



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Saudi Pak Industrial and Agricultural**

**Investment Company Limited**

Condensed Interim Unconsolidated  
Financial Information

For the Six months ended

30 June 2013



KPMG Taseer Hadi & Co.  
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## Independent Auditors' Report on Review of Interim Financial Information to the Members of Saudi Pak Industrial and Agricultural Investment Company Limited

### *Introduction*

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Saudi Pak Industrial and Agricultural Investment Company Limited ("the Company") as at 30 June 2013 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "the interim financial information") for the six months' period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as on 30 June 2013 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months' period ended 30 June 2013, in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.


Islamabad  
29 August 2013


KPMG Taseer Hadi & Co.  
Chartered Accountants  
Engagement Partner: Riaz Pesnani

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013

	Note	Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees Restated
<b>ASSETS</b>			
Cash and balances with treasury banks	6	38,691,604	65,538,416
Balances with other banks	7	86,931,296	366,097,455
Non-current asset classified as held for sale	8	38,944,699	46,089,659
Lendings to financial institutions	9	-	250,000,000
Investments	10	5,993,571,202	6,496,892,685
Advances	11	3,946,662,319	4,961,664,693
Other assets	12	1,382,838,631	1,334,466,215
Operating fixed assets	13	2,334,307,723	2,383,745,356
Deferred tax assets		-	-
		<u>13,821,947,474</u>	<u>15,904,494,479</u>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings from financial institutions	14	3,183,728,222	5,925,528,990
Deposits and other accounts	15	1,120,000,000	685,000,000
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities	16	129,049,964	192,900,476
Deferred tax liabilities		890,989,643	895,033,761
		<u>5,323,767,829</u>	<u>7,698,463,227</u>
<b>NET ASSETS</b>		<u><u>8,498,179,645</u></u>	<u><u>8,206,031,252</u></u>
<b>REPRESENTED BY</b>			
Share capital	17	6,000,000,000	6,000,000,000
Reserves		535,243,701	535,243,701
Unappropriated profit		307,687,063	-
		<u>6,842,930,764</u>	<u>6,535,243,701</u>
Surplus on revaluation of available for sale securities - net of tax		235,091,752	222,186,833
Surplus on revaluation of operating fixed assets - net of tax		1,420,157,129	1,448,600,718
		<u><u>8,498,179,645</u></u>	<u><u>8,206,031,252</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	18		

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

  
General Manager/Chief Executive

  
Director

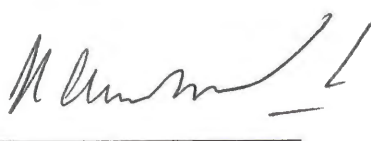
  
Director

  
Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT [UN-AUDITED]  
 FOR THE SIX MONTHS ENDED 30 JUNE 2013


	Note	30 June 2013		30 June 2012	
		For the Three months ended April to June Rupees	For the Six months ended Rupees	For the Three months ended April to June Rupees	For the Six months ended Rupees
Mark-up/Return/Interest Earned	19	236,420,625	479,907,206	274,237,015	560,059,854
Mark-up/Return/Interest Expensed	20	107,066,743	233,831,532	184,812,808	385,800,800
Net Mark-up/Interest Income		129,353,882	246,075,674	89,424,207	174,259,054
Provision against non-performing loans and advances		(58,453,842)	19,092,419	7,481,784	35,375,971
Provision / (reversal) against diminution in the value of investments		30,390,017	26,577,517	(1,257,469)	(1,265,437)
Bad debts written off directly		-	-	-	-
		(28,063,825)	45,669,936	6,224,315	34,110,534
Net Mark-up / Interest Income after provisions		157,417,707	200,405,738	83,199,892	140,148,520
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, Commission and Brokerage Income		2,093,657	2,987,916	1,104,170	1,395,693
Dividend Income		18,076,393	24,468,027	7,869,950	33,476,723
Gain on dealing in quoted securities		87,425,339	143,624,313	85,808,056	161,761,546
Gain on dealing in mutual funds		-	-	-	2,562,463
Income from trading in government securities		-	-	-	-
Unrealized loss on revaluation of held for trading investments - net		(1,404,836)	(1,696,087)	-	-
Gain / (Loss) from dealing in foreign currencies		139,290	508,808	8,718,210	24,845,008
Fair value adjustment on non-current asset classified as held for sale		10,554,983	12,305,040	9,848,602	10,906,395
Other income		7,101,400	22,456,633	11,907,217	19,906,152
Total non mark-up/interest Income/expense		123,986,226	204,654,650	125,256,205	254,853,980
		281,403,933	405,060,388	208,456,097	395,002,500
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		77,278,432	126,527,312	53,026,967	102,447,334
Impairment loss on quoted securities		-	-	12,213,264	12,213,264
Other provisions / write offs		-	-	48,960,000	48,960,000
Other charges - penalties imposed by SBP		(568,000)	759,000	-	-
Total non mark-up / interest expenses		76,710,432	127,286,312	114,200,231	163,620,598
		204,693,501	277,774,076	94,255,866	231,381,902
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		204,693,501	277,774,076	94,255,866	231,381,902
Taxation - Current		3,565,374	8,707,392	(2,251,978)	11,619,744
- Prior years'		-	-	(29,711,660)	-
- Deferred		(3,335,032)	(10,992,922)	1,227,998	(6,228,601)
		230,342	(2,285,530)	(30,735,640)	5,391,143
<b>PROFIT AFTER TAXATION</b>		204,463,159	280,059,606	124,991,506	225,990,759
Earning Per Share - basic and diluted (Rupees)		0.34	0.47	0.21	0.38

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

  
 General Manager/Chief Executive

  
 Director

  
 Director

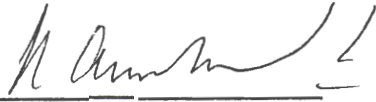
  
 Chairman


SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]  
 FOR THE SIX MONTHS ENDED 30 JUNE 2013

	30 June 2013		30 June 2012	
	For the Three months ended April to June Rupees	For the Six months ended Rupees	For the Three months ended April to June Rupees	For the Six months ended Rupees
Profit after tax for the period	204,463,159	280,059,606	124,991,506	225,990,759
<b>Other comprehensive income</b>				
Effect of recognition of actuarial losses	(816,133)	(816,133)	-	-
<b>Comprehensive income transferred to equity</b>	<u>203,647,026</u>	<u>279,243,473</u>	<u>124,991,506</u>	<u>225,990,759</u>
Surplus / (Deficit) on revaluation of available for sale securities	39,098,804	19,853,724	(93,692,646)	173,491,243
Deferred tax relating to available for sale securities	(13,684,581)	(6,948,803)	32,792,426	(60,721,935)
<b>Components of comprehensive income not reflected in equity</b>	<u>25,414,223</u>	<u>12,904,921</u>	<u>(60,900,220)</u>	<u>112,769,308</u>
	<u><del>229,061,249</del></u>	<u>292,148,394</u>	<u>64,091,286</u>	<u>338,760,067</u>

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 General Manager/Chief Executive

  
 Director

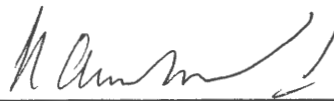
  
 Director

  
 Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT [UN-AUDITED]  
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	30 June 2013 Rupees	30 June 2012 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	277,774,076	231,381,902
Less: Dividend income	(24,468,027)	(33,476,723)
	<u>253,306,049</u>	<u>197,905,179</u>
<i>Adjustments for non-cash charges</i>		
Depreciation	53,825,412	54,571,727
Provision against non-performing loans and advances	19,092,419	35,375,971
Provision / (reversal) against diminution in the value of investments	26,577,517	(1,265,437)
Gain on sale of operating fixed assets	-	(88,287)
Other provisions / write offs	-	48,960,000
Provision for gratuity	2,371,908	3,196,774
Fair valuation adjustment on non-current asset classified held for sale	(12,305,040)	(10,906,395)
Reversal of impairment on AFS securities	(159,318,436)	(514,246,909)
Impairment loss on quoted securities	-	12,213,264
Advances written-off	-	(56,589,323)
Unrealized loss on revaluation of investment - Held for trading	1,696,087	-
	<u>(68,060,133)</u>	<u>(428,778,515)</u>
	185,245,917	(230,873,426)
<i>Decrease / (Increase) in operating assets</i>		
Lendings to financial institutions	250,000,000	(706,079,389)
Advances	995,909,955	710,397,200
Other assets (excluding advance taxation)	(14,687,950)	(65,320,071)
	<u>1,231,222,005</u>	<u>(61,002,260)</u>
<i>Increase / (Decrease) in operating liabilities</i>		
Borrowings from financial institutions	(2,741,800,768)	714,649,961
Deposits	435,000,000	(210,000,000)
Other liabilities	(29,150,824)	(4,413,095)
Deferred liabilities - advance rental income	(23,614,078)	1,505,286
	<u>(2,359,565,670)</u>	<u>501,742,152</u>
	(943,097,748)	209,866,456
Gratuity paid	(14,273,652)	(5,424,276)
Income tax paid	(42,696,858)	(21,580,489)
Net cash flow from operating activities	<u>(1,000,068,258)</u>	<u>182,861,691</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in held for trading securities	(20,858,977)	-
Net investments in available for sale securities	496,372,909	(462,265,709)
Net investments in held to maturity securities	178,706,107	231,501,630
Dividend income received	24,773,027	31,876,723
Receipt against sale of shares in SPIC	19,450,000	20,000,000
Investment in operating fixed assets	(4,387,779)	(3,024,553)
Proceeds from sale of operating fixed assets	-	92,586
Net cash flow from investing activities	<u>694,055,287</u>	<u>(181,819,323)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Decrease) / increase in cash and cash equivalents	(306,012,971)	1,642,568
Cash and cash equivalents at beginning of the period	451,635,871	151,799,989
Cash and cash equivalents at end of the period	<u>145,622,900</u>	<u>152,442,557</u>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and balances with treasury banks	38,691,604	48,550,417
Balances with other banks	86,931,296	104,291,940
	<u>125,622,900</u>	<u>152,842,357</u>

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

  
General Manager/Chief Executive

  
Director

  
Director

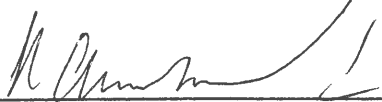
  
Chairman


SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]  
 FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Share Capital Rupees	Reserve Fund Rupees	General Reserve Rupees	Unappropriated (Loss) / Profit Rupees	Total Rupees
<b>Balance as at 31 December 2011 - Audited (as previously reported)</b>	6,000,000,000	1,513,182,102	-	(1,412,718,297)	6,100,463,805
Effect of retrospective change in accounting policy with respect to accounting for actuarial losses - note 21	-	-	-	(2,017,436)	(2,017,436)
<b>Balance as at January 1, 2012 - represented</b>	6,000,000,000	1,513,182,102	-	(1,414,735,733)	6,098,446,369
Profit for the period ended 30 June 2012	-	-	-	225,990,759	225,990,759
Appropriation from reserve fund	-	(1,412,718,297)	-	1,412,718,297	-
Transfer to general reserve	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	27,695,940	27,695,940
<b>Balance as at 30 June 2012 - Unaudited</b>	6,000,000,000	100,463,805	-	251,669,263	6,352,133,068
Profit for the period ended 31 December 2012	-	-	-	154,594,023	154,594,023
Effect of recognition of actuarial gain - note 21	-	-	-	820,670	820,670
Transfer to reserve fund *	-	76,116,956	-	(76,116,956)	-
Transfer to general reserve	-	-	358,662,940	(358,662,940)	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	27,695,940	27,695,940
<b>Balance as at 31 December 2012 - Audited</b>	6,000,000,000	176,580,761	358,662,940	-	6,535,243,701
Profit for the period ended 30 June 2013	-	-	-	280,059,606	280,059,606
Effect of recognition of actuarial losses - note 21	-	-	-	(816,133)	(816,133)
Appropriation from reserve fund	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	28,443,590	28,443,590
<b>Balance as at 30 June 2013 - Unaudited</b>	6,000,000,000	176,580,761	358,662,940	307,687,063	6,842,930,764

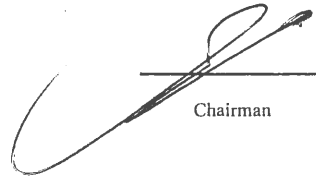
\* Under Circular No 1 dated December 05, 1991 issued by the State Bank of Pakistan for Non-Banking Financial Institutions, an amount not less than 20% of the profit shall be transferred to create a reserve fund till such time the reserve fund equals the amount of paid up capital and thereafter 10% of the balance of profit of the company are to be transferred to this reserve.

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

  
 General Manager/Chief Executive

  
 Director

  
 Director

  
 Chairman

**SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED]**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**1 LEGAL STATUS AND OPERATIONS**

Saudi Pak Industrial and Agricultural Investment Company Limited ("the Company") is a public limited company incorporated in Pakistan jointly sponsored by the Kingdom of Saudi Arabia and the Government of Islamic Republic of Pakistan. The principal activity of the Company is to invest in the industrial and agro-based industrial projects in Pakistan on commercial basis and market their products in Pakistan and abroad.

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

**2 BASIS OF PRESENTATION**

- 2.1 This condensed interim unconsolidated financial information is presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.
- 2.2 This condensed interim unconsolidated financial information is unaudited and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2012. Comparative statement of financial position is extracted from the annual audited financial statements for the year ended 31 December 2012 whereas comparative profit and loss account, statement of changes in equity, cash flow statement and statement of comprehensive income are extracted from unaudited condensed interim financial information for the six months period ended 30 June 2012.

**3 STATEMENT OF COMPLIANCE**

- 3.1 This condensed interim unconsolidated financial information of the Company for the six months ended 30 June 2013 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the requirements of BSD Circular Letter No. 2 dated 12 May 2004 and provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962, and the directives issued by SECP and SBP have been followed.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Further, according to the notification of the SECP dated 28 April 2008, the International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" has not been applicable for Banks and DFIs. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim unconsolidated financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**4 ACCOUNTING POLICIES AND ESTIMATES**

Accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2012, except for:

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED]  
FOR THE SIX MONTHS ENDED 30 JUNE 2013

4.1 Change in accounting policy - staff retirement benefits

Defined benefit plans

IAS 19 ( as revised in June 2011) Employees Benefits became effective during the period. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 ( as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 " Accounting Policies, Changes in Accounting Estimates and Errors" and effects of retrospective application of this change in accounting policy has been disclosed in note 21.

4.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
  - IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
  - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
  - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
  - Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.
- a) IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED]  
FOR THE SIX MONTHS ENDED 30 JUNE 2013

4.2 New accounting standards and IFRIC interpretations that are not yet effective (continued)

- b) IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
- c) IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- d) IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The amendments from "a to d" have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

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	Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		
Balance with State Bank of Pakistan	38,353,930	65,404,446
Cash in hand	337,674	133,970
	<u>38,691,604</u>	<u>65,538,416</u>
<b>7 BALANCES WITH OTHER BANKS</b>		
On current accounts – local currency	3,719,570	4,448,072
On deposit accounts –		
– Local currency	57,923,533	331,870,835
– Foreign currency	25,288,193	29,778,548
	<u>86,931,296</u>	<u>366,097,455</u>
<b>8 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE</b>		
Balance as at 01 January	75,000,000	175,000,000
Fair value adjustment during the period / year	(7,506,993)	(60,000,000)
Less: Amounts received up to 30 June 2013	(19,450,000)	(40,000,000)
Balance as at 30 June 2013	48,043,007	75,000,000
Less: Impairment on asset classified as held for sale at its fair value	(9,098,308)	(28,910,341)
	<u>38,944,699</u>	<u>46,089,659</u>

8.1

- 8.1 In accordance with the terms of the new agreement, the remaining fully paid up 5,925,000 ordinary shares of Rs. 10 each will be sold to the buyer at the rate of Rs. 8.92 per share

Pursuant to above, the Company's investment in subsidiary has been classified as non-current asset held for sale in accordance with International Financial Reporting Standards 5 "Non-current Assets Held for Sales and Discontinued Operations" and measured at fair value in accordance with requirements of IFRS 5. The difference between carrying value before classification as held for sale and fair value has been charged to unconsolidated profit and loss account.

	Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Money market placements	-	200,000,000
Reverse repo PIBs	-	50,000,000
Certificate of Investments (COIs)	-	-
	<u>-</u>	<u>250,000,000</u>

11/7/13

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10 INVESTMENTS	Note	Held by Company Rupees	Given as collateral Rupees	Total Rupees
As at 30 June 2013 (Unaudited)	10.1	5,491,162,922	502,408,280	5,993,571,202
As at 31 December 2012 (Audited)	10.1	3,994,578,385	2,502,314,300	6,496,892,685
			Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
10.1 INVESTMENTS BY TYPE	Note			
Held-for-trading securities			20,858,977	-
Available-for-sale securities			4,332,786,379	4,829,159,288
Held-to-maturity securities			1,623,304,267	1,802,010,374
			5,976,949,623	6,631,169,662
<b>Investment in Subsidiaries</b>				
Saudi Pak Leasing Company Limited				
- Investment in shares	10.2		243,467,574	243,467,574
- Investment in preference shares			333,208,501	-
- Subordinated loan			-	333,208,501
			576,676,075	576,676,075
Saudi Pak Real Estate Company Limited				
			500,000,000	500,000,000
			7,053,625,698	7,707,845,737
Provision for diminution in value of investments			(282,630,004)	(280,420,782)
Provision against subsidiaries			(576,676,075)	(576,676,075)
Provision against held-to-maturity securities			(189,774,396)	(165,406,101)
			(1,049,080,475)	(1,022,502,958)
			6,004,545,223	6,685,342,779
Revaluation surplus on Available-for-sale securities			361,679,621	341,825,897
Revaluation loss on Held-for-trading securities			(1,696,087)	-
Impairment loss on quoted securities			(370,957,555)	(530,275,991)
Impairment loss on mutual funds			-	-
			(10,974,021)	(188,450,094)
<b>Investments (Net of Provisions)</b>			<b>5,993,571,202</b>	<b>6,496,892,685</b>

10.2 During the period, the company has converted sub-ordinated loan of Rs 333.208 million of Saudi Pak Leasing Company Ltd in to 33.321 million preference shares having par value of Rs.10 for a term of five years with an option to convert the same into ordinary shares. These preference shares carry dividend rate of 2.5% per annum on the par value on non-cumulative basis.

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11 ADVANCES	Note	Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
Loans, cash, credits, running finances, etc.			
– In Pakistan		6,098,585,759	7,072,682,614
– Outside Pakistan		-	-
		<u>6,098,585,759</u>	<u>7,072,682,614</u>
Net investment in finance lease			
– In Pakistan		186,897,974	210,392,271
– Outside Pakistan		-	-
		<u>186,897,974</u>	<u>210,392,271</u>
		<u>6,285,483,733</u>	<u>7,283,074,885</u>
Provision for non-performing advances	11.1	<u>(2,360,137,865)</u>	<u>(2,341,045,446)</u>
		<u>3,925,345,868</u>	<u>4,942,029,439</u>
Staff loans and advances - In Pakistan		21,316,451	19,635,254
		<u>3,946,662,319</u>	<u>4,961,664,693</u>

11.1 Advances include Rs. 2,743,295,027 (31 December 2012: Rs. 2,871,723,031) which have been placed under non-performing status as detailed below:-

30 June 2013					
Category of classification	Domestic Rupees	Overseas Rupees	Total Rupees	Provision Required Rupees	Provision Held Rupees
Substandard	55,380,000	-	55,380,000	-	-
Doubtful	183,871,245	-	183,871,245	-	-
Loss	2,504,043,782	-	2,504,043,782	2,360,137,865	2,360,137,865
	<u>2,743,295,027</u>	<u>-</u>	<u>2,743,295,027</u>	<u>2,360,137,865</u>	<u>2,360,137,865</u>
31 December 2012					
Category of classification	Domestic Rupees	Overseas Rupees	Total Rupees	Provision Required Rupees	Provision Held Rupees
Substandard	94,130,000	-	94,130,000	-	-
Doubtful	283,609,862	-	283,609,862	121,806,809	121,806,809
Loss	2,493,983,169	-	2,493,983,169	2,219,238,637	2,219,238,637
	<u>2,871,723,031</u>	<u>-</u>	<u>2,871,723,031</u>	<u>2,341,045,446</u>	<u>2,341,045,446</u>

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		Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
<b>12 OTHER ASSETS</b>	<b>Note</b>		
Deposits, prepayments and other receivables	12.1	1,157,398,431	1,115,412,198
Income accrued and other receivables	12.2	225,440,200	219,054,017
		<u>1,382,838,631</u>	<u>1,334,466,215</u>
<b>12.1 Deposits, prepayments and other receivables</b>			
Advances to suppliers		19,598,971	17,500,146
Advances for purchase of shares		256,792	256,792
Security deposits		7,388,245	6,588,245
Prepayments		9,929,142	5,968,102
Non banking assets acquired in satisfaction of claims	12.1.1	413,102,345	413,102,345
Amounts receivable from stock brokers		5,572,769	4,435,867
Advance tax		850,705,229	816,715,763
		<u>1,306,553,493</u>	<u>1,264,567,260</u>
Less: Provision against other assets		<u>(149,155,062)</u>	<u>(149,155,062)</u>
		<u>1,157,398,431</u>	<u>1,115,412,198</u>

12.1.1 Market value of non banking assets acquired in satisfaction of claims is amounting to Rs. 268.133 million.

		Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
<b>12.2 Income accrued and other receivables</b>	<b>Note</b>		
Dividend		-	305,000
Mark up/interest on advances		1,031,224,104	1,012,032,475
Income from short term investments		277,964,444	284,581,542
Appraisal and other fees		6,132,799	5,153,490
Rental income		4,394,579	3,645,970
		<u>1,319,715,926</u>	<u>1,305,718,477</u>
Less: Income suspended		<u>(1,094,275,726)</u>	<u>(1,086,664,460)</u>
		<u>225,440,200</u>	<u>219,054,017</u>

**13 OPERATING FIXED ASSETS**

Carrying amount at beginning of the period / year		2,383,745,356	2,082,589,824
Additions during the period / year	13.1	4,387,779	40,758,556
Revaluation surplus		-	372,337,074
Book value of disposals	13.2	-	(244,562)
Transfer during the period / year		-	(2,500,000)
Depreciation for the period / year		<u>(53,825,412)</u>	<u>(109,195,536)</u>
Carrying amount at the end of the period / year		<u>2,334,307,723</u>	<u>2,383,745,356</u>

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		Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
<b>13.1 Additions during the period / year represents the followings:-</b>	<b>Note</b>		
Office equipments		483,678	3,172,892
Electrical appliances		1,182,405	1,174,283
Building		-	10,552,795
Security systems		261,000	72,000
Fire fighting equipment		-	642,045
Furniture, fixture & fittings		-	1,343,595
Motor vehicles		1,756,140	22,713,286
Elevators		67,500	370,500
Telephone installation		391,020	44,000
Intangible assets		246,036	673,160
		<u>4,387,779</u>	<u>40,758,556</u>
<b>13.2 Book value of disposals are as under:-</b>			
Office equipments		-	3,838
Motor vehicles		-	240,222
Furniture, fixture and fittings		-	7
Electrical appliances		-	495
		<u>-</u>	<u>244,562</u>
<b>14 BORROWINGS FROM FINANCIAL INSTITUTIONS</b>			
Against book debts / receivables		1,550,000,000	2,600,000,000
Against SBP refinance schemes		634,169,426	746,233,060
Against PIBs / T-bill repos		509,558,796	2,559,295,930
Against clean / letter based financing		490,000,000	20,000,000
		<u>3,183,728,222</u>	<u>5,925,528,990</u>
<b>15 DEPOSITS AND OTHER ACCOUNTS</b>			
Certificate of Investments (COIs)	15.1	<u>1,120,000,000</u>	<u>685,000,000</u>
15.1 These represent certificate of investments issued to various institutions. The mark up is charged at varying rates ranging from 9.15% to 10.00% per annum. These are repayable in period ranging from July 2013 to May 2014.			
<b>16 OTHER LIABILITIES</b>		Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
Interest/markup accrued on borrowings		57,088,624	47,890,857
Directors' remuneration		1,780,996	2,916,294
Other payable and expenses accrued		16,650,517	53,863,810
Deferred liabilities		53,529,827	88,229,515
		<u>129,049,964</u>	<u>192,900,476</u>
<b>17 SHARE CAPITAL</b>			

During the period, the Company has increased its authorized share capital from Rs. 6 billion to Rs. 10 billion.

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18 CONTINGENCIES AND COMMITMENTS

There is no change in status of contingencies and commitments of the Company from the status given in the preceding annual published financial statements for the year ended 31 December 2012 except for the following:

	Unaudited 30 June 2013 Rupees	Audited 31 December 2012 Rupees
18.1 Direct credit substitutes - Letter of comfort / guarantees	207,385,000	207,385,000
18.2 Non disbursed commitment for term and working capital finance	734,926,000	1,016,363,000
18.3 Commitments for the acquisition of operating fixed assets	31,279,305	31,550,741
	<u>973,590,305</u>	<u>1,255,298,741</u>
18.4 Payment of Rs. 18.898 million has been paid by the Company against tax contingencies of Rs. 117 million of tax year 2010.		

19 MARK-UP/RETURN/INTEREST EARNED

	Unaudited 30 June 2013 Rupees	Unaudited 30 June 2012 Rupees
Income from investments	210,906,317	247,783,122
Income from advances	262,433,080	305,505,021
Income from lending to financial institutions	6,567,809	6,771,711
	<u>479,907,206</u>	<u>560,059,854</u>

20 MARK-UP/RETURN/INTEREST EXPENSED

Short term Borrowings	86,047,823	130,735,888
Long term Borrowings	114,551,851	158,555,390
Borrowing cost on Repos	31,666,468	87,252,397
Amortization of PIBs purchased on premium	1,095,753	8,463,995
Brokerage fee and commission	469,637	793,130
	<u>233,831,532</u>	<u>385,800,800</u>

21 EFFECTS OF CHANGE IN ACCOUNTING POLICY  
 - STAFF RETIREMENT BENEFITS

The change in accounting policy as disclosed in note 4.1 has been accounted for retrospectively in accordance with International Accounting Standard - 8 Accounting Policies, Changes in Accounting Estimates and Errors, resulting in adjustment of prior year financial statements.

Effect of retrospective application of change in accounting policy are as follows:

	As at December 31, 2012		
	As previously reported	Effect of Restatement	As Restated
	Rupees		
21.1 Effect on balance Sheet			
Increase in net defined benefit obligation	29,741,965	(1,841,178)	31,583,143
Decrease in deferred tax liability - net	895,678,173	644,412	895,033,761
Decrease in advance taxation	-	-	-
Net increase in general reserve	-	(1,196,766)	1,196,766



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21.2 Effect on profit and loss account	6 Months ended June 30, 2013	For the year ended December	Prior to January 01, 2012
	Rupees		
Net increase in profit after tax	-	-	-
Net (increase) / decrease in tax expenses	-	(441,899)	1,086,311
	-	(441,899)	1,086,311
<b>21.3 Effect on other comprehensive income</b>			
Actuarial losses reclassified to other comprehensive income	-	(1,262,569)	3,103,747
Net actuarial loss recognised in other comprehensive income	816,133	-	-
	816,133	(1,262,569)	3,103,747
The effect on earnings per share related to the restatement is as follows:		Dec. 31, 2012	Dec. 31, 2011
Basic and diluted earnings per share - rupee		(0.0002)	0.0005
<b>21.4 Staff retirement benefits</b>			<b>31 December 2012 Rupees</b>
Changes in net defined benefit obligation are as follows:			
Opening balance			31,883,415
Service cost			2,330,831
Interest cost			4,062,716
Actuarial (loss)/ gain			(1,262,569)
Benefits payable to outgoing members			-
Benefits paid			(5,431,250)
Closing balance			31,583,143

**22 RELATED PARTY TRANSACTIONS**

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

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

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

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

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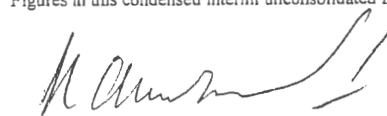
22.2 Following are the transactions and balances with related parties

Nature of balances / transactions	Name of the Entity	Unaudited	Audited
		30 June 2013 Rupees	31 December 2012 Rupees
<u>Outstanding balances at the period / year end</u>			
- Subsidiary / Associated companies			
- Investments – cost	Saudi Pak Real Estate Company Limited	500,000,000	500,000,000
- Investment in shares – cost	Saudi Pak Leasing Company Limited	243,467,574	243,467,574
- Investment in preference shares – cost	Saudi Pak Leasing Company Limited	333,208,501	-
- Subordinated loan (refer note 10.2)	Saudi Pak Leasing Company Limited	-	333,208,501
- Fair value of shares classified as held for sale	Saudi Pak Insurance Company Limited	38,944,699	46,089,659
- Borrowing	Saudi Pak Leasing Company Limited	-	20,000,000
- Interest payable	Saudi Pak Leasing Company Limited	-	94,740
- Prepaid insurance	Saudi Pak Insurance Company Limited	974,132	1,936,121
- Employee funds			
- Deposits against COIs	Employee Funds	10,000,000	10,000,000
- Interest Payable	Employee Funds	85,460	712,767
<u>Transactions during the period</u>			
- Subsidiary / Associated companies			
- Deposits against COIs	Saudi Pak Real Estate Company Ltd	-	50,000,000
- Borrowing availed	Saudi Pak Leasing Company Limited	-	20,000,000
- Interest expensed	Saudi Pak Real Estate Company Limited	-	2,305,000
- Interest expensed	Saudi Pak Leasing Company Limited	493,644	94,740
- Rent received	Saudi Pak Leasing Company Limited	234,850	441,000
- Rent received	Saudi Pak Insurance Company Limited	832,500	1,887,000
- Rent received	Saudi Pak Real Estate Company Ltd	1,753,164	3,339,360
- Claims received	Saudi Pak Insurance Company Limited	20,000	668,262
- Premium paid	Saudi Pak Insurance Company Limited	49,249	2,206,791
- Maturity of borrowing	Saudi Pak Leasing Company Limited	20,000,000	-
- Maturity of borrowing	Saudi Pak Real Estate Company Limited	-	50,000,000
- Maturity of deposits against COIs	Saudi Pak Real Estate Company Limited	-	50,000,000
- Farm house related expenses paid	Saudi Pak Real Estate Company Limited	-	2,211,068
- Fair value of shares classified as held for sale	Saudi Pak Insurance Company Limited	12,305,040	15,300,858
- Installment received	Saudi Pak Insurance Company Limited	19,450,000	40,000,000
- Key management personnel			
- Advances to executives		8,871,417	10,128,850
- Repayment of advances		2,760,897	5,918,694
- Employee funds			
- Maturity of deposits against COIs		-	4,500,000
- Contribution to the employees provident fund		1,741,186	4,050,538
- Interest expense		569,406	1,788,668

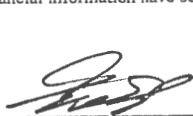
23 GENERAL

23.1 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company in the meeting held on \_\_\_\_\_

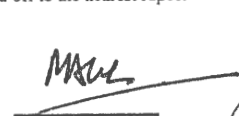
23.2 Figures in this condensed interim unconsolidated financial information have been rounded off to the nearest rupee.



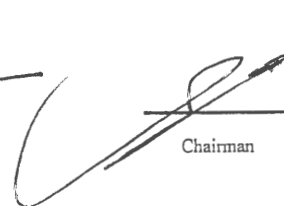
General Manager/Chief Executive



Director



Director



Chairman