of the Company.

16. GENERAL

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

Chief Executive

Director

Director

Chairman