

**SAUDI PAK INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED**

**UNCONSOLIDATED CONDENSED
INTERM FINANCIAL
INFORMATION**

**FOR THE HALF YEAR ENDED
JUNE 30, 2016**



Independent Auditors' Report on Review of Unconsolidated Condensed Interim Financial Information to the Members of Saudi Pak Industrial and Agricultural Investment Company Limited

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) as at June 30, 2016 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and the notes to the financial information for the half year then ended (here in after 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. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three months ended June 30, 2016 and June 30, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

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 as of and for the half year ended June 30, 2016, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 16.1.2(i) to interim financial information, which describes the uncertainty related to the outcome of the tax reference filed by the Company before the Islamabad High Court which is pending adjudication. Our conclusion is not modified in respect of this matter.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk >

Other Matter

The financial statements of the Company for the half year ended June 30, 2015 and for the year ended December 31, 2015 were reviewed and audited by KPMG Taseer Hadi & Co., Chartered Accountants who had expressed an unqualified conclusion and opinion thereon dated August 29, 2015 and February 25, 2016 respectively.



Chartered Accountants
Islamabad: August 30, 2016

Engagement Partner: S. Haider Abbas

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

		Unaudited June 30, 2016	Audited December 31, 2015
	Note	-----Rupees-----	
ASSETS			
Cash and balances with treasury banks	6	68,436,270	64,560,467
Balances with other banks	7	158,793,367	758,317,400
Lendings to financial institutions and others		-	180,000,000
Investments	8	8,381,065,341	12,702,241,117
Advances	9	6,779,234,439	6,674,954,403
Operating fixed assets	10	2,679,913,478	2,738,964,706
Deferred tax assets		-	-
Other assets	11	1,319,616,057	1,743,267,307
		19,387,058,952	24,862,305,400
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	12	6,278,180,368	12,010,452,912
Deposits and other accounts	13	14,500,000	7,000,000
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		845,131,842	878,194,901
Other liabilities	14	162,524,237	224,419,749
		7,300,336,447	13,120,067,562
NET ASSETS		<u>12,086,722,505</u>	<u>11,742,237,838</u>
REPRESENTED BY			
Share capital		6,600,000,000	6,600,000,000
Reserve fund		706,004,599	706,004,599
General reserve		358,662,940	358,662,940
Unappropriated profit		2,068,449,579	1,715,039,059
		9,733,117,118	9,379,706,598
Surplus on revaluation of assets - net of tax	15	2,353,605,387	2,362,531,240
		<u>12,086,722,505</u>	<u>11,742,237,838</u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

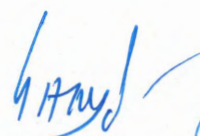
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General Manager/Chief Executive



Director



Director



Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2016

		June 30, 2016	June 30, 2015	
		For the period ended April to June	For the half year ended	For the period ended April to June
	Note	Rupees-----		
Mark-up/return/interest earned	17	321,766,287	746,675,077	454,068,323
Mark-up/return/interest expensed	18	<u>134,811,994</u>	<u>321,753,172</u>	<u>228,145,542</u>
Net mark-up/Interest Income		186,954,293	424,921,905	225,922,781
Provision/(reversal) against non-performing loans and advances - net		87,357,165	130,958,418	(87,625,056)
Provision for diminution in the value of investments- net		29,625,445	128,337,776	78,906,762
Bad debts written off directly		-	-	-
		<u>116,982,610</u>	<u>259,296,194</u>	<u>(8,718,294)</u>
Net Mark-up/interest income after provisions		69,971,683	165,625,711	234,641,075
NON MARK-UP/INTEREST INCOME				
Fee, commission and brokerage income		1,150,200	3,062,255	3,777,604
Dividend income		21,307,532	71,316,142	26,882,813
Gain on sale of securities - net	19	301,499,650	356,691,028	145,951,076
Unrealized (loss)/gain on revaluation of held for trading investments - net		(2,916,638)	2,273,727	(15,942,941)
Loss from dealing in foreign currencies		(1,844)	(23,943)	(47,942)
Other income		42,004,585	72,367,239	18,481,112
Total non mark-up/interest Income		<u>363,043,485</u>	<u>505,686,448</u>	<u>179,101,722</u>
		433,015,168	671,312,159	413,742,797
NON MARK-UP/INTEREST EXPENSES				
Administrative expenses		78,943,215	146,822,663	77,057,059
Other provisions/write offs		-	-	13,512,000
Other charges		-	-	-
Total non mark-up/interest expenses		<u>78,943,215</u>	<u>146,822,663</u>	<u>90,569,059</u>
		354,071,953	524,489,496	323,173,738
Extra ordinary / unusual items		-	-	-
PROFIT BEFORE TAXATION		354,071,953	524,489,496	323,173,738
Taxation - current		168,613,930	199,946,578	56,041,654
- prior years	20	37,781,486	37,781,486	42,249,411
- deferred		(12,413,193)	(31,567,231)	26,628,080
		193,982,223	206,160,833	124,919,145
PROFIT AFTER TAXATION		<u>160,089,730</u>	<u>318,328,663</u>	<u>198,254,593</u>
Earning Per Share - basic and diluted (Rupees)		0.243	0.482	0.300
				0.511

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

General Manager/Chief Executive

Director

Director

Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2016

	June 30, 2016		June 30, 2015	
	For the period ended April to June	For the half year ended	For the period ended April to June	For the half year ended
	-----Rupees-----			
Profit after taxation	160,089,730	318,328,663	198,254,593	337,367,543
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plan	-	-	-	-
Comprehensive income - transferred to statement of changes in equity	160,089,730	318,328,663	198,254,593	337,367,543
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified subsequently to profit and loss account				
(Deficit) / surplus on revaluation of assets - net of tax	(79,458,491)	25,952,470	41,506,135	81,463,410
Total comprehensive income	<u>80,631,239</u>	<u>344,281,133</u>	<u>239,760,728</u>	<u>418,830,953</u>

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.



General Manager/Chief Executive Director



Director Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2016

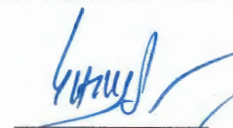
	June 30, 2016	June 30, 2015
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	524,489,496	506,288,931
Less: Dividend income	(71,316,142)	(64,394,834)
	453,173,354	441,894,097
Adjustments for non-cash charges		
Depreciation/amortization	66,636,845	58,970,030
Provision against non-performing loans and advances	130,958,418	21,080,669
Provision for diminution in the value of investments-net	128,337,776	153,730,519
Others provisions	-	13,512,000
Loss on disposal of operating fixed assets	470,782	10,455,955
Provision for gratuity/compensated absences	2,003,232	2,510,928
Unrealized (gain)/loss on revaluation of held for trading investments-net	(2,273,727)	16,206,243
	326,133,326	281,737,827
	779,306,680	723,631,924
Decrease/(increase) in operating assets		
Lendings to financial institutions and others	-	668,000,000
Advances	(235,238,454)	161,266,722
Other assets (excluding advance taxation)	329,909,259	(152,545,018)
	94,670,805	676,721,704
Increase/(decrease) in operating liabilities		
Borrowings from financial institutions	(5,732,272,544)	764,568,211
Deposits	7,500,000	(30,000,000)
Other liabilities	(60,808,137)	(85,005,776)
	(5,785,580,681)	649,562,435
	(4,911,603,196)	2,049,916,063
Gratuity/compensated absences paid	(3,090,606)	(833,034)
Income tax paid	(137,986,073)	(77,280,009)
	(141,076,679)	(78,113,043)
Net cash (used in)/generated from operating activities	(5,052,679,875)	1,971,803,020
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	4,030,719,051	(1,077,104,527)
Net investments in held to maturity securities	262,995,623	35,572,023
Net investment in held for trading securities	(73,942,772)	(1,055,813,157)
Dividend received	65,316,142	64,332,335
Investment in operating fixed assets	(8,266,300)	(13,275,089)
Sale proceeds on disposal of property and equipment	209,901	3,403,325
Net cash generated from/(used in) investing activities	4,277,031,645	(2,042,885,090)
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in cash and cash equivalents	(775,648,230)	(71,082,070)
Cash and cash equivalents at beginning of the year	1,002,877,867	741,757,783
Cash and cash equivalents at the end of the period	227,229,637	670,675,713

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

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General Manager/Chief Executive


Director


Director


Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2016

	Share Capital	Reserve Fund	General Reserve	Unappropriated Profit	Total
	-----Rupees-----				
Balance as at January 1, 2015	6,000,000,000	561,263,576	358,662,940	1,666,254,393	8,586,180,909
Net profit for the half year ended June 30, 2015	-	-	-	337,367,543	337,367,543
Other comprehensive income related to equity	-	-	-	-	-
Total comprehensive income	-	-	-	337,367,543	337,367,543
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	42,066,820	42,066,820
Transaction with owners, recorded directly in equity					
Bonus shares issued	600,000,000	-	-	(600,000,000)	-
Balance as at June 30, 2015 - Unaudited	6,600,000,000	561,263,576	358,662,940	1,445,688,756	8,965,615,272
Profit for the period ended December 31, 2015	-	-	-	386,337,573	386,337,573
Other comprehensive income related to equity	-	-	-	(1,480,562)	(1,480,562)
Total comprehensive income	-	-	-	384,857,011	384,857,011
Transfer to reserve fund	-	144,741,023	-	(144,741,023)	-
Transfer to general reserve	-	-	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	29,234,315	29,234,315
Balance as at December 31, 2015 - Audited	6,600,000,000	706,004,599	358,662,940	1,715,039,059	9,379,706,598
Net profit for the half year ended June 30, 2016	-	-	-	318,328,663	318,328,663
Other comprehensive income related to equity	-	-	-	-	-
Total comprehensive income	-	-	-	318,328,663	318,328,663
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	35,081,857	35,081,857
Balance as at June 30, 2016 - Unaudited	6,600,000,000	706,004,599	358,662,940	2,068,449,579	9,733,117,118

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

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General Manager/Chief Executive


Director


Director


Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND OPERATIONS

Saudi Pak Industrial and Agricultural Investment Company Limited ("the Company") was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted as a public limited company on April 30, 2008. The Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan. The principal activity of the Company is to invest in the industrial and agro-based industrial projects in Pakistan on commercial basis and market their products in Pakistan and abroad. The Company has been setup for a period of fifty years which may be extended with approval of both of the Governments.

The registered office of the Company is situated at Saudi Pak Tower , Jinnah Avenue, Islamabad.

2. BASIS OF MEASUREMENT

This unconsolidated condensed interim financial information has been prepared under the historical cost convention as modified for certain investments which are carried at fair value, non-banking assets acquired in satisfaction of claims, leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value of defined benefit obligations net of fair value of plan assets.

3. STATEMENT OF COMPLIANCE

- 3.1** This unconsolidated condensed interim financial information of the Company for the six months ended June 30, 2016 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the requirements of BSD Circular Letter No. 2 dated May 12, 2004 and provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962, and the directives issued by SECP and SBP shall prevail.
- 3.2** The SBP through its BSD Circular Letter No.11 dated September 11, 2002 has deferred the implementation of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Development Financial Institutions (DFIs) till further order. Further, according to the notification of the SECP dated April 28, 2008, the International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" has not been applicable for Banks and DFIs. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 4.1 Accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2015 except for the following.

Non banking assets acquired in satisfaction of claims:

The Company has changed its accounting policy effective January 1, 2016 for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the Regulations) issued by SBP vide BPRD Circular No. 1 of 2016 dated January 1, 2016. In accordance with the Regulations, the non-banking assets acquired in satisfaction of claims are now being carried at revalued amounts. Depreciation is charged on non-banking assets acquired in satisfaction of claims as per the Company's policy for operating fixed assets. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and are not capitalised. Previously, non-banking assets acquired in satisfaction of claims were carried at cost including attached costs less impairment, if any.

- 4.2 Amendments and interpretations to approved accounting standards effective January 1, 2016 are not expected to have a material impact on this unconsolidated condensed interim financial information.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2015.

	Unaudited June 30, 2016	Audited December 31, 2015
	-----Rupees-----	
6. CASH AND BALANCES WITH TREASURY BANKS		
Balance with State Bank of Pakistan	68,159,228	64,320,614
Cash in hand	277,042	239,853
	<u>68,436,270</u>	<u>64,560,467</u>
7. BALANCES WITH OTHER BANKS		
On current accounts - local currency	16,545,713	6,655,659
On deposit accounts		
- Local currency	125,030,403	732,529,963
- Foreign currency	17,217,251	19,131,778
	<u>158,793,367</u>	<u>758,317,400</u>

8. INVESTMENTS

8.1 Investments by types

	(Un-audited) June 30, 2016			(Audited) December 31, 2015		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
	Rupees			Rupees		
Held for trading (HFT)						
Quoted shares	73,942,772	-	73,942,772	-	-	-
Available for sale (AFS) securities						
Market Treasury Bills	283,897,200	-	283,897,200	523,211,395	-	523,211,395
Pakistan Investment Bonds	3,752,764,545	1,004,621,555	4,757,386,100	2,395,818,161	6,358,195,317	8,754,013,478
Quoted shares	1,775,118,855	-	1,775,118,855	1,289,390,956	-	1,289,390,956
Unquoted shares	453,833,048	-	453,833,048	703,833,048	-	703,833,048
Term Finance Certificates (TFCs)	106,518,541	-	106,518,541	137,023,918	-	137,023,918
Islamabad Stock Exchange membership	2,500,000	-	2,500,000	2,500,000	-	2,500,000
	6,374,632,189	1,004,621,555	7,379,253,744	5,051,777,478	6,358,195,317	11,409,972,795
Held to maturity (HTM) securities						
Term Finance Certificates (TFCs)	543,119,499	-	543,119,499	806,115,122	-	806,115,122
Investment in subsidiaries						
Saudi Pak Leasing Company Limited	-	-	-	576,676,075	-	576,676,075
Saudi Pak Real Estate Company Limited	500,000,000	-	500,000,000	500,000,000	-	500,000,000
	500,000,000	-	500,000,000	1,076,676,075	-	1,076,676,075
Investment in associate						
Saudi Pak Leasing Company Limited	576,676,075	-	576,676,075	-	-	-
Investments at cost	8,068,370,535	1,004,621,555	9,072,992,090	6,934,568,675	6,358,195,317	13,292,763,992
Provision for diminution in value of un-quoted shares	(344,788,264)	-	(344,788,264)	(291,302,066)	-	(291,302,066)
Provision against subsidiaries	-	-	-	(576,676,075)	-	(576,676,075)
Provision against associates	(576,676,075)	-	(576,676,075)	-	-	-
Provision against TFCs	(484,757,914)	-	(484,757,914)	(427,624,198)	-	(427,624,198)
Provision for impairment loss on quoted shares	(181,673,056)	-	(181,673,056)	(163,955,194)	-	(163,955,194)
	(1,587,895,309)	-	(1,587,895,309)	(1,459,557,533)	-	(1,459,557,533)
Surplus on revaluation of AFS securities	893,694,833	-	893,694,833	869,034,658	-	869,034,658
Surplus on revaluation of HFT securities	2,273,727	-	2,273,727	-	-	-
	895,968,560	-	895,968,560	869,034,658	-	869,034,658
Investments (net of provisions)	7,376,443,786	1,004,621,555	8,381,065,341	6,344,045,800	6,358,195,317	12,702,241,117

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9. ADVANCES

	Unaudited June 30, 2016	Audited December 31, 2015
	-----Rupees-----	
Loans, cash, credits, running finances, etc.		
- In Pakistan	8,835,867,099	8,591,513,212
- Outside Pakistan	-	-
	8,835,867,099	8,591,513,212
Net investment in finance lease		
- In Pakistan	172,107,402	182,631,084
- Outside Pakistan	-	-
	172,107,402	182,631,084
Advances - gross	9,007,974,501	8,774,144,296
Less: Provision for non-performing advances	9.2 2,228,740,062	2,099,189,893
Advances - net of provision	6,779,234,439	6,674,954,403

9.1 Advances placed under non-performing status:

June 30, 2016					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	-----Rupees-----				
Substandard	364,705,882	-	364,705,882	-	-
Doubtful	134,166,666	-	134,166,666	67,083,333	67,083,333
Loss	2,325,875,452	-	2,325,875,452	2,161,656,729	2,161,656,729
	2,824,748,000	-	2,824,748,000	2,228,740,062	2,228,740,062

December 31, 2015					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	-----Rupees-----				
Substandard	458,333,333	-	458,333,333	-	-
Doubtful	200,000,000	-	200,000,000	-	-
Loss	2,157,341,693	-	2,157,341,693	2,099,189,893	2,099,189,893
	2,815,675,026	-	2,815,675,026	2,099,189,893	2,099,189,893

9.2 Particulars of provisions against non-performing advances

	Unaudited June 30, 2016	Audited December 31, 2015
	-----Rupees-----	
Opening balance	2,099,189,893	2,096,435,952
Charge for the period / year	196,940,492	118,758,927
Reversals for the period / year	(65,982,074)	(116,004,986)
	130,958,418	2,753,941
Amounts written off against provision	(1,408,249)	-
Closing balance	2,228,740,062	2,099,189,893

- 9.3 The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 17.340 million, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 17.340 million (2015: increase of Rs. 153.679 million) and Rs. 11.965 million (2015: increase of Rs. 106.039 million) respectively. Further, at June 30, 2016, cumulative net of tax benefit of FSV is Rs. 176.223 million (December 31, 2015: Rs. 188.188 million) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

		Unaudited June 30, 2016	Audited December 31, 2015
	Note	-----Rupees-----	
10. OPERATING FIXED ASSETS			
Carrying amount at beginning of the period/year		2,738,964,706	2,255,080,030
Additions during the period/year	10.1	8,266,300	39,031,050
Disposals during the period/year	10.2	(680,683)	(15,762,297)
Revaluation surplus		-	578,682,096
Depreciation for the period/year		(66,636,845)	(118,066,173)
Carrying amount at the end of the period/year		<u>2,679,913,478</u>	<u>2,738,964,706</u>
10.1 Additions during the period/year represents the following:			
Building		-	5,559,370
Elevators		-	14,327,786
Motor vehicles		5,322,822	10,268,512
Furniture, fixture and fittings		70,907	279,459
Office equipments		1,899,178	4,754,405
Electrical appliances		973,393	2,634,041
Intangible assets		-	1,207,477
		<u>8,266,300</u>	<u>39,031,050</u>
10.2 Disposals during the period/year represents the following:			
Heating & airconditioning		226,984	-
Elevators		-	12,504,709
Fire fighting equipments		50,571	15,741
Motor vehicles		2	2,843,584
Furniture fixture and fittings		4,619	36,673
Office equipments		10	59,274
Telephone instalation		1,430	-
Electrical appliances		4	302,316
Security systems		397,063	-
		<u>680,683</u>	<u>15,762,297</u>
11. OTHER ASSETS			
Income accrued	11.1	363,733,065	642,128,549
Advances to suppliers		13,944,399	7,068,090
Advances for purchase of shares		256,792	256,792
Security deposits		7,398,245	7,398,245
Prepayments		10,451,954	3,209,117
Non banking assets acquired in satisfaction of claims		165,408,933	356,494,933
Amounts receivable from stock brokers		39,366,314	27,215,516
Advance taxation (payment less provision)		659,973,302	759,715,293
Federal excise duty		38,255,895	38,255,895
Utility bills receivable		9,902,220	4,041,939
Other receivables		15,000,000	15,000,000
		<u>1,323,691,119</u>	<u>1,860,784,369</u>
Less: Provision against other assets		4,075,062	117,517,062
		<u>1,319,616,057</u>	<u>1,743,267,307</u>
11.1 Income accrued			
Accrued income from advances		948,771,002	938,162,943
Accrued income from investments		492,266,725	759,940,544
Accrued income from lending to financial institutions		30,110	67,096
Accrued fee and commission		6,574,213	6,580,204
Accrued dividend income		6,000,000	-
Rentals receivables		2,704,393	6,579,061
		<u>1,456,346,443</u>	<u>1,711,329,848</u>
Less: Interest in suspense account		1,092,613,378	1,069,201,299
		<u>363,733,065</u>	<u>642,128,549</u>

	Note	Unaudited 30 June 2016	Audited 31 December 2015
-----Rupees-----			
12. BORROWINGS FROM FINANCIAL INSTITUTIONS			
Secured - in Pakistan local currency			
Financing facility from:			
State Bank of Pakistan (SBP)	12.1	218,180,368	245,452,912
Other financial institutions		5,075,000,000	5,550,000,000
Repo borrowings			
- Financial institutions		985,000,000	6,215,000,000
		<u>6,278,180,368</u>	<u>12,010,452,912</u>

12.1 This represents the outstanding balance of facilities availed from SBP under Long Term Finance Facility (LTFF).

13. DEPOSITS AND OTHER ACCOUNTS

These represent certificate of investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund. These COIs carry mark up at 6.20% (2015: 6.75%) per annum .

	Unaudited June 30 2016	Audited December 31 2015
-----Rupees-----		
14. OTHER LIABILITIES		
Provision for staff gratuity	1,565,867	2,090,658
Provision for compensated absences	4,030,658	4,593,242
Advance rentals	73,001,565	41,531,332
Interest/markup accrued on borrowings	58,313,762	96,300,823
Directors' remuneration	1,885,030	3,250,660
Other payable and expenses accrued	23,727,355	76,653,034
	<u>162,524,237</u>	<u>224,419,749</u>

15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Operating fixed assets	2,469,310,779	2,519,850,128
Related deferred tax liability	(741,291,776)	(756,952,802)
	<u>1,728,019,003</u>	<u>1,762,897,326</u>
Available for sale investments	893,694,837	869,034,658
Related deferred tax liability	(268,108,453)	(269,400,744)
	<u>625,586,384</u>	<u>599,633,914</u>
	<u>2,353,605,387</u>	<u>2,362,531,240</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There is no change in the status of contingencies and commitments of the Company from the status given in the preceding annual published financial statements for the year ended December 31, 2015 except for the following:

16.1.1 Tax status

The Company has filed income tax returns for and up to tax year 2015 (year ended December 31, 2014). The assessments for and upto the tax year 2015 were amended by tax authorities mainly related to disallowance of provisions against non-performing loans and apportionment of expenses to income subject to final tax regime and income subject to normal tax regime. The Company has filed appeals and reference application to the higher fora in relation to adverse decisions. The Company paid tax under protest in relation to matters currently pending and the amounts paid have been carried as receivable since management, based on the opinion of its legal counsel, believes that the matters will be decided in favour of the Company.

16.1.2 Tax contingencies

- i) Issues involving disallowance of provision of non-performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime in respect of tax years 2004, 2005, 2006, 2008, 2009 and 2010 are under litigation before Islamabad High Court. Total outstanding demands in respect of tax years under litigation amounts to Rs 744.971 million. The Appellate Tribunal Inland Revenue Islamabad did not accept the Company's grounds of appeal in respect of tax years 2004 to 2006 and 2008 to 2010. The Company has filed tax reference before the Islamabad High Court which has been admitted for hearing.
- ii) For tax years 2012 to 2015, provision for non-performing loans and certain other expenses were disallowed by Deputy Commissioner Inland Revenue and raised demand of Rs 822.181 million. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Company has also obtained stay from the ATIR against the disputed demands.
- iii) For the period January 2011 to December 2014, Deputy Commissioner Inland Revenue issued order to charge Federal Excise Duty amounting to Rs 132.501 million on certain services and sales tax amounting to Rs 0.105 million. An appeal against the said order has been filed with the Commissioner Inland Revenue (Appeals) which is pending for adjudication. Further, the Company has also obtained stay from Appellate Tribunal Inland Revenue against the recovery of impugned demand.
- iv) The management, based on the opinion of its legal counsel, believes that the matters will be decided in favour of the Company.

	Unaudited June 30, 2016	Audited December 31, 2015
	-----Rupees-----	
16.2 Commitments		
Non disbursed commitment for term and working capital finance	605,000,000	430,000,000
Commitments for the acquisition of operating fixed assets	3,067,712	4,966,892
	Unaudited June 30, 2016	Unaudited June 30, 2015
	-----Rupees-----	
17. MARK-UP/RETURN/INTEREST EARNED		
Income from investments	442,137,230	533,689,983
Income from advances	294,319,493	331,541,011
Income from lending to financial institutions	10,218,354	27,123,816
	<u>746,675,077</u>	<u>892,354,810</u>
18. MARK-UP/RETURN/INTEREST EXPENSED		
Interest on financing facility	191,568,479	247,053,387
Borrowing cost on repos	127,983,546	222,722,102
Brokerage fee & commission	2,201,147	3,323,912
	<u>321,753,172</u>	<u>473,099,401</u>
19. GAIN ON SALE OF SECURITIES-NET		
Gain on sale of Government securities	317,144,451	182,527,700
Gain on sale of quoted securities-net	39,546,577	134,111,566
	<u>356,691,028</u>	<u>316,639,266</u>
20. TAXATION - PRIOR YEARS		

A one time super tax was imposed for tax year 2015 on the income of individuals, association of persons and companies who are earning income of Rs 500 million or above in tax year 2015. Super tax has been charged at the rate of 3% for persons other than banking companies. Through the Finance Act, 2016 the said levy has been extended to tax year 2016 also.

21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	June 30, 2016			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Total income	337,511,864	883,809,410	154,149,406	1,375,470,680
Total expenses	354,109,203	415,560,596	81,311,385	850,981,184
Net income	(16,597,339)	468,248,814	72,838,021	524,489,496
Segment assets (gross)	10,145,673,802	9,959,340,753	1,995,542,373	22,100,556,928
Segment non performing loans	2,824,748,000	-	-	2,824,748,000
Segment provision carried	2,228,740,062	1,587,895,309	-	3,816,635,371
Segment liabilities	3,079,132,543	3,398,080,988	823,122,915	7,300,336,446
Segment return on net assets (ROA) (%)	4.78	13.40	13.15	9.29
Segment cost of funds (%)	11.50	12.23	9.88	11.66

	June 30, 2015			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Total income	392,090,314	883,156,193	126,403,547	1,401,650,054
Total expenses	309,443,280	518,237,625	67,680,218	895,361,123
Net income	82,647,034	364,918,568	58,723,329	506,288,931

	December 31, 2015			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Segment assets (gross)	10,254,031,545	15,124,444,224	2,010,643,724	27,389,119,493
Segment non performing loans	2,815,675,026	-	-	2,815,675,026
Segment provision carried	2,099,189,873	1,459,557,533	-	3,558,747,406
Segment liabilities	4,800,751,211	7,506,858,486	812,457,865	13,120,067,562
Segment return on net assets (ROA) (%)	7.19	11.59	10.55	9.82
Segment cost of funds (%)	6.45	6.90	8.33	6.82

Assumptions used:

- Administrative expenses have been allocated to segments based on respective segment income.
- Unallocatable assets representing 7.34 % (2015: 6.29 %) of the total assets have been allocated to segments based on their respective incomes.
- Unallocatable liabilities representing 1.44% (2015: 1.52%) of the total liabilities have been allocated to segments based on their respective assets.

22. RELATED PARTY TRANSACTIONS

- 22.1 Both the Government of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan own 50% shares of the Company. Therefore, all entities owned by and controlled by these Governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by the Government of Pakistan which are not material, hence not disclosed in these condensed interim financial information. The Company has not extended any financing facilities to entities owned by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan.

Transactions with the related parties are executed substantially on the same terms, including markup rates and collaterals, as those prevailing at the time for comparable transactions with the unrelated parties and do not involve more than a normal risk (i.e. under the comparable uncontrolled price method).

Other than those transactions which are made under the terms of employment, majority of the transactions with related parties comprise of loans and advances, deposits etc.

Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Company have been provided with the Company maintained car.

22.2 Following are the transactions and balances with related parties:

		Unaudited June 30, 2016	Audited December 31, 2015
		-----Rupees-----	
Nature of balances / transactions			
Outstanding balances at the period / year end			
- Sponsor			
Other receivable	Public Investment Fund - Saudi Arabia	15,000,000	15,000,000
- Subsidiary/associated companies			
Investments - cost	Saudi Pak Real Estate Company Ltd	500,000,000	500,000,000
Investments in shares - cost	Saudi Pak Leasing Company Ltd	243,467,574	243,467,574
Investments in preference shares - cost	Saudi Pak Leasing Company Ltd	333,208,501	333,208,501
Security deposit	Saudi Pak Real Estate Company Ltd	278,280	278,280
Rent received in advance	Saudi Pak Real Estate Company Ltd	-	805,391
Rent receivable	Saudi Pak Real Estate Company Ltd	169,117	-
Rent receivable	Saudi Pak Leasing Company Ltd	-	46,585
Rent payable for generator	Saudi Pak Leasing Company Ltd	-	30,000
- Key management personnel			
Advances to executives		34,164,464	30,995,219
- Employee funds			
Deposits against COIs	Employee Provident Fund	14,500,000	7,000,000
Interest payable	Employee Provident Fund	65,482	50,486
Contribution payable	Staff Gratuity Fund	1,565,867	2,090,657
		Unaudited June 30, 2016	Unaudited June 30, 2015
Transactions during the period		-----Rupees-----	
- Subsidiary/associated companies			
Borrowing availed	Saudi Pak Leasing Company Ltd	-	32,000,000
Interest expensed	Saudi Pak Leasing Company Ltd	-	1,344,035
Rent received	Saudi Pak Leasing Company Ltd	279,510	279,510
Rent paid for generator	Saudi Pak Leasing Company Ltd	65,895	63,776
Rent received	Saudi Pak Real Estate Company Ltd	966,465	1,932,933
Rent receivable	Saudi Pak Real Estate Company Ltd	169,117	-
- Key management personnel			
Advances to executives		2,830,800	14,661,500
Repayment of advances		3,492,339	6,084,102
- Employee funds			
Deposits against COIs	Employee Provident Fund	7,500,000	-
Contributions	Employee Provident Fund	2,722,275	2,351,459
Interest expensed	Employee Provident Fund	316,082	347,123
Contributions	Staff Gratuity Fund	3,656,524	-

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23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Company as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Company's accounting policy as disclosed in annual financial statements for the year ended December 31, 2015.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

- 23.1** The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Banker's Association.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Company has adopted revaluation model (as per IAS 16) in respect of land and non-banking assets acquired in satisfaction of claims.

	June 30, 2016 - (Unaudited)			Total
	Level 1	Level 2	Level 3	
	-----Rupees-----			
Financial assets:				
Held for trading				
Quoted securities	76,216,500	-	-	76,216,500
Available for sale securities				
Market Treasury Bills	-	288,712,327	-	288,712,327
Pakistan Investment Bonds	-	5,413,787,300	-	5,413,787,300
Quoted shares	1,829,421,301	-	-	1,829,421,301
Term Finance Certificates	-	30,183,358	-	30,183,358
	<u>1,905,637,801</u>	<u>5,732,682,985</u>	<u>-</u>	<u>7,638,320,786</u>
Non-financial assets:				
Operating fixed assets				
Property and equipment (leasehold land)	-	1,380,588,120	-	1,380,588,120
Other assets				
Non-banking assets acquired in satisfaction of claims	-	165,378,933	-	165,378,933
	<u>-</u>	<u>1,545,967,053</u>	<u>-</u>	<u>1,545,967,053</u>



December 31, 2015 - (Audited)			
Level 1	Level 2	Level 3	Total
Rupees			
Financial assets:			
Held for trading			
Quoted securities	-	-	-
Available for sale securities			
Market Treasury Bills	-	524,099,491	-
Pakistan Investment Bonds	-	9,429,492,842	-
Quoted shares	1,319,276,234	-	-
Term Finance Certificates	-	71,169,301	-
	<u>1,319,276,234</u>	<u>10,024,761,634</u>	<u>-</u>
			<u>11,344,037,868</u>

Non-financial assets:

Operating fixed assets

Property and equipment (leasehold land)	-	1,380,588,120	-	1,380,588,120
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The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the period.

24. GENERAL

24.1 Corresponding figures for the previous period have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. Significant reclassification in this unconsolidated condensed interim financial information includes an amount of Rs 225,166,522 reclassified from other liabilities to other assets in unconsolidated condensed interim statement of financial position as at December 31, 2015.

24.2 Figures in these accounts have been rounded off to the nearest rupee.

24.3 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company in the meeting held on 30 AUG 2016.

Signature

Signature
General Manager/Chief Executive

Signature
Director

Signature
Director

Signature
Chairman