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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saudi Pak Industrial and Agricultural Investment Company Limited
Report on review of Unconsolidated Interim Financial Statements

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, 2018 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 statements for the half year ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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, 2018 and June 30, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 18.1 to interim financial statements, 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.

The engagement partner on the audit resulting in this independent auditor's report is S. Haider Abbas.

Chartered Accountants
Islamabad
Date: September 4, 2018

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	Unaudited June 30, 2018	Audited December 31, 2017
		------Rupees------	
ASSETS			
Cash and balances with treasury banks	6	66,695,943	40,303,180
Balances with other banks	7	585,932,771	123,073,428
Lendings to financial institutions	8	850,894,856	-
Investments	9	4,618,809,002	9,468,147,212
Advances	10	7,899,211,708	8,457,894,406
Operating fixed assets	11	2,483,341,272	2,518,447,287
Deferred tax assets		-	-
Other assets	12	761,759,054	1,558,819,473
		17,266,644,606	22,166,684,986
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	13	4,656,409,784	9,076,845,649
Deposits and other accounts	14	7,500,000	7,500,000
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	15	70,246,638	651,353,904
Other liabilities	16	249,230,869	225,559,300
		4,983,387,291	9,961,258,853
NET ASSETS		12,283,257,315	12,205,426,133
REPRESENTED BY			
Share capital		6,600,000,000	6,600,000,000
Reserve fund		926,690,686	926,690,686
General reserve		358,662,940	358,662,940
Unappropriated profit		2,827,241,373	2,746,287,226
		10,712,594,999	10,631,640,852
Surplus / (deficit) on revaluation of assets - net of tax	17	1,570,662,316	1,573,785,281
		12,283,257,315	12,205,426,133
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial statements.

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, 2018

	Note	June 30, 2018		June 30, 2017	
		For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
		Rupees			
Mark-up/return/interest earned	19	238,966,413	493,438,040	298,077,846	612,231,654
Mark-up/return/interest expensed	20	92,434,779	207,999,186	122,463,212	240,647,521
Net mark-up/interest income		146,531,634	285,438,854	175,614,634	371,584,133
Provision / (reversal) against non-performing loans and advances - net		135,119,650	80,707,360	(29,916,914)	12,342,341
(Reversal) / provision for diminution in the value of investments- net		(37,864,269)	(86,896,389)	(102,613,132)	(102,613,132)
Bad debts written off directly		-	-	-	-
		97,255,381	(6,189,029)	(132,530,046)	(90,270,791)
Net Mark-up/interest income after provisions		49,276,253	291,627,883	308,144,680	461,854,924
NON MARK-UP/INTEREST INCOME					
Fee, commission and brokerage income		4,898,323	5,041,163	19,605,730	19,850,730
Dividend income		46,330,055	73,583,738	52,187,143	85,627,444
Gain on sale of securities - net	21	(3,181,115)	45,230,374	39,549,677	98,700,656
Unrealized gain / (loss) on revaluation of held for trading investments - net		8,224,770	-	(570,601)	(4,001,950)
Gain from dealing in foreign currencies		883,645	1,609,915	3,658	2,185
Other income		75,242,661	116,279,203	35,476,372	71,282,840
Total non mark-up/interest income		132,398,339	241,744,393	146,251,979	271,461,905
		181,674,592	533,372,276	454,396,659	733,316,829
NON MARK-UP/INTEREST EXPENSES					
Administrative expenses		99,238,828	184,600,429	84,301,730	157,032,865
Other provisions/write offs		-	-	-	-
Other charges		-	-	-	-
Total non mark-up/interest expenses		99,238,828	184,600,429	84,301,730	157,032,865
		82,435,764	348,771,847	370,094,929	576,283,964
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		82,435,764	348,771,847	370,094,929	576,283,964
Taxation - current		61,977,782	132,685,726	74,994,342	129,226,134
- prior years	22	602,254,976	602,254,976	34,788,138	34,788,138
- deferred		(563,438,681)	(563,423,590)	(10,272,970)	(18,104,186)
		100,794,077	171,517,112	99,509,510	145,910,086
PROFIT AFTER TAXATION		(18,358,313)	177,254,735	270,585,419	430,373,878
Earning per share - basic and diluted (Rupees)		(0.028)	0.269	0.410	0.652

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial statements.

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, 2018

	June 30, 2018		June 30, 2017	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
	-----Rupees-----			
Profit after taxation	(18,358,313)	177,254,735	270,585,419	430,373,878
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	(18,358,313)	177,254,735	270,585,419	430,373,878
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified subsequently to profit and loss account				
Surplus / (deficit) on revaluation of available for sale investments - net of tax	(91,140,944)	32,460,822	(302,229,296)	(411,831,773)
Total comprehensive income	(109,499,257)	209,715,557	(31,643,877)	18,542,105

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial statements.

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, 2018

	June 30, 2018	June 30, 2017
	----------Rupees----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	348,771,847	576,283,964
Less: Dividend income	(73,583,738)	(85,627,444)
	275,188,109	490,656,520
Adjustments for non-cash items		
Depreciation/amortization	66,151,504	66,959,097
Provision against non-performing loans and advances	80,707,360	12,342,341
(Reversal) / provision for diminution in the value of investments-net	(86,896,389)	(102,613,132)
Gain on disposal of operating fixed assets	(35,650,178)	-
Provision for gratuity/compensated absenses	2,788,314	2,526,396
Unrealized loss on revaluation of held for trading investments-net	-	4,001,950
	27,100,611	(16,783,348)
	302,288,720	473,873,172
(Increase) / decrease in operating assets		
Lendings to financial institutions	(850,894,856)	340,000,000
Advances	477,975,338	686,024,795
Other assets	173,204,962	36,432,396
	(199,714,556)	1,062,457,191
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(4,420,435,865)	(2,284,272,544)
Deposits and other accounts	-	25,235,801
Other liabilities	28,501,406	(68,423,310)
	(4,391,934,459)	(2,327,460,053)
	(4,289,360,295)	(791,129,690)
Gratuity/compensated absenses paid	(7,618,151)	(8,339,643)
Income tax paid	(96,374,425)	(200,948,139)
	(103,992,576)	(209,287,782)
Net cash used in operating activities	(4,393,352,871)	(1,000,417,472)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	5,165,172,606	1,356,365,773
Net investments in held to maturity securities	(192,871,478)	(371,761,868)
Net investment in held for trading securities	11,826,249	29,157,049
Dividend received	57,483,365	67,541,997
Investment in operating fixed assets	(71,041,167)	(10,811,309)
Sale proceeds on disposal of property and equipment	77,035,402	638,634
Net cash generated from investing activities	5,047,604,977	1,071,130,276
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(165,000,000)	-
Increase/(decrease) in cash and cash equivalents	489,252,106	70,712,804
Cash and cash equivalents at beginning of the year	163,376,608	150,420,650
Cash and cash equivalents at the end of the period	652,628,714	221,133,454

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial statements.

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, 2018

	Share Capital	Reserve Fund	General Reserve	Unappropriated Profit	Total
			Rupees		
Balance as at January 1, 2017 - 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
Profit for the period ended December 31, 2017	-	-	-	196,943,934	196,943,934
Other comprehensive income related to equity	-	-	-	999,498	999,498
Total comprehensive income	-	-	-	197,943,432	197,943,432
Transfer to reserve fund	-	125,463,562	-	(125,463,562)	-
Transfer to general reserve	-	-	-	-	-
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	47,861,338	47,861,338
Balance as at December 31, 2017 - Audited	6,600,000,000	926,690,686	358,662,940	2,746,287,226	10,631,640,852
Net profit for the half year ended June 30, 2018	-	-	-	177,254,735	177,254,735
Other comprehensive income related to equity	-	-	-	-	-
Total comprehensive income	-	-	-	177,254,735	177,254,735
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Dividend paid	-	-	-	(165,000,000)	(165,000,000)
Transfer from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	68,699,412	68,699,412
Balance as at June 30, 2018 - Unaudited	**6,600,000,000**	**926,690,686**	**358,662,940**	**2,827,241,373**	**10,712,594,999**

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial statements.

General Manager/Chief Executive

Director

Director

Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

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 Company is the Development Financial Institution (DFI) and principally engaged in investment in 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

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention as modified for certain investments which are carried at fair value and amortized cost, 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 These unconsolidated condensed interim financial statements of the Company for the half year ended June 30, 2018 unaudited and have 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 Companies Act, 2017, 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 Act, 2017 and the Banking Companies Ordinance, 1962, and the directives issued by SECP and SBP shall prevail. These are unconsolidated condensed interim financial statements and do not include all the information as required in the annual financial statements. Accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the Company's unconsolidated financial statements for the year ended December 31, 2017.

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 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 these unconsolidated condensed interim financial statements. 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 these unconsolidated (condensed interim) financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2017, except for the following:

Consequent to the enactment of the Companies Act, 2017 (the Act), the Company has changed its accounting policy for treatment of deficit on revaluation of fixed assets wherein any decrease in carrying amount of fixed asset as a result of revaluation is charged to profit and loss account, however the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, any decrease in the carrying amount of fixed assets was netted off against surplus on revaluation of any other fixed assets. The change in accounting policy has been accounted for retrospectively but the corresponding figures have not been restated since there is no impact of the above change in accounting policy on these unconsolidated condensed interim financial statements.

Amendments and interpretations to approved accounting standards effective from January 1, 2018 are not expected to have a material impact on these unconsolidated condensed interim financial statements.

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, 2017.

	Unaudited June 30, 2018	Audited December 31, 2017
	----------Rupees----------	
6. CASH AND BALANCES WITH TREASURY BANKS		
Cash in hand	321,407	265,251
Balance with State Bank of Pakistan	66,374,536	40,037,929
	66,695,943	40,303,180
7. BALANCES WITH OTHER BANKS		
On current accounts - local currency	17,128,854	3,631,571
On deposit accounts		
- Local currency	551,052,122	103,299,978
- Foreign currency	17,751,795	16,141,879
	585,932,771	123,073,428

8. LENDINGS TO FINANCIAL INSTITUTIONS

This represents lending in the form of reverse repo against TBills / PIBs and carries interest at the rate of 7.00% per annum.

9. INVESTMENTS

	(Un-audited) June 30, 2018			(Audited) December 31, 2017		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
Investments by types	-----Rupees-----			-----Rupees-----		
Held for trading (HFT)						
Quoted shares	-	-	-	15,197,333	-	15,197,333
Available for sale (AFS) securities						
Market Treasury Bills	-	-	-	2,624,726,264	1,929,936,155	4,554,662,419
Pakistan Investment Bonds	-	-	-	987,827,349	-	987,827,349
Quoted shares	2,781,905,723	-	2,781,905,723	3,064,581,661	-	3,064,581,661
Unquoted shares	786,333,048	-	786,333,048	786,333,048	-	786,333,048
Term Finance Certificates (TFCs) - note 9.1	766,490,941	-	766,490,941	106,497,841	-	106,497,841
	4,334,729,712	-	4,334,729,712	7,569,966,163	1,929,936,155	9,499,902,318
Held to maturity (HTM) securities						
Term Finance Certificates (TFCs)	1,067,394,309	-	1,067,394,309	874,522,831	-	874,522,831
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	6,478,800,096	-	6,478,800,096	9,536,362,402	1,929,936,155	11,466,298,557
Provision for diminution in value of investments - note 9.2	(1,849,985,159)	-	(1,849,985,159)	(1,936,881,548)	-	(1,936,881,548)
Deficit on revaluation of AFS securities	(10,005,935)	-	(10,005,935)	(57,898,713)	-	(57,898,713)
Deficit on revaluation of HFT securities	-	-	-	(3,371,084)	-	(3,371,084)
	(10,005,935)	-	(10,005,935)	(61,269,797)	-	(61,269,797)
Investments (net of provisions)	4,618,809,002	-	4,618,809,002	7,538,211,057	1,929,936,155	9,468,147,212

9.1 This includes Rs 330 million paid for investment in TFCs of Askari Bank Limited on June 6, 2018, which were issued subsequent to the period end date.

9.2 **Provision for diminution in value of investments**	Unaudited June 30, 2018	Audited December 31, 2017
	----------Rupees----------	
Provision for diminution in value of un-quoted investments	273,833,040	273,833,040
Provision against associates	576,676,075	576,676,075
Provision against term finance certificates-TFCs	465,695,414	465,695,414
Provision for impairment loss on quoted securities	533,780,630	620,677,019
	1,849,985,159	1,936,881,548

10. ADVANCES

Loans, cash, credits, running finances, etc. - In Pakistan	9,954,368,429	10,426,876,922
Net investment in finance lease - In Pakistan	151,695,901	157,162,746
Advances - gross	10,106,064,330	10,584,039,668
Less: Provision for non-performing advances - note 10.2	2,206,852,622	2,126,145,262
Advances - net of provision	7,899,211,708	8,457,894,406

10.1 Advances placed under non-performing status:

	June 30, 2018 - (Unaudited)		
Category of classification	Classified advances	Provision required	Provision held
		Domestic	
		----------Rupees----------	
Substandard	-	-	-
Doubtful	-	-	-
Loss	2,473,234,515	2,206,852,622	2,206,852,622
	2,473,234,515	2,206,852,622	2,206,852,622

	December 31, 2017 - (Audited)		
Category of classification	Classified advances	Provision required	Provision held
		Domestic	
		----------Rupees----------	
Substandard	-	-	-
Doubtful	76,667,165	38,333,583	38,333,583
Loss	2,516,269,721	2,087,811,679	2,087,811,679
	2,592,936,886	2,126,145,262	2,126,145,262

10.2 **Particulars of provisions against non-performing advances**	Unaudited June 30, 2018	Audited December 31, 2017
	----------Rupees----------	
Opening balance	2,126,145,262	2,210,414,595
Charge for the period/year	159,605,211	92,829,063
Reversals for the period/year	(78,897,851)	(177,098,396)
	80,707,360	(84,269,333)
Amounts written off against provision	-	-
Closing balance	2,206,852,622	2,126,145,262

10.3 The net Forced Sale Value (FSV) benefit already availed has been decreased by Rs. 162.076 million, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not decreased, before and after tax profit for the period would have been higher by Rs. 162.076 million (2017: Rs. 82.524 million) and Rs. 115.074 million (2017: Rs. 57.767 million) respectively. Further, at June 30, 2018, cumulative net of tax benefit availed for FSV is Rs. 189.131 million (December 31, 2017: Rs. 299.921 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, 2018	Audited December 31, 2017
	---Rupees---	

11. OPERATING FIXED ASSETS

	Unaudited June 30, 2018	Audited December 31, 2017
Carrying amount at beginning of the period/year	2,518,447,287	2,625,410,263
Additions / transfers during the period/year - note 11.1	93,184,655	43,622,797
Disposals / transfers during the period/year - note 11.2	(63,528,712)	(16,362,283)
Depreciation/amortisation for the period/year	(64,761,958)	(134,223,490)
Carrying amount at the end of the period/year	2,483,341,272	2,518,447,287

11.1 Additions / transfers during the period/year represents the following:

	Unaudited June 30, 2018	Audited December 31, 2017
Building	499,000	240,901
Leasehold land	27,269,637	-
Motor vehicles	16,318,800	7,369,778
Furniture, fixture and fittings	82,800	2,078,932
Office equipments	2,342,994	3,245,962
Electrical appliances	99,999	934,174
Electrical fittings	-	794,439
Heating and air conditioning	1,510,396	245,100
Elevators	36,794,700	537,680
Security systems	93,429	-
Telephone installation	-	55,695
Fire fighting equipment	7,833,150	5,750,200
Capital work in progress	-	22,143,488
Intangible assets	339,750	226,448
	93,184,655	43,622,797

11.2 Disposals / transfers during the period/year represents the following:

	Unaudited June 30, 2018	Audited December 31, 2017
Disposals		
Heating & airconditioning	-	506,275
Fire fighting equipments	-	33,074
Motor vehicles	2,084,573	3,035,646
Furniture fixture and fittings	-	26
Electrical appliances	-	2
Building - ISE Tower Islamabad	33,204,313	-
Office equipments	13	-
Elevators	6,096,325	12,787,260
	41,385,224	16,362,283
Transfer		
Capital work in progress	22,143,488	-
	63,528,712	16,362,283

12. OTHER ASSETS

	Unaudited June 30, 2018	Audited December 31, 2017
Income/mark-up accrued in local currency - note 12.1	186,390,197	224,383,608
Advances, deposits, advance rent and other prepayments	32,428,383	43,357,397
Advance taxation (payments less provision)	242,002,204	880,568,481
Excise duty	78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	244,282,176	245,671,722
Dividend receivable	64,986,363	48,885,990
Receivable from stock broker	-	124,282,544
Other receivable	15,000,000	15,000,000
	863,907,218	1,660,967,637
Provision against other assets	(102,148,164)	(102,148,164)
	761,759,054	1,558,819,473

12.1 This balance is net of income in suspense account amounting to Rs. 1,080,850,259 (2017: Rs. 1,075,776,151).

	Unaudited June 30, 2018	Audited December 31, 2017
	------Rupees------	

13. BORROWINGS FROM FINANCIAL INSTITUTIONS

In Pakistan

Secured - local currency

Borrowings from State Bank of Pakistan -long term financing facility (LTFF)	121,409,784	71,767,799
Repurchase agreements borrowings	-	1,930,077,850
Against book debts/receivables	4,535,000,000	4,975,000,000
Morabaha finance	-	2,100,000,000
	4,656,409,784	9,076,845,649

14. DEPOSITS AND OTHER ACCOUNTS

This represents certificate of investments issued to Saudi Pak Employees Contributory Provident Fund, a related party, which carried mark up at the rate of 6.67% per annum (2017: 6.15% per annum) and is repayable in September 2018 (2017: March 2018).

15. DEFERRED TAX LIABILITIES

	Unaudited June 30, 2018	Audited December 31, 2017
	------Rupees------	
Deferred tax credits arising due to following taxable temporary differences:		
Accelerated tax depreciation	17,537,700	12,834,791
Surplus on revaluation of operating fixed assets	645,023,033	692,047,761
Net investment in leases	31,927,634	33,656,734
Dividend receivable	9,747,954	6,939,149
	704,236,321	745,478,435
Deferred tax debits arising due to following deductible temporary differences:		
Actuarial loss on defined benefit plan	(3,898,758)	(3,898,758)
Deficit on revaluation of securities- HFT	-	(505,663)
Deficit on revaluation of securities- AFS	(1,473,929)	(16,905,885)
Provision for non banking assets acquired in	(4,523,839)	(4,523,839)
Impairment loss on available for sale quoted	(59,793,157)	(68,290,386)
Provision against non-performing loans	(564,300,000)	-
	(633,989,683)	(94,124,531)
	70,246,638	651,353,904

	Unaudited June 30, 2018	Audited December 31, 2017
	----------Rupees----------	

16. OTHER LIABILITIES

Mark-up/return/interest payable in local currency	40,795,986	49,074,344
Accrued expenses	9,924,912	36,895,339
Advance rental income	109,985,849	93,739,647
Payable to defined benefit plan	2,488,314	6,821,309
Provision for compensated absences	5,748,508	6,245,350
Income tax payable	-	-
Director's remuneration	3,774,047	3,205,008
Payable to stock broker	26,491,072	-
Others	50,022,181	29,578,303
	249,230,869	225,559,300

17. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Operating fixed assets	2,224,217,355	2,306,825,871
Related deferred tax liability	(645,023,033)	(692,047,762)
	1,579,194,322	1,614,778,109
Deficit on available for sale investments	(10,005,935)	(57,898,713)
Related deferred tax asset	1,473,929	16,905,885
	(8,532,006)	(40,992,828)
	1,570,662,316	1,573,785,281

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There is no change in the status of contingencies and commitments of the Company from the status given in the preceding audited annual financial statements for the year ended December 31, 2017 except for the following:

18.1.1 Tax contingencies

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-A). CIR-A 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 (ATIR) in respect of issues decided against the Company. ATIR decided in favor on the Company on certain expenses but decided against the Company on issue of non-performing loans. In this regard the Company filed reference before Islamabad High Court. 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 filed an appeal before CIR-A who upheld actions of the assessing officer. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) in respect of issues decided against the Company. ATIR decided in favor on the Company on provision of gratuity and compensated absences and remanded the matter of foreign exchange loss.

		Unaudited June 30, 2018	Audited December 31, 2017
		----------Rupees----------	
18.2	**Commitments**		
	Non disbursed commitment for term and working capital finance	2,544,000,000	2,433,480,000
	Commitments for the acquisition of operating fixed assets	1,015,000	21,560,060
18.3	**Direct credit substitutes**		
	Letter of comfort/guarantee	686,730,000	118,770,000

		Unaudited June 30, 2018	Unaudited June 30, 2017
19.	**MARK-UP/RETURN/INTEREST EARNED**	----------Rupees----------	
	Income from investments	83,449,171	284,911,468
	Income from advances	352,275,444	325,400,059
	Income from lending to financial institutions	55,461,530	922,876
	Income on deposit accounts	2,251,895	997,251
		493,438,040	612,231,654
20.	**MARK-UP/RETURN/INTEREST EXPENSED**		
	Interest on financing facility	200,525,068	172,081,363
	Borrowing cost on securities purchased under repurchase agreement	6,936,551	68,256,396
	Brokerage fee & commission	537,567	309,762
		207,999,186	240,647,521
21.	**GAIN ON SALE OF SECURITIES-NET**		
	Gain / (loss) on sale of Government securities	81,830,611	(1,836,900)
	(Loss) / gain on sale of quoted securities-net	(36,600,237)	100,537,556
		45,230,374	98,700,656

22. TAXATION - PRIOR YEARS

This represents super tax at the rate of 3% of the taxable income extended to the tax year 2018 and charge recognised by the Company during the period in respect of disallowance of provision for non-performing loans (NPLs) classified in prior years.

23. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	June 30, 2018 - (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Total income	378,448,965	276,104,443	170,058,808	824,612,216
Total expenses	307,700,171	78,710,415	89,429,783	475,840,369
Net income	70,748,794	197,394,028	80,629,025	348,771,847
Segment assets (gross)	11,708,104,843	7,420,264,432	2,297,261,276	21,425,630,551
Segment non performing loans	2,473,234,515	-	-	2,473,234,515
Segment provision carried	2,607,592,216	1,551,393,729	-	4,158,985,945
Segment liabilities	2,392,256,273	1,823,443,782	767,687,236	4,983,387,291
Segment return on net assets (ROA) (%)	1.05	4.88	5.27	2.84
Segment cost of funds (%)	4.21	4.85	-	4.46

	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

Assumptions used:

- Administrative expenses have been allocated to segments based on respective segment income.
- Unallocable assets representing 3.30 % (June 30, 2017: 5.58 %) of the total assets have been allocated to segments based on their respective incomes.
- Unallocable liabilities representing 96.21 % (June 30, 2017: 91.19%) of the total liabilities have been allocated to segments based on their respective assets.

24. RELATED PARTY TRANSACTIONS

24.1 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 which are made under the terms of employment with related parties mainly 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 Company maintained car.

24.2 Following are the transactions and balances with related parties:

Nature of balances / transactions	Name of the entity	Unaudited June 30, 2018	Audited December 31, 2017
		----Rupees----	
Outstanding balances at the period / year end			
- Sponsor			
Other receivable	Ministry of Finance - KSA	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	401,960	401,960
Rent received in advance	Saudi Pak Real Estate Company Ltd	1,065,194	1,004,900
- Key management personnel			
Advances to executives		65,220,289	36,250,784
- Employee funds			
Deposits against COIs	Employee Provident Fund	7,500,000	7,500,000
Interest payable	Employee Provident Fund	16,447	17,692
Contribution payable	Employee Provident Fund	690,155	-
Contribution payable	Staff Gratuity Fund	2,488,314	6,821,309

Transactions during the period		Unaudited June 30, 2018	Unaudited June 30, 2017
		----Rupees----	
- Subsidiary/associated companies			
Rent received	Saudi Pak Leasing Company Ltd	360,000	302,705
Rent paid for generator	Saudi Pak Leasing Company Ltd	160,272	185,861
Rent received	Saudi Pak Real Estate Company Ltd	2,502,201	1,014,702
Electricity bills received	Saudi Pak Real Estate Company Ltd	105,867	103,091
- Key management personnel			
Advances to executives		36,934,302	8,320,300
Repayment of advances		8,042,323	3,654,955
- Employee funds			
Contributions	Employee Provident Fund	3,254,393	3,143,597
Interest expensed	Employee Provident Fund	234,738	384,315
Contributions paid	Staff Gratuity Fund	6,821,309	7,775,609

25. 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, 2017.

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.

25.1 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, 2018 - (Unaudited)			
	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
Financial assets:				
Held for trading				
Quoted securities	-	-	-	-
Available for sale securities				
Market Treasury Bills	-	-	-	-
Pakistan Investment Bonds	-	-	-	-
Quoted shares	2,237,495,738	-	-	2,237,495,738
Term Finance Certificates	-	690,008,841	-	690,008,841
	2,237,495,738	690,008,841	-	2,927,504,579
Non-financial assets:				
Operating fixed assets				
Property and equipment	-	-	1,399,769,637	1,399,769,637
Other assets				
Non-banking assets acquired in satisfaction of claims	-	-	146,209,074	146,209,074
	-	-	1,545,978,711	1,545,978,711

	December 31, 2017 - (Audited)			
	Level 1	Level 2	Level 3	Total
	----Rupees----			
Financial assets:				
Held for trading				
Quoted securities	11,826,249	-	-	11,826,249
Available for sale securities				
Market Treasury Bills	-	4,554,573,400	-	4,554,573,400
Pakistan Investment Bonds	-	1,073,817,000	-	1,073,817,000
Quoted shares	2,299,341,186	-	-	2,299,341,186
Term Finance Certificates	-	30,156,432	-	30,156,432
	2,311,167,435	5,658,546,832	-	7,969,714,267
Non-financial assets:				
Operating fixed assets				
Property and equipment (leasehold land)	-	-	1,372,500,000	1,372,500,000
Other assets				
Non-banking assets acquired in satisfaction of claims			147,598,620	147,598,620
	-	-	1,520,098,620	1,520,098,620

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.

	Unaudited June 30, 2018	Unaudited March 31, 2018	Audited December 31, 2017
26. BASEL III LIQUIDITY STANDARDS	---- Percentage (%) ----		
Liquidity Coverage Ratio	166.66	122.05	129.25
Net Stable Funding Ratio	113.24	121.01	127.32

27. GENERAL

27.1 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on 30 AUG 2018

General Manager/Chief Executive | Director | Director | Chairman