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A F FERGUSON & Co

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, 2019 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, 2019 and June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2019.

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 19.3.1 to interim financial statements, which describes the uncertainty related to the outcome of the tax references 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 JehanZeb Amin.

A F Ferguson & Co.

Chartered Accountants
Islamabad
Date: August 28, 2019

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]
AS AT JUNE 30, 2019

	Note	June 30, 2019	(Audited) December 31, 2018
		Rupees	
ASSETS			
Cash and balances with treasury banks	6	**108,769,083**	54,652,113
Balances with other banks	7	**220,175,331**	326,583,007
Lendings to financial institutions	8	**400,000,000**	2,818,407,389
Investments	9	**13,403,122,821**	4,159,039,630
Advances	10	**7,839,436,875**	7,865,329,442
Fixed assets	11	**3,062,174,895**	3,111,658,376
Intangible assets	12	**4,959,627**	5,762,311
Deferred tax assets		**-**	-
Other assets	13	**1,305,751,116**	849,153,274
		26,344,389,748	19,190,585,542
LIABILITIES			
Bills payable		**-**	-
Borrowings	14	**13,333,814,299**	5,771,338,282
Deposits and other accounts	15	**7,500,000**	7,500,000
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities	16	**161,617,876**	272,361,026
Other liabilities	17	**397,766,941**	490,669,964
		13,900,699,116	6,541,869,272
NET ASSETS		**12,443,690,632**	12,648,716,270
REPRESENTED BY			
Share capital		**6,600,000,000**	6,600,000,000
Statutory reserve		**1,008,201,270**	1,008,201,270
Revenue reserve		**358,662,940**	358,662,940
Surplus on revaluation of assets	18	**1,661,510,852**	1,838,548,018
Unappropriated / unremitted profit		**2,815,315,570**	2,843,304,042
		12,443,690,632	12,648,716,270

CONTINGENCIES AND COMMITMENTS 19

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

GM/Chief Executive | Chief Financial Officer | Director | Director | Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2019

	Note	Quarter Ended		Period Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees)			
Mark-up / Return / Interest Earned	20	**505,328,898**	238,966,413	**921,204,041**	493,438,040
Mark-up / Return / Interest Expensed	21	**336,652,844**	92,434,779	**527,827,621**	207,999,186
Net Mark-up / Interest Income		**168,676,054**	146,531,634	**393,376,420**	285,438,854
NON MARK-UP / INTEREST INCOME					
Fee and Commission Income	22	**2,864,000**	4,898,323	**5,182,164**	5,041,163
Dividend Income		**41,146,548**	46,330,055	**79,681,769**	73,583,738
Foreign Exchange Income		**3,097,725**	883,645	**3,271,575**	1,609,915
Income / (loss) from derivatives		**-**	-	**-**	-
(Loss) / Gain on securities	23	**(8,968,969)**	5,043,655	**(32,395,834)**	45,230,374
Other Income	24	**26,119,166**	78,533,347	**107,971,452**	123,042,830
Total Non-markup / Interest Income		**64,258,470**	135,689,025	**163,711,126**	248,508,020
Total Income		**232,934,524**	282,220,659	**557,087,546**	533,946,874
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	25	**111,499,622**	102,529,514	**210,414,914**	191,364,056
Workers Welfare Fund		**-**	-	**-**	-
Other charges		**-**	-	**-**	-
Total Non-markup / Interest Expenses		**111,499,622**	102,529,514	**210,414,914**	191,364,056
PROFIT BEFORE PROVISIONS		**121,434,902**	179,691,145	**346,672,632**	342,582,818
Provisions and write offs - net	26	**169,488,031**	97,256,381	**227,407,254**	(6,189,029)
Extra ordinary / unusual items		**-**	-	**-**	-
PROFIT BEFORE TAXATION		**(48,053,129)**	82,435,764	**119,265,378**	348,771,847
Taxation	27	**(54,191,873)**	100,794,077	**17,514,646**	171,517,112
PROFIT AFTER TAXATION		**6,138,744**	(18,358,313)	**101,750,732**	177,254,735
		(Rupee)			
Basic Earnings per share	28	**0.009**	(0.028)	**0.154**	0.269
Diluted Earnings per share	29	**0.009**	(0.028)	**0.154**	0.269

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

GM/Chief Executive | Chief Financial Officer | Director | Director | Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2019

	Share capital	Statutory reserve	Revenue reserve	Surplus/(Deficit) on revaluation of Investments	Surplus/(Deficit) on revaluation of Fixed / Non Banking Assets	Unappropriated/ Unremitted profit	Total
	Rupees						
Balance as at January 1, 2018	6,600,000,000	926,690,686	358,662,940	(40,992,828)	1,614,778,109	2,746,287,226	12,205,426,133
Profit after taxation for the period ended June 30, 2018	-	-	-	-	-	177,254,735	177,254,735
Other comprehensive income - net of tax	-	-	-	32,460,822	-	-	32,460,822
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(68,699,412)	68,699,412	-
Transactions with owners, recorded directly in equity							
Final dividend 2017: Re 0.5 per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at June 30, 2018	6,600,000,000	926,690,686	358,662,940	(8,532,006)	1,546,078,697	2,827,241,373	12,250,141,690
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	230,298,184	230,298,184
Other comprehensive income - net of tax	-	-	-	(183,552,612)	484,553,939	(3,071,980)	297,929,347
Transfer to statutory reserve	-	81,510,584	-	-	-	(81,510,584)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	35,347,049	35,347,049
Transactions with owners, recorded directly in equity							
Final dividend 2017: Re 0.5 per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at December 31, 2018	6,600,000,000	1,008,201,270	358,662,940	(192,084,618)	2,030,632,636	2,843,304,042	12,648,716,270
Profit after taxation for the year ended June 30, 2019	-	-	-	-	-	101,750,732	101,750,732
Other comprehensive income - net of tax	-	-	-	(141,776,370)	-	-	(141,776,370)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(35,260,796)	35,260,796	-
Transactions with owners, recorded directly in equity							
Final dividend 2018: Re 0.5 per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at June 30, 2019	6,600,000,000	1,008,201,270	358,662,940	(333,860,988)	1,995,371,840	2,815,315,570	12,443,690,632

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

GM/Chief Executive   Chief Financial Officer   Director   Director   Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---Rupees---	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		119,265,378	348,771,847
Less: Dividend income		(79,681,769)	(73,583,738)
		39,583,609	275,188,109
Adjustments:			
Depreciation		68,078,857	66,151,504
Amortization		1,203,834	-
Provision and write-offs	26	227,407,254	(6,189,029)
(Gain) / Loss on sale of fixed assets		(9,376,861)	(35,650,178)
Charge for defined benefit plan		3,619,692	2,788,314
Unrealized loss/ (gain) - held for trading investments		-	-
		290,932,776	27,100,611
		330,516,385	302,288,720
(Increase) / decrease in operating assets			
Lendings to financial institutions		2,418,407,389	(850,894,856)
Held-for-trading securities		-	11,826,249
Advances		(23,270,054)	477,975,338
Others assets (excluding advance taxation)		(340,847,651)	173,204,962
		2,054,289,684	(187,888,307)
Increase/ (decrease) in operating liabilities			
Borrowings from financial Institutions		7,562,476,017	(4,420,435,865)
Other liabilities (excluding current taxation)		(85,072,459)	28,501,406
		7,477,403,558	(4,391,934,459)
Payments against off-balance sheet obligations		-	-
Payment to defined benefit plan		(11,450,256)	(7,618,151)
Income tax paid		(190,326,228)	(96,374,425)
Net cash flow generated from / (used in) operating activities		9,660,433,143	(4,381,526,622)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(9,589,680,654)	5,165,172,606
Net investments in held-to-maturity securities		456,705	(192,871,478)
Dividends received		49,689,350	57,483,365
Investments in operating fixed assets		(30,935,702)	(71,041,167)
Proceeds from sale of fixed assets		22,746,452	77,035,402
Net cash flow (used in) / generated from investing activities		(9,547,723,849)	5,035,778,728
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(165,000,000)	(165,000,000)
Net cash flow generated from / (used in) financing activities		(165,000,000)	(165,000,000)
Effects of exchange rate changes on cash and cash equivalents		-	-
(Decrease) / Increase in cash and cash equivalents		(52,290,706)	489,252,106
Cash and cash equivalents at beginning of the period		381,235,120	163,376,608
Cash and cash equivalents at end of the period	30	328,944,414	652,628,714

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

GM/Chief Executive	Chief Financial Officer	Director	Director	Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2019

	Quarter Ended		Period Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	(Rupees)			
Profit after taxation for the period	**6,138,744**	(18,358,313)	**101,750,732**	177,254,735
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	**(151,525,919)**	(91,140,944)	**(141,776,370)**	32,460,822
	(151,525,919)	(91,140,944)	**(141,776,370)**	32,460,822
Items that will not be reclassified to profit and loss account in subsequent periods:				
Effect of change in rate	**(28,454,258)**	-	-	-
	(28,454,258)	-	-	-
Total comprehensive income	**(173,841,433)**	(109,499,257)	**(40,025,638)**	209,715,557

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

GM/Chief Executive | Chief Financial Officer | Director | Director | Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2019

1. STATUS AND NATURE OF BUSINESS

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 to public limited company on April 30, 2008. The Company is jointly sponsored by the Government of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan. The Company has been setup for a period of fifty years which may be extended with approval of both of the sponsoring Governments. The Company is a Development Financial Institution (DFI) and principally engaged in lendings and investments in the industrial and agro-based industrial companies in Pakistan on commercial basis.

The registered office of the Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Company is also operating through its offices in Lahore and Karachi.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.2 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the following:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017

- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or directives issued by the SBP and SECP differ with the requirements of IFRS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.3 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018.

2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

IFRS 16 Leases became effective for annual reporting periods beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 Leases are not expected to have a material impact on the Company's unconsolidated condensed interim financial statements .

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

2.5 Standards, interpretations of and amendments to published approved accounting standards

a) The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
- IFRS 3, Business Combinations (Amendments)	January 1, 2020
- IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Company.

	Effective date (periods ending on or after)
- IFRS 9, Financial Instruments	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for the Company in preparation of these unconsolidated condensed interim financial statements.

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Company which are exposed to credit risk. The Company is in the process of assessing the full impact of this standard.

The Company expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

Amendments and interpretations to approved accounting standards effective from January 1, 2019 are not expected to have a material impact on these unconsolidated condensed interim financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2018.

3.2 The SBP, vide BPRD Circular Letter No. 5 dated March 22, 2019 amended the format of condensed interim financial statements of banks in order to align it with the annual financial statements issued vide BPRD Circular No. 2 of 2018. All banks/ DFI have been directed to prepare their condensed interim financial statements on the revised format effective from accounting year beginning from January 1, 2019. Accordingly, the Company has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the SBP. The amended format introduced certain new disclosures and certain reclassification have been made in the unconsolidated condensed interim profit and loss account which are summarized below:

Reclassification from account head	Reclassification to account head	For the period ended June 30 2019	2018
Provisions / (reversals) for diminution in value of investments-	Provision and write offs - net	178,244,633	(86,896,389)
Provisions against loans and advances- net	Provision and write offs - net	49,162,621	80,707,360

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2018.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018.

	June 30, 2019	Audited December 31, 2018
	----------Rupees----------	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	**302,575**	272,444
With State Bank of Pakistan in		
Local currency current account	**108,466,508**	54,379,669
	108,769,083	54,652,113
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	**35,709,974**	130,428,968
In deposit accounts	**184,465,357**	196,154,039
	220,175,331	326,583,007
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	2,318,407,389
Letter based placement	**400,000,000**	500,000,000
	400,000,000	2,818,407,389
Less: Provision held against Lending to Financial Institutions	-	-
Lendings to Financial Institutions - net of provision	**400,000,000**	2,818,407,389

9 INVESTMENTS

9.1 Investments by type:

	June 30, 2019				December 31, 2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Held-for-trading securities								
Quoted shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	8,201,940,295	-	(91,438,295)	8,110,502,000	-	-	-	-
-Market Treasury Bills	1,083,660,958	-	(43,058)	1,083,617,900	-	-	-	-
	9,285,601,253	-	(91,481,353)	9,194,119,900	-	-	-	-
Shares- Quoted securities	2,741,236,633	(665,956,094)	(301,296,282)	1,773,984,257	2,529,298,947	(503,609,236)	(225,881,510)	1,799,808,201
Non Government Debt Securities								
-Term Finance Certificates (TFCs)	771,612,766	(82,227,345)	-	689,385,421	772,221,286	(82,835,865)	-	689,385,421
-Commercial paper	92,750,235	-	-	92,750,235	-	-	-	-
Un-quoted securities	786,333,048	(273,833,040)	-	512,500,008	786,333,048	(273,833,040)	-	512,500,008
	13,677,533,935	(1,022,016,479)	(392,777,635)	12,262,739,821	4,087,853,281	(860,278,141)	(225,881,510)	3,001,693,630
Held-to-maturity securities								
Non Government Debt Securities								
-Term Finance Certificates (TFCs)	1,042,874,710	(402,491,710)	-	640,383,000	1,043,331,415	(385,985,415)	-	657,346,000
Associates								
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)	-	
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	15,797,084,720	(2,001,184,264)	(392,777,635)	13,403,122,821	6,207,860,771	(1,822,939,631)	(225,881,510)	4,159,039,630

	June 30, 2019	Audited December 31, 2018
9.1.1 Investments given as collateral	---------Rupees---------	
Treasury Bills (T-Bills)	**226,373,820**	-
Pakistan Investment Bonds (PIBs)	**5,636,718,000**	-
	5,863,091,820	-

9.2 Provision for diminution in value of investments

	June 30, 2019	Audited December 31, 2018
9.2.1 Opening balance	**1,822,939,631**	1,936,881,548
Charge / reversals		
Charge for the period / year	**261,867,921**	84,657,507
Reversals for the period / year	**(977,225)**	(6,511,199)
Reversal on disposals	**(82,646,063)**	(192,088,225)
	178,244,633	(113,941,917)
Amounts written off	**-**	-
Closing Balance	**2,001,184,264**	1,822,939,631

9.2.2 Particulars of provision against debt securities

Category of classification	**June 30, 2019**		Audited December 31, 2018	
	NPI	**Provision**	NPI	Provision
	---------Rupees---------		---------Rupees---------	
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**535,344,055**	**484,719,055**	536,321,280	468,821,280
	535,344,055	**484,719,055**	536,321,280	468,821,280
Overseas	-	-	-	-
Total	**535,344,055**	**484,719,055**	536,321,280	468,821,280

9.3 The market value of listed TFCs classified as held-to-maturity as at June 30, 2019 and December 31, 2018 are not available and these are carried at amortised cost.

10 ADVANCES

	Performing		Non Performing		Total	
		Audited		Audited		Audited
	June 30, 2019	December 31, 2018	**June 30, 2019**	December 31, 2018	**June 30, 2019**	December 31, 2018
	Rupees					
Loans, leases, running finances- gross	**6,290,819,323**	6,918,643,279	**3,760,632,795**	3,109,538,785	**10,051,452,118**	10,028,182,064
Provision against advances						
- Specific	-	-	**(2,212,015,243)**	(2,162,852,622)	**(2,212,015,243)**	(2,162,852,622)
- General	-	-	-	-	-	-
	-	-	**(2,212,015,243)**	(2,162,852,622)	**(2,212,015,243)**	(2,162,852,622)
Advances - net of provision	**6,290,819,323**	6,918,643,279	**1,548,617,552**	946,686,163	**7,839,436,875**	7,865,329,442

10.1 Particulars of advances (Gross)

	June 30, 2019	Audited December 31, 2018
	Rupees	
In local currency	**10,035,536,065**	10,012,266,011
In foreign currencies	**15,916,053**	15,916,053
	10,051,452,118	10,028,182,064

10.2 Advances include Rs. 3,760,632,795 (December 31, 2018: Rs. 3,109,538,785) which have been placed under non-performing status as detailed below:-

	June 30, 2019		Audited December 31, 2018	
Category of Classification	**Non Performing Loans**	**Provision**	Non Performing Loans	Provision
	Rupees		Rupees	
Domestic				
Substandard	**750,000,000**	-	683,333,332	-
Doubtful	**655,555,554**	-	-	-
Loss	**2,355,077,241**	**2,212,015,243**	2,426,205,453	2,162,852,622
	3,760,632,795	**2,212,015,243**	3,109,538,785	2,162,852,622
Overseas	-	-	-	-
Total	**3,760,632,795**	**2,212,015,243**	3,109,538,785	2,162,852,622

	June 30, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees			Rupees		
10.3 Particulars of provision against advances						
Opening balance	**2,162,852,622**	-	**2,162,852,622**	2,126,145,262	-	2,126,145,262
Charge for the year	**120,290,833**	-	**120,290,833**	242,278,693	-	242,278,693
Reversals	**(71,128,212)**	-	**(71,128,212)**	(205,571,333)	-	(205,571,333)
	49,162,621	-	**49,162,621**	36,707,360	-	36,707,360
Amounts written off	-	-	-	-	-	-
Closing balance	**2,212,015,243**	-	**2,212,015,243**	2,162,852,622	-	2,162,852,622

10.3.1 The net FSV benefit already availed has been increased by Rs. 224.154 million, which has resulted in decreased charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 224.154 million (2018: Rs. 5.728 million) and Rs. 159.149 million (2018: lower by Rs. 4.067 million) respectively. Further, at June 30, 2019, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 467.421 million (2018: Rs. 308.272 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	June 30, 2019	Audited December 31, 2018
11	FIXED ASSETS		----------Rupees----------	
	Capital work-in-progress		-	-
	Property and equipment		3,062,174,895	3,111,658,376
			3,062,174,895	3,111,658,376

		June 30, 2019	Un Audited June 30, 2018
11.1	**Additions to fixed assets**	----------Rupees----------	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	-	-
	Property and equipment		
	Leasehold land	-	27,269,637
	Building on freehold land	596,000	499,000
	Furniture and fixture	-	82,800
	Office equipment	100,000	2,342,994
	Vehicles	7,365,888	16,318,800
	Heating & air conditioning	3,050,000	1,510,396
	Elevators	-	36,794,700
	Security systems	-	93,429
	Electrical fitting, fire fighting equipment and others	19,422,665	7,933,149
		30,534,553	92,844,905
	Total	30,534,553	92,844,905
11.2	**Disposal of fixed assets**		
	The net book value of fixed assets disposed off during the period is as follows:		
	Freehold land	8,088,120	-
	Building on leasehold land (fences, glass sheets and others)	2,549,386	-
	Building ISE Tower	-	33,204,313
	Furniture and fixture	157	-
	Office equipment	2	13
	Vehicles	2,052,754	2,084,573
	Heating & air conditioning	15	-
	Elevators	-	6,096,325
	Security systems	181,995	-
	Electrical fitting, fire fighting equipment and others	497,162	-
	Total	13,369,591	41,385,224

		June 30, 2019	Audited December 31, 2018
12	**INTANGIBLE ASSETS**	----------Rupees----------	
	Computer Software	4,959,627	5,762,311
		4,959,627	5,762,311

		June 30, 2019	Un Audited June 30, 2018
12.1	**Additions to intangible assets**	----------Rupees----------	
	The following additions have been made to intangible assets during the period:		
	Directly purchased	401,150	339,750
	Total	401,150	339,750

			June 30, 2019	Audited December 31, 2018
13	**OTHER ASSETS**	Note	Rupees	
	Income/ Mark-up accrued in local currency - net of provision			
	On investments		**382,857,372**	58,551,149
	On advances		**152,448,050**	148,092,711
	On lending to financial institutions		**432,329**	1,530,643
			535,737,751	208,174,503
	Advances, deposits, advance rent and other prepayments		**35,140,587**	26,614,655
	Advance taxation		**432,660,020**	345,471,829
	Excise duty		**78,817,895**	78,817,895
	Non-banking assets acquired in satisfaction of claims		**143,389,112**	144,819,528
	Dividend receivable		**50,817,589**	20,825,170
	Receivable from the Ministry of Finance, KSA		**15,000,000**	15,000,000
	Other receivables		**7,882,904**	3,124,436
			1,299,445,858	842,848,016
	Less: Provision held against other assets		**(4,075,062)**	(4,075,062)
	Other Assets (Net of Provision)		**1,295,370,796**	838,772,954
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**10,380,320**	10,380,320
	Other Assets - total		**1,305,751,116**	849,153,274
13.1	**Provision held against other assets**			
	Advances, deposits, advance rent & other prepayments		**4,075,062**	4,075,062
			4,075,062	4,075,062

14 BORROWINGS

Secured		
State Bank of Pakistan (SBP) refinance scheme		
Long term financing facility (LTFF)	**739,845,165**	471,338,282
Repurchase agreement borrowings	**5,860,635,800**	-
Against book debts/receivables	**6,733,333,334**	5,300,000,000
Total secured	**13,333,814,299**	5,771,338,282
Unsecured		
Call borrowings	-	-
Total unsecured	-	-
	13,333,814,299	5,771,338,282

15 DEPOSITS AND OTHER ACCOUNTS

	Note		
Customers			
- Term deposits (local currency)	15.1	**7,500,000**	7,500,000

15.1 These represent Certificate of Investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund for Rs 7.5 million . These COIs carry mark up at the rate of 12.90% (2018: 10.5%) per annum and are repayable in September 2019 (2018: March 2019).

		Note	June 30, 2019	Audited December 31, 2018
			Rupees	
16	**DEFERRED TAX LIABILITIES**			
	Deductible Temporary Differences on			
	Actuarial loss on defined benefit plan		**(4,970,470)**	(4,970,470)
	Surplus on revaluation of securities - AFS		**(58,916,645)**	(33,796,890)
	Provision on non-performing loans		**(570,982,000)**	(518,330,000)
	Impairment loss on available for sale quoted securities		**(77,727,496)**	(55,490,390)
			(712,596,611)	(612,587,750)
	Taxable Temporary Differences on			
	Accelerated tax depreciation		**23,173,488**	24,326,184
	Dividend receivable		**7,622,638**	3,123,776
	Net investment in leases		**32,562,381**	32,325,334
	Surplus on revaluation of operating fixed assets		**810,855,980**	825,173,482
			874,214,487	884,948,776
			161,617,876	272,361,026
17	**OTHER LIABILITIES**			
	Mark-up/ Return/ Interest payable in local currency		**145,554,232**	83,512,594
	Accrued expenses		**3,341,963**	36,491,159
	Advance rental income		**89,314,207**	194,331,790
	Security deposits against rented properties		**28,854,322**	27,323,682
	Payable to defined benefit plan		**3,619,692**	9,720,314
	Provision for compensated absences		**5,831,800**	7,561,742
	Directors' remuneration		**4,602,707**	3,194,934
	Payable to stock brokers - net		**107,613,303**	120,296,511
	Others		**9,034,715**	8,237,238
			397,766,941	490,669,964
18	**SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS**			
	Surplus / (deficit) on revaluation of			
	- Available for sale securities	9.1	**(392,777,635)**	(225,881,508)
	- Fixed Assets		**2,796,055,108**	2,845,425,798
	- Non-banking assets acquired in satisfaction of claims		**10,172,714**	10,380,320
			2,413,450,187	2,629,924,610
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities		**58,916,645**	33,796,890
	- Fixed Assets		**(810,855,980)**	(825,173,482)
			(751,939,335)	(791,376,592)
			1,661,510,852	1,838,548,018
19	**CONTINGENCIES AND COMMITMENTS**			
	-Guarantees	19.1	**-**	265,530,000
	-Commitments	19.2	**2,722,452,000**	2,145,337,810
			2,722,452,000	2,410,867,810
19.1	**Guarantees:**			
	Financial guarantees		**-**	265,530,000
19.2	**Commitments:**			
	Commitments for acquisition of:			
	- Fixed assets		**-**	15,459,235
	- Intangible assets		**452,000**	878,575
			452,000	16,337,810
	Non disbursed commitment for term and working capital finance		**2,722,000,000**	2,129,000,000
			2,722,452,000	2,145,337,810

19.3 Other contingent liabilities

19.3.1 Except for the matter outlined in note 19.3.2 and 19.3.3 there is no significant / material 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, 2018 including the contingencies relating to pending tax litigations before the Honourable High Court Islamabad where in Company is pleading its stance in respect of multiple proceedings relating to various tax years.

19.3.2 Tax contingencies

i) Commissioner Inland Revenue - Appeals (CIR-Appeals), in terms of appellate order dated February 27, 2019, has annulled the order dated June 22, 2018 passed by Officer Inland Revenue for tax year 2014. In this respect the Company had already paid an amount of Rs 62.5 million against alleged demand of Rs 90.7 million.

ii) The assessing officer issued orders for the tax year 2015, 2016 and 2017 giving effect to appellate order and thereby created aggregate demand of Rs 38 million. According to the Company's tax advisors, the Company's appeals in these respect are pending for adjudication before CIR-Appeals. In the meanwhile Company has obtained stay from Appellate Tribunal Inland Revenue (ATIR) against recovery of demands raised till the decision of appeal by CIR-Appeals.

iii) For the tax year 2017, company's deemed assessment under section 120 was amended under section 122(5A) of the Income Tax Ordinance, 2001, by the assessing officer creating a demand of Rs 416 million. The Company has filed an appeal before CIR-Appeals which is pending for adjudication. In the meanwhile, Company has obtained stay against recovery of impugned demand from CIR-Appeals.

iv) The assessing officer amended the Company's assessment for the tax year 2018 and created a demand of Rs 383.82 million. The Company preferred an appeal before the CIR-Appeals, who has remanded majority of the issues and simultaneously upheld the actions of assessing officer on certain issue including that of actuarial loss, tax loss on sale of assets and income from property. No appeal effect has been received by the Company yet. Company is also in the process of filing an appeal in this respect before the ATIR.

19.3.3 Other contingencies

Kohinoor Spinning Mills Limited (KSML) availed a finance facility of Rs. 400 million in 2014 from the Company, but defaulted in repayments. The company filed a suit for recovery of Rs. 396.085 million against the customer and its directors/guarantors in the Lahore High Court. Based on the views of the Company's legal counsel, the management of the Company is confident that the suit will be decreed in the Company's favour after final arguments of lawyers are heard by the Court. In the meanwhile KSML and its guarantors have also filed charges suit before the Lahore High Court against the Company claiming an amount of Rs 600 million. According to the Company's legal council the customer has filed a frivolous suit to frustrate the proceedings initiated by the Company and it is expected that the suit filed against the Company will be dismissed after due process of law.

	Note	**June 30, 2019**	June 30, 2018
		Rupees	
20 MARK-UP/RETURN/INTEREST EARNED			
On:			
Loans and advances		**418,899,957**	352,275,444
Investments		**458,797,804**	83,449,171
Lendings to financial institutions		**40,301,629**	55,461,530
Balances with banks		**3,204,651**	2,251,895
		921,204,041	493,438,040

SAZ

	Note	June 30, 2019	June 30, 2018
		----------Rupees----------	
21 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
Deposits	21.1	401,651	234,738
Borrowings			
Securities purchased under repurchase agreements		209,864,626	6,936,551
Other short term borrowings		58,291,425	84,430,987
SBP refinance scheme - LTFF		5,372,451	1,111,774
Long term borrowings		251,938,462	114,747,569
		525,466,964	207,226,881
Brokerage fee relating to borrowings		1,959,006	537,567
		527,827,621	207,999,186

21.1 The markup expensed amounting to Rs. 401,651 (2018: Rs. 234,738) relates to Saudi Pak Employees Contributory Provident Fund.

	Note	June 30, 2019	June 30, 2018
		----------Rupees----------	
22 FEE & COMMISSION INCOME			
Credit related fees		4,998,709	1,830,675
Commission on guarantees		100,352	692,088
Others		83,103	2,518,400
		5,182,164	5,041,163
23 (LOSS) / GAIN ON SECURITIES			
Realised	23.1	(32,395,834)	45,230,374
Unrealised - held for trading		-	-
		(32,395,834)	45,230,374
23.1 Realised (loss) / gain on:			
Federal Government Securities		5,177,347	81,830,611
Shares- listed		(37,573,181)	(36,600,237)
		(32,395,834)	45,230,374
24 OTHER INCOME			
Rent on property- net	24.1	97,565,784	86,756,208
Gain / (loss) on sale of fixed assets-net		9,376,861	35,650,178
Others		1,028,807	636,444
		107,971,452	123,042,830

	June 30, 2019	June 30, 2018
	----------Rupees----------	
24.1 Rent on property - net		
Rental income	**185,572,763**	169,422,364
Less: Property expense		
Salaries, allowances and employee benefits	**12,820,425**	11,687,387
Depreciation	**48,041,760**	47,345,389
Office general expenses	**27,144,794**	23,633,380
	88,006,979	82,666,156
	97,565,784	86,756,208
25 OPERATING EXPENSES		
Total compensation expense	**99,184,156**	98,318,810
Property expense		
Rent and taxes	**11,342,714**	9,528,744
Insurance	**150,625**	99,179
Utilities cost	**3,562,709**	3,548,801
Security	**2,050,687**	2,093,065
Repair and maintenance	**1,163,185**	991,015
Depreciation	**6,863,109**	6,763,627
	25,133,029	23,024,431
Information technology expenses		
Software maintenance	**2,259,854**	540,984
Hardware maintenance	**859,487**	473,841
Amortisation	**1,203,834**	271,519
Network charges	**1,851,260**	1,667,675
	6,174,435	2,954,019
Other operating expenses		
Shareholders' fee	**2,950,632**	2,187,720
Directors' fees and allowances	**10,660,837**	7,003,763
Legal and professional charges	**2,087,973**	5,851,284
Consultancy, custodial and rating services	**2,291,678**	3,341,081
Outsourced services costs	**15,923,644**	14,942,431
Travelling and conveyance	**11,531,492**	6,228,968
Depreciation	**13,173,988**	11,770,969
Training and development	**1,286,859**	1,369,285
Postage and courier charges	**448,842**	406,283
Communication	**1,631,059**	1,542,489
Stationery and printing	**4,102,658**	3,774,500
Marketing, advertisement and publicity	**738,156**	390,913
Donations	**1,000,000**	200,000
Auditors remuneration	**2,933,781**	800,000
Repair and maintenance	**2,240,541**	1,629,448
Insurance	**1,142,742**	1,207,593
Office and general expenses	**5,517,632**	4,223,638
Bank charges	**260,780**	196,431
	79,923,294	67,066,796
	210,414,914	191,364,056

		Note	June 30, 2019	June 30, 2018
			Rupees	
26	**PROVISIONS AND WRITE OFFS - NET**			
	Provisions for diminution in value of investments- net	9.2.1	**178,244,633**	(86,896,389)
	Provisions / (reversals) against loans and advances- net	10.3	**49,162,621**	80,707,360
			227,407,254	(6,189,029)
27	**TAXATION**			
	-Current		**103,138,041**	132,685,726
	-Prior years		**-**	602,254,976
	-Deferred tax		**(85,623,395)**	(563,423,590)
			17,514,646	171,517,112
28	**BASIC EARNINGS PER SHARE**			
	Profit for the period - Rupees		**101,750,732**	177,254,735
	Weighted average number of ordinary shares		**660,000,000**	660,000,000
	Basic earnings per share - Rupee		**0.154**	0.269

29 **DILUTED EARNINGS/ (LOSS) PER SHARE**

There are no dilutive instruments, hence basic and diluted earnings are same.

			June 30, 2019	June 30, 2018
30	**CASH AND CASH EQUIVALENTS**			
	Cash and Balance with Treasury Banks		**108,769,083**	66,695,943
	Balance with other banks		**220,175,331**	585,932,771
			328,944,414	652,628,714

31. **FAIR VALUE MEASUREMENTS**

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, other than subsidiary and associates, is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, 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.

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.

31.1 Fair value of financial assets

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 determined by valuers on the panel of Pakistan Bank'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 leasehold land, building and non-banking assets acquired in satisfaction of claims.

	June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	---------- Rupees ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	**9,194,119,900**	-	**9,194,119,900**
Shares	**1,773,984,257**	-	-	**1,773,984,257**
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	**1,329,768,421**	**1,329,768,421**
Commercial paper	-	-	**92,750,235**	**92,750,235**
Unquoted Securities	-	-	**512,500,008**	**512,500,008**
Off-balance sheet financial instruments - measured at fair value	-	-	-	-

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees ----------			
Financial assets - measured at fair value				
Investments				
Shares	1,799,808,201	-	-	1,799,808,201
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	1,346,731,421	1,346,731,421
Unquoted Securities	-	-	512,500,008	512,500,008
Off-balance sheet financial instruments - measured at fair value	-	-	-	-

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Debentures and corporate debt instruments	Market rates of these securities are not available on MUFAP as at December 31, 2018, therefore, these securities are classified level 3.
Unquoted Investment	There are no observable inputs in respect of fair market valuation of unquoted investment, hence these securities are valued at lower of cost or breakup value. These securities are classified under level 3.

31.2 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 1 and 2 during the year.

31.3 **Fair value of non-financial assets**

31.4 The property and equipment of the Company were recently revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values.

The non-banking assets acquired from DJM AR Securities were last revalued by independent professional valuer in February 2019. The revaluation was carried out by M/s Surval on the basis of professional assessment of recent market values. The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in November 2018. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

	June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------- Rupees ----------			
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	-	-	**3,009,080,355**	**3,009,080,355**
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	**153,769,432**	**153,769,432**

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	-	-	3,047,366,036	3,047,366,036
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	155,199,848	155,199,848

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	**Valuation approach and input used**
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

32. Segment Details with respect to Business Activities

	June 30, 2019			
	Corporate Finance	Trading and sales	Building rental services	Total
	----------Rupees----------			
Profit & Loss				
Net mark-up/return/profit	208,836,168	184,540,252	-	393,376,420
Non mark-up / return / interest income	5,182,164	59,934,371	98,594,591	163,711,126
Total Income	214,018,332	244,474,623	98,594,591	557,087,546
Segment direct expenses	98,218,846	112,196,068	-	210,414,914
Total expenses	98,218,846	112,196,068	-	210,414,914
Reversals / (Provisions)	65,060,396	162,346,858	-	227,407,254
Profit before tax	50,739,090	(30,068,303)	98,594,591	119,265,378
Balance Sheet				
Cash & Bank balances	-	328,944,414	-	328,944,414
Investments	640,383,000	12,762,739,821	-	13,403,122,821
Lendings to financial institutions	-	400,000,000	-	400,000,000
Advances - performing	6,290,819,323	-	-	6,290,819,323
Advan - non-performing net of provision	1,548,617,552	-	-	1,548,617,552
Others	621,713,870	890,085,314	2,861,086,454	4,372,885,638
Total Assets	9,101,533,745	14,381,769,549	2,861,086,454	26,344,389,748
Borrowings	5,689,032,045	7,644,782,254	-	13,333,814,299
Deposits & other accounts	3,199,965	4,300,035	-	7,500,000
Others	(453,460,431)	93,327,456	919,517,793	559,384,818
Total liabilities	5,238,771,579	7,742,409,745	919,517,793	13,900,699,117
Equity	-	-	-	12,443,690,631
Total Equity & liabilities	5,238,771,579	7,742,409,745	919,517,793	26,344,389,748
Contingencies & Commitments	2,722,174,769	234,850	42,381	2,722,452,000

	June 30, 2018			
	Corporate Finance	Trading and sales	Building rental services	Total
	----------Rupees----------			
Profit & Loss				
Net mark-up/return/profit	253,147,063	32,291,791	-	285,438,854
Non mark-up / return / interest income	5,041,163	156,074,205	87,392,652	248,508,020
Total Income	258,188,226	188,365,996	87,392,652	533,946,874
Segment direct expenses	110,642,658	80,721,398	-	191,364,056
Total expenses	110,642,658	80,721,398	-	191,364,056
Provisions	80,707,360	(86,896,389)	-	(6,189,029)
Profit before tax	66,838,208	194,540,987	87,392,652	348,771,847

	December 31, 2018			
	Corporate Finance	Trading and sales	Building rental services	Total
	----------Rupees----------			
Balance Sheet				
Cash & Bank balances	-	381,235,120	-	381,235,120
Investments	657,346,000	3,501,693,630	-	4,159,039,630
Lendings to financial institutions	-	2,818,407,389	-	2,818,407,389
Advances - performing	6,918,643,279	-	-	6,918,643,279
Advances - non-performing	946,686,163	-	-	946,686,163
Others	651,986,308	390,178,267	2,924,409,385	3,966,573,960
Total Assets	9,174,661,750	7,091,514,406	2,924,409,385	19,190,585,541
Borrowings	3,349,855,098	2,421,483,184	-	5,771,338,282
Deposits & other accounts	4,353,221	3,146,779	-	7,500,000
Others	(385,978,930)	105,978,649	1,043,031,272	763,030,991
Total liabilities	2,968,229,389	2,530,608,611	1,043,031,272	6,541,869,273
Equity	-	-	-	12,648,716,269
Total Equity & liabilities	2,968,229,389	2,530,608,611	1,043,031,272	19,190,585,542
Contingencies & Commitments	2,395,947,150	1,024,404	13,896,256	2,410,867,810

33 RELATED PARTY TRANSACTIONS

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.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	June 30, 2019					December 31, 2018				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					Rupees				
Investments										
Opening balance	-	-	500,000,000	576,676,075	-	-	-	500,000,000	576,676,075	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	500,000,000	576,676,075	-	-	-	500,000,000	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-	-	-	-	576,676,075	-
Advances										
Opening balance	-	26,296,411	-	-	-	-	36,250,784	-	-	-
Addition during the year	-	-	-	-	-	-	26,738,500	-	-	-
Repaid during the year	-	(3,707,132)	-	-	-	-	(15,919,964)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	(20,772,909)	-	-	-
Closing balance	-	22,589,279	-	-	-	-	26,296,411	-	-	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other assets - Ministry of Finance - KSA representing Government of Kingdom of Saudi Arabia	-	-	-	-	15,000,000	-	-	-	-	15,000,000
Other assets - Prepaid rent	-	-	6,266,700	-	-	-	-	-	-	-
Other assets - security deposit	-	-	2,278,800	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	-	-	-	7,500,000	-	-	-	-	7,500,000
Received during the year	-	-	-	-	15,000,000	-	-	-	-	30,000,000
Withdrawn during the year	-	-	-	-	(15,000,000)	-	-	-	-	(30,000,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	7,500,000	-	-	-	-	7,500,000
Other Liabilities										
Interest / mark-up payable	-	-	-	-	34,459	-	-	-	-	32,363
Payable to defined benefit plan	-	-	-	-	3,619,692	-	-	-	-	9,720,314
Security deposit	-	-	401,960	-	-	-	-	401,960	-	-
Rent received in advance	-	-	1,161,277	-	-	-	-	1,065,194	-	-

Income

	June 30, 2019					June 30, 2018				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					Rupees				
Mark-up / return / interest earned	-	500,562	-	-	-	-	341,609	-	-	-
Rental income	-	-	2,593,771	-	-	-	-	2,441,907	360,000	-
Expense										
Mark-up / return / interest expensed	-	-	-	-	401,651	-	-	-	-	234,738
Contribution to employees' funds	-	-	-	-	4,110,062	-	-	-	-	3,944,548
Directors' fees and allowances	10,660,837	-	-	-	-	7,003,763	-	-	-	-
Shareholders' fee	-	-	-	-	2,950,632	-	-	-	-	2,187,720
Operating expenses	-	56,167,610	6,266,700	154,281	-	-	50,931,356	-	160,272	-

34 **CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	June 30, 2019	Audited December 31, 2018
	Rs '000'	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,369,788	10,390,995
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	10,369,788	10,390,995
Eligible Tier 2 Capital	1,421,330	1,607,216
Total Eligible Capital (Tier 1 + Tier 2)	11,791,118	11,998,211
Risk Weighted Assets (RWAs):		
Credit Risk	20,499,231	20,428,417
Market Risk	3,528,934	2,726,899
Operational Risk	2,344,868	2,344,868
Total	26,373,033	25,500,184
Common Equity Tier 1 Capital Adequacy ratio	39.32%	40.75%
Tier 1 Capital Adequacy Ratio	39.32%	40.75%
Total Capital Adequacy Ratio	44.71%	47.05%

As of June 30, 2019, the Company must meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 12.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

	June 30, 2019	Audited December 31, 2018
	Rs '000'	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	10,369,788	10,390,995
Total Exposures	29,066,842	21,601,453
Leverage Ratio	35.68%	48.10%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	4,306,927	3,176,049
Total Net Cash Outflow	1,496,880	1,176,076
Liquidity Coverage Ratio	287.73%	270.05%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	21,587,457	17,671,704
Total Required Stable Funding	15,717,811	14,924,384
Net Stable Funding Ratio	137.34%	118.41%

35 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 28 AUG 2019.

GM/Chief Executive | Chief Financial Officer | Director | Director | Director