SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED JUNE 30, 2017

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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, 2017 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, 2017 and June 30, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

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, 2017, 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.

Chartered Accountants
Islamabad: September 19, 2017

Engagement Partner: S. Haider Abbas

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KARACHI ▪ LAHORE ▪ ISLAMABAD

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	Note	Unaudited June 30, 2017	Audited December 31, 2016
		----------Rupees----------	
ASSETS			
Cash and balances with treasury banks	6	31,054,323	34,289,134
Balances with other banks	7	190,079,131	116,131,516
Lendings to financial institutions		-	340,000,000
Investments	8	9,958,751,666	11,349,103,494
Advances	9	7,557,895,952	8,256,263,088
Operating fixed assets	10	2,568,623,841	2,625,410,263
Deferred tax assets		-	-
Other assets	11	1,629,136,892	1,610,549,972
		21,935,541,805	24,331,747,467
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	12	8,433,635,280	10,717,907,824
Deposits and other accounts	13	156,635,226	131,399,425
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		776,303,722	857,778,189
Other liabilities	14	164,485,450	238,722,007
		9,531,059,678	11,945,807,445
NET ASSETS		12,404,482,127	12,385,940,022
REPRESENTED BY			
Share capital		6,600,000,000	6,600,000,000
Reserve fund		801,227,124	801,227,124
General reserve		358,662,940	358,662,940
Unappropriated profit		2,625,946,018	2,160,685,872
		10,385,836,082	9,920,575,936
Surplus on revaluation of assets - net of tax	15	2,018,646,045	2,465,364,086
		12,404,482,127	12,385,940,022
CONTINGENCIES AND COMMITMENTS	16		

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 PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 For the quarter ended	June 30, 2017 For the half year ended	June 30, 2016 For the quarter ended	June 30, 2016 For the half year ended
		Rupees			
Mark-up/return/interest earned	17	298,077,846	612,231,654	321,766,287	746,675,077
Mark-up/return/interest expensed	18	122,463,212	240,647,521	134,811,994	321,753,172
Net mark-up/Interest Income		175,614,634	371,584,133	186,954,293	424,921,905
(Reversal)/Provision against non-performing loans and advances - net		(29,916,914)	12,342,341	87,357,165	130,958,418
(Reversal)/ provision for diminution in the value of investments- net		(102,613,132)	(102,613,132)	29,625,445	128,337,776
Bad debts written off directly		-	-	-	-
		(132,530,046)	(90,270,791)	116,982,610	259,296,194
Net Mark-up/interest income after provisions		308,144,680	461,854,924	69,971,683	165,625,711
NON MARK-UP/INTEREST INCOME					
Fee, commission and brokerage income		19,605,730	19,850,730	1,150,200	3,062,255
Dividend income		52,187,143	85,627,444	21,307,532	71,316,142
Gain on sale of securities - net	19	39,549,677	98,700,656	301,499,650	356,691,028
Unrealized (loss)/gain on revaluation of held for trading investments - net		(570,601)	(4,001,950)	(2,916,638)	2,273,727
Gain/(loss) from dealing in foreign currencies		3,658	2,185	(1,844)	(23,943)
Other income		35,476,372	71,282,840	42,004,585	72,367,239
Total non mark-up/interest Income		146,251,979	271,461,905	363,043,485	505,686,448
		454,396,659	733,316,829	433,015,168	671,312,159
NON MARK-UP/INTEREST EXPENSES					
Administrative expenses		84,301,730	157,032,865	78,943,215	146,822,663
Other provisions/write offs		-	-	-	-
Other charges		-	-	-	-
Total non mark-up/interest expenses		84,301,730	157,032,865	78,943,215	146,822,663
		370,094,929	576,283,964	354,071,953	524,489,496
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		370,094,929	576,283,964	354,071,953	524,489,496
Taxation - current		74,994,342	129,226,134	168,613,930	199,946,578
- prior years	20	34,788,138	34,788,138	37,781,486	37,781,486
- deferred		(10,272,970)	(18,104,186)	(12,413,193)	(31,567,231)
		99,509,510	145,910,086	193,982,223	206,160,833
PROFIT AFTER TAXATION		270,585,419	430,373,878	160,089,730	318,328,663
Earning per share - basic and diluted (Rupees)		0.410	0.652	0.243	0.482

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, 2017

	June 30, 2017		June 30, 2016	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
	---Rupees---			
Profit after taxation	270,585,419	430,373,878	160,089,730	318,328,663
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	270,585,419	430,373,878	160,089,730	318,328,663
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	(302,229,296)	(411,831,773)	(79,458,491)	25,952,470
Total comprehensive income	(31,643,877)	18,542,105	80,631,239	344,281,133

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, 2017

	June 30, 2017	June 30, 2016
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	576,283,964	524,489,496
Less: Dividend income	(85,627,444)	(71,316,142)
	490,656,520	453,173,354
Adjustments for non-cash charges		
Depreciation/amortization	66,959,097	66,636,845
Provision against non-performing loans and advances	12,342,341	130,958,418
(Reversal)/provision for diminution in the value of investments-net	(102,613,132)	128,337,776
Loss on disposal of operating fixed assets	-	470,782
Provision for gratuity/compensated absenses	2,526,396	2,003,232
Unrealized loss/(gain) on revaluation of held for trading investments-net	4,001,950	(2,273,727)
	(16,783,348)	326,133,326
	473,873,172	779,306,680
Decrease/(increase) in operating assets		
Lendings to financial institutions	340,000,000	-
Advances	686,024,795	(235,238,454)
Other assets	36,432,396	329,909,259
	1,062,457,191	94,670,805
Increase/(decrease) in operating liabilities		
Borrowings from financial institutions	(2,284,272,544)	(5,732,272,544)
Deposits and other accounts	25,235,801	7,500,000
Other liabilities	(68,423,310)	(60,808,137)
	(2,327,460,053)	(5,785,580,681)
	(791,129,690)	(4,911,603,196)
Gratuity/compensated absenses paid	(8,339,643)	(3,090,606)
Income tax paid	(200,948,139)	(137,986,073)
	(209,287,782)	(141,076,679)
Net cash used in operating activities	(1,000,417,472)	(5,052,679,875)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	1,356,365,773	4,030,719,051
Net investments in held to maturity securities	(371,761,868)	262,995,623
Net investment in held for trading securities	29,157,049	(73,942,772)
Dividend received	67,541,997	65,316,142
Investment in operating fixed assets	(10,811,309)	(8,266,300)
Sale proceeds on disposal of property and equipment	638,634	209,901
Net cash generated from investing activities	1,071,130,276	4,277,031,645
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Increase/(decrease) in cash and cash equivalents	70,712,804	(775,648,230)
Cash and cash equivalents at beginning of the year	150,420,650	1,002,877,867
Cash and cash equivalents at the end of the period	221,133,454	227,229,637

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 STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2017

	Share Capital	Reserve Fund	General Reserve	Unappropriated Profit	Total
	-----Rupees-----				
Balance as at January 1, 2016	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
Profit for the period ended December 31, 2016	-	-	-	157,783,964	157,783,964
Other comprehensive income related to equity	-	-	-	(4,712,479)	(4,712,479)
Total comprehensive income	-	-	-	153,071,485	153,071,485
Transfer to reserve fund	-	95,222,525	-	(95,222,525)	-
Transfer to general reserve	-	-	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	34,387,333	34,387,333
Balance as at December 31, 2016 - Audited	6,600,000,000	801,227,124	358,662,940	2,160,685,872	9,920,575,936
Net profit for the half year ended June 30, 2017	-	-	-	430,373,878	430,373,878
Other comprehensive income related to equity	-	-	-	-	-
Total comprehensive income	-	-	-	430,373,878	430,373,878
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	34,886,268	34,886,268
Balance as at June 30, 2017 - Unaudited	**6,600,000,000**	**801,227,124**	**358,662,940**	**2,625,946,018**	**10,385,836,082**

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
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE HALF YEAR ENDED JUNE 30, 2017

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 and certain items of operating fixed assets which are shown at revalued amounts and staff retirement benefit which is stated 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 half year ended June 30, 2017 is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting' and the requirements of format prescribed by the State Bank of Pakistan's BSD Circular Letter No. 2 dated May 12, 2004 and provisions of and directives issued under the repealed 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 repealed Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962, and the directives issued by SECP and SBP shall prevail. This is unconsolidated condensed interim financial information and does not include all the information as required in the annual financial statements. Accordingly, this unconsolidated condensed interim financial information should be read in conjuction with the Company's unconsolidated financial statements for the year ended December 31, 2016.

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.

3.3 The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 dated July 20, 2017 has clarified that the companies whose financial year, including interim period, closes on or before June 30, 2017 shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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, 2016.

Amendments and interpretations to approved accounting standards effective from January 1, 2017 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, 2016.

	Unaudited June 30, 2017	Audited December 31, 2016
	----------------------Rupees----------------------	
6. CASH AND BALANCES WITH TREASURY BANKS		
Cash in hand	305,173	238,060
Balance with State Bank of Pakistan	30,749,150	34,051,074
	31,054,323	34,289,134
7. BALANCES WITH OTHER BANKS		
On current accounts - local currency	3,504,490	16,184,836
On deposit accounts		
- Local currency	171,275,171	82,763,844
- Foreign currency	15,299,470	17,182,836
	190,079,131	116,131,516

8. INVESTMENTS

8.1 *Investments by types*

	(Un-audited) June 30, 2017			(Audited) December 31, 2016		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
	---Rupees---			---Rupees---		
Held for trading (HFT)						
Quoted shares	38,091,950	-	38,091,950	63,640,333	-	63,640,333
Available for sale (AFS) securities						
Market Treasury Bills	297,654,903	-	297,654,903	296,933,100	-	296,933,100
Pakistan Investment Bonds	2,542,677,362	2,839,581,252	5,382,258,614	2,679,664,033	5,269,482,367	7,949,146,400
Quoted shares	2,503,616,549	-	2,503,616,549	1,623,809,439	-	1,623,809,439
Unquoted shares	786,333,048	-	786,333,048	456,333,048	-	456,333,048
Term Finance Certificates (TFCs)	106,504,741	-	106,504,741	106,511,641	-	106,511,641
	6,236,786,603	2,839,581,252	9,076,367,855	5,163,251,261	5,269,482,367	10,432,733,628
Held to maturity (HTM) securities						
Term Finance Certificates (TFCs)	903,351,794	-	903,351,794	531,589,926	-	531,589,926
Investment in subsidiaries						
Saudi Pak Real Estate Company Limited	500,000,000	-	500,000,000	500,000,000	-	500,000,000
Investment in associate						
Saudi Pak Leasing Company Limited						
-Investment in shares	243,467,574	-	243,467,574	243,467,574	-	243,467,574
-Investment in preference shares	333,208,501	-	333,208,501	333,208,501	-	333,208,501
	576,676,075	-	576,676,075	576,676,075	-	576,676,075
Investments at cost	8,254,906,422	2,839,581,252	11,094,487,674	6,835,157,595	5,269,482,367	12,104,639,962
Provision for diminution in value of un-quoted shares	(273,833,040)	-	(273,833,040)	(358,208,040)	-	(358,208,040)
Provision against associates	(576,676,075)	-	(576,676,075)	(576,676,075)	-	(576,676,075)
Provision against TFCs	(522,957,314)	-	(522,957,314)	(541,195,446)	-	(541,195,446)
Provision for impairment loss on quoted shares	(137,927,115)	-	(137,927,115)	(137,927,115)	-	(137,927,115)
	(1,511,393,544)	-	(1,511,393,544)	(1,614,006,676)	-	(1,614,006,676)
Surplus on revaluation of AFS securities	379,659,486	-	379,659,486	854,861,542	-	854,861,542
(Deficit)/Surplus on revaluation of HFT securities	(4,001,950)	-	(4,001,950)	3,608,666	-	3,608,666
	375,657,536	-	375,657,536	858,470,208	-	858,470,208
Investments (net of provisions)	7,119,170,414	2,839,581,252	9,958,751,666	6,079,621,127	5,269,482,367	11,349,103,494

9. ADVANCES

	Note	Unaudited June 30, 2017	Audited December 31, 2016
		----Rupees----	
Loans, cash, credits, running finances, etc. - In Pakistan		9,618,319,507	10,303,964,877
Net investment in finance lease - In Pakistan		162,333,381	162,712,806
Advances - gross		9,780,652,888	10,466,677,683
Less: Provision for non-performing advances	9.2	2,222,756,936	2,210,414,595
Advances - net of provision		7,557,895,952	8,256,263,088

9.1 Advances placed under non-performing status:

Category of classification	June 30, 2017 - (Unaudited)		
	Classified advances	Provision required	Provision held
		Domestic	
		----Rupees----	
Substandard	-	-	-
Doubtful	95,833,832	47,916,916	47,916,916
Loss	2,607,298,062	2,174,840,020	2,174,840,020
	2,703,131,894	2,222,756,936	2,222,756,936

Category of classification	December 31, 2016 - (Audited)		
	Classified advances	Provision required	Provision held
		Domestic	
		----Rupees----	
Substandard	-	-	-
Doubtful	479,705,881	57,500,000	57,500,000
Loss	2,316,495,818	2,152,914,595	2,152,914,595
	2,796,201,699	2,210,414,595	2,210,414,595

9.2 Particulars of provisions against non-performing advances

	Unaudited June 30, 2017	Audited December 31, 2016
	----Rupees----	
Opening balance	2,210,414,595	2,099,189,893
Charge for the period/year	92,829,063	196,940,492
Reversals for the period/year	(80,486,722)	(84,307,541)
	12,342,341	112,632,951
Amounts written off against provision	-	(1,408,249)
Closing balance	2,222,756,936	2,210,414,595

9.3 The net Forced Sale Value (FSV) benefit already availed has been increased by Rs. 86.524 million, which has resulted in decreased charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the period would have been lower by Rs. 86.524 million (2016: Rs. 73.199 million) and Rs. 60.567 million (2016: Rs. 50.506 million) respectively. Further, at June 30, 2017, cumulative net of tax benefit availed for FSV is Rs. 299.261 million (December 31, 2016: Rs. 238.694 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.

	Note	Unaudited June 30, 2017	Audited December 31, 2016
		---Rupees---	
10. OPERATING FIXED ASSETS			
Carrying amount at beginning of the period/year		2,625,410,263	2,738,964,706
Additions during the period/year	10.1	10,811,309	23,446,092
Disposals during the period/year	10.2	(638,634)	(3,339,341)
Depreciation/amortisation for the period/year		(66,959,097)	(133,661,194)
Carrying amount at the end of the period/year		2,568,623,841	2,625,410,263
10.1 Additions during the period/year represents the following:			
Building		180,099	350,000
Leasehold improvement		-	1,155,141
Motor vehicles		3,263,818	13,876,522
Furniture, fixture and fittings		179,172	239,775
Office equipments		413,244	5,853,738
Electrical appliances		205,493	971,478
Electrical fittings		1,986,095	-
Heating and air conditioning		245,100	-
Security systems		-	265,560
Fire fighting equipment		4,338,288	382,590
Intangible assets		-	351,288
		10,811,309	23,446,092
10.2 Disposals during the period/year represents the following:			
Heating & airconditioning		-	226,984
Fire fighting equipments		-	50,571
Motor vehicles		638,634	2,658,644
Furniture fixture and fittings		-	4,619
Office equipments		-	26
Telephone installation		-	1,430
Electrical appliances		-	4
Security systems		-	397,063
		638,634	3,339,341
11. OTHER ASSETS			
Income/mark-up accrued in local currency	11.1	418,730,053	478,993,276
Advances, deposits, advance rent and other prepayments		38,658,800	13,438,425
Advance taxation (payments less provision)		907,681,593	870,747,726
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims		247,061,268	248,450,814
Dividend receivable		25,335,447	7,250,000
Other receivable		15,000,000	15,000,000
		1,731,285,056	1,712,698,136
Provision against other assets		(102,148,164)	(102,148,164)
		1,629,136,892	1,610,549,972

11.1 This balance is net of interest in suspense account amounting to Rs. 1,093,709,462 (2016: Rs. 1,119,291,738).

	Note	Unaudited 30 June 2017	Audited 31 December 2016
		------Rupees------	
12. BORROWINGS FROM FINANCIAL INSTITUTIONS			
In Pakistan			
Secured - local currency			
Borrowings from State Bank of Pakistan -long term financing facility (LTFF)	12.1	163,635,280	190,907,824
Repurchase agreements borrowings		2,845,000,000	5,052,000,000
Against book debts/receivables		4,025,000,000	3,875,000,000
Morabaha finance		1,400,000,000	1,600,000,000
		8,433,635,280	10,717,907,824

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

13. DEPOSITS AND OTHER ACCOUNTS

This represent certificate of investments issued to various institutions which carried mark up rates ranging from 6.20% to 6.25% per annum (2016: 6.00% to 6.20% per annum) and are repayable during the period from September 2017 to November 2017 (2016: February 2017 to May 2017). Deposits include Rs. 12,500,000 (2016: 12,500,000) due to related parties.

	Unaudited June 30 2017	Audited December 31 2016
14. OTHER LIABILITIES	------Rupees------	
Mark-up/return/interest payable in local currency	45,711,323	56,831,445
Accrued expenses	1,782,540	34,120,276
Advance rental income	77,498,905	102,751,234
Payable to defined benefit plan	2,526,396	7,775,610
Provision for compensated absences	5,177,699	5,741,732
Director's remuneration	1,891,035	3,145,485
Others	29,897,552	28,356,225
	164,485,450	238,722,007

15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of:		
Operating fixed assets	2,369,636,292	2,419,473,818
Related deferred tax liability	(710,890,889)	(725,842,147)
	1,658,745,403	1,693,631,671
Available for sale investments	379,659,487	854,861,542
Related deferred tax liability	(19,758,845)	(83,129,127)
	359,900,642	771,732,415
	2,018,646,045	2,465,364,086

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, 2016 except for the following:

16.1.1 Tax status

The Company has filed income tax returns for and up to tax year 2016 (year ended December 31, 2015). 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 539.44 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, provision for non-performing loans and certain other expenses were disallowed by Additional Commissioner Inland Revenue. The Company filed appeal before Commissioner Inland Revenue-Appeals (CIR-Appeals). CIR-Appeals upheld certain actions of the assessing officer and remanded back other issues to assessing officer. The Company filed an appeal before Appellate Tribunal Inland Revenue in respect of issues decided against the Company which is pending adjudication. The Additional Commissioner Inland Revenue passed an appeal effect order creating revised income tax demand of Rs. 68.4 million out of which the Company has paid Rs 16.8 million under protest. The Company has obtained stay from Appellate Tribunal Inland Revenue against the disputed demand.

iii) For tax year 2014, provision for non-performing loans and certain other expenses were disallowed by Deputy Commissioner Inland Revenue. The Commissioner Inland Revenue (Appeals) upheld certain actions of the assessing officer and remanded back certain issues to assessing officer. The Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication. The Officer Inland Revenue passed an appeal effect order creating demand of Rs 85.4 million. The Company has paid Rs. 62.5 million under protest. The Company has obtained stay from Appellate Tribunal Inland Revenue against the disputed demand.

16.1.3 Other contingencies

(a) Eden Developers (Pvt.) Ltd (COS No. 18/2015 of Rs. 697.350 million)

The titled damages suit filed against the Company was fixed for evidence of parties. However, on April 18, 2017 (the plaintiff) Eden Developers (Pvt.) Limited through their lawyer has stated before the honorable Judge, Lahore High Court, Lahore, that they are unable to produce evidence in their subject suit because the directors of the Company have been incarcerated, concerned employees of the company have also left their jobs besides NAB has taken over custody of relevant record in a pending enquiry of a property scam. On the request of their lawyer, the honorable High Court has consigned the titled suit to record with the permission that the suit can be revived within six months by either party.

	Unaudited June 30, 2017	Audited December 31, 2016
	---Rupees---	
16.2 Commitments		
Non disbursed commitment for term and working capital finance	1,538,280,000	2,078,289,000
Underwriting	480,000,000	-
Commitments for the acquisition of operating fixed assets (intangible assets)	1,926,250	6,447,656
16.3 Direct credit substitutes		
Letter of comfort/guarantee	291,290,000	340,000,000

	Unaudited June 30, 2017	Unaudited June 30, 2016
	---Rupees---	
17. MARK-UP/RETURN/INTEREST EARNED		
Income from investments	284,911,468	442,137,230
Income from advances	325,400,059	294,319,493
Income from lending to financial institutions	1,920,127	10,218,354
	612,231,654	746,675,077
18. MARK-UP/RETURN/INTEREST EXPENSED		
Interest on financing facility	172,081,363	191,568,479
Borrowing cost on securities purchased under repurchase agreement	68,256,396	127,983,546
Brokerage fee & commission	309,762	2,201,147
	240,647,521	321,753,172
19. GAIN ON SALE OF SECURITIES-NET		
(Loss)/ gain on sale of Government securities	(1,836,900)	317,144,451
Gain on sale of quoted securities-net	100,537,556	39,546,577
	98,700,656	356,691,028

20. TAXATION - PRIOR YEARS

Super tax at the rate of 3% of the taxable income has been extended to the tax year 2017.

21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	June 30, 2017 - (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Total income	346,394,473	466,016,246	154,235,091	966,645,810
Total expenses	163,666,580	143,743,015	82,952,251	390,361,846
Net income	182,727,893	322,273,231	71,282,840	576,283,964
Segment assets (gross)	11,409,014,983	11,851,543,669	2,409,133,633	25,669,692,285
Segment non performing loans	2,703,131,894	-	-	2,703,131,894
Segment provision carried	2,668,608,730	1,065,541,750	-	3,734,150,480
Segment liabilities	4,295,746,603	4,437,812,190	797,500,885	9,531,059,678
Segment return on net assets (ROA) (%)	4.11	5.08	4.42	4.65
Segment cost of funds (%)	2.44	3.15	-	2.80

	June 30, 2016 - (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Total income	317,979,569	876,490,717	139,202,624	1,333,672,910
Total expenses	312,831,564	415,040,465	81,311,385	809,183,414
Net income	5,148,005	461,450,252	57,891,239	524,489,496

	December 31, 2016 - (Audited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Segment assets (gross)	11,503,716,374	14,289,033,428	2,363,418,936	28,156,168,738
Segment non performing loans	2,796,201,699	-	-	2,796,201,699
Segment provision carried	2,674,504,521	1,149,916,750	-	3,824,421,271
Segment liabilities	4,939,815,568	6,165,015,227	840,976,650	11,945,807,445
Segment return on net assets (ROA) (%)	0.13	6.62	3.80	4.23
Segment cost of funds (%)	1.77	3.93	-	2.97

Assumptions used:

- Administrative expenses have been allocated to segments based on respective segment income.
- Unallocable assets representing 5.58 % (2016: 5.00 %) of the total assets have been allocated to segments based on their respective incomes.
- Unallocable liabilities representing 91.19% (2016: 92.09%) of the total liabilities have been allocated to segments based on their respective assets.

22. RELATED PARTY TRANSACTIONS

22.1 The Government of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each 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 Government of Pakistan. 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:

Nature of balances / transactions	Name of the entity	Unaudited June 30, 2017	Audited December 31, 2016
		------Rupees------	
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	-	845,585
Rent receivable	Saudi Pak Real Estate Company Ltd	200,980	-
Rent payable for generator	Saudi Pak Leasing Company Ltd	-	30,000
- Key management personnel			
Advances to executives		36,616,333	29,959,095
- Employee funds			
Deposits against COIs	Employee Provident Fund	12,500,000	12,500,000
Interest payable	Employee Provident Fund	53,083	54,357
Contribution payable	Staff Gratuity Fund	2,526,396	7,775,609

		Unaudited June 30, 2017	Unaudited June 30, 2016
Transactions during the period		------Rupees------	
- Subsidiary/associated companies			
Rent received	Saudi Pak Leasing Company Ltd	302,705	279,510
Rent paid for generator	Saudi Pak Leasing Company Ltd	185,861	65,895
Rent received	Saudi Pak Real Estate Company Ltd	1,014,702	966,465
Electricity bills received	Saudi Pak Real Estate Company Ltd	103,091	109,744
- Key management personnel			
Advances to executives		8,320,300	2,830,800
Repayment of advances		3,654,955	3,492,339
- Employee funds			
Contributions	Employee Provident Fund	3,143,597	2,722,275
Interest expensed	Employee Provident Fund	384,315	316,082
Contributions paid	Staff Gratuity Fund	7,775,609	2,090,657

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, 2016.

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, 2017 - (Unaudited)			
	Level 1	Level 2	Level 3	Total
	---Rupees---			
Financial assets:				
Held for trading				
Quoted securities	34,090,000	-	-	34,090,000
Available for sale securities				
Market Treasury Bills	-	297,655,200	-	297,655,200
Pakistan Investment Bonds	-	5,809,487,200	-	5,809,487,200
Quoted shares	2,317,454,785	-	-	2,317,454,785
Term Finance Certificates	-	30,064,473	-	30,064,473
	2,351,544,785	6,137,206,873	-	8,488,751,658
Non-financial assets:				
Operating fixed assets				
Property and equipment	-	-	2,509,087,803	2,509,087,803
Other assets				
Non-banking assets acquired in satisfaction of claims	-	-	148,988,166	148,988,166
	-	-	2,658,075,969	2,658,075,969

	December 31, 2016 - (Audited)			
	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
Financial assets:				
Held for trading				
Quoted securities	67,248,999	-	-	67,248,999
Available for sale securities				
Market Treasury Bills	-	283,990,799	-	283,990,799
Pakistan Investment Bonds	-	8,435,015,650	-	8,435,015,650
Quoted shares	1,853,954,428	-	-	1,853,954,428
Term Finance Certificates	-	30,213,809	-	30,213,809
	1,921,203,427	8,749,220,258	-	10,670,423,685
Non-financial assets:				
Operating fixed assets				
Property and equipment (leasehold land)	-	-	2,557,131,827	2,557,131,827
Other assets				
Non-banking assets acquired in satisfaction of claims			150,377,712	150,377,712
	-	-	2,707,509,539	2,707,509,539

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels during the period.

24. GENERAL

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

24.2 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company in the meeting held on 19 SEP 2017

General Manager/Chief Executive

Director

Director

Chairman