



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 2014



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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 2014 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 2014 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 2014, 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
28 August 2014

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 2014

	Note	Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
ASSETS			
Cash and balances with treasury banks	6	47,635,716	39,928,016
Balances with other banks	7	74,722,820	100,835,783
Non-current asset classified as held for sale	8	-	21,578,657
Lendings to financial institutions	9	4,839,624,320	409,466,390
Investments	10	4,251,125,905	6,494,512,553
Advances	11	4,584,550,618	3,953,822,929
Other assets	12	1,464,385,954	1,426,684,000
Operating fixed assets	13	2,264,823,277	2,327,502,014
Deferred tax assets		-	-
		17,526,868,610	14,774,330,342
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	14	7,543,755,158	4,326,237,792
Deposits and other accounts	15	37,000,000	762,000,000
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities	16	188,443,247	171,013,487
Deferred tax liabilities		524,660,068	522,721,470
		8,293,858,473	5,781,972,749
NET ASSETS		9,233,010,137	8,992,357,593
REPRESENTED BY			
Share capital		6,000,000,000	6,000,000,000
Reserves		688,160,024	688,160,024
Unappropriated profit		1,018,772,006	669,446,458
		7,706,932,030	7,357,606,482
Surplus on revaluation of available for sale securities - net of tax		150,993,119	221,546,289
Surplus on revaluation of operating fixed assets - net of tax		1,375,084,988	1,413,204,822
		9,233,010,137	8,992,357,593

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 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 2014

	Note	30 June 2014		30 June 2013	
		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	18	251,640,318	505,892,645	236,420,625	479,907,206
Mark-up/Return/Interest Expensed	19	98,098,759	213,147,539	107,066,743	233,831,532
Net Mark-up/Interest Income		153,541,559	292,745,106	129,353,882	246,075,674
Provision against non-performing loans and advances		1,884,937	27,388,011	(58,453,842)	19,092,419
Provision / (reversal) against diminution in the value of investments		(34,708,705)	(6,697,828)	30,390,017	26,577,517
Bad debts written off directly		-	-	-	-
		(32,823,768)	20,690,183	(28,063,825)	45,669,936
Net Mark-up / Interest Income after provisions		186,365,327	272,054,923	157,417,707	200,405,738
NON MARK-UP / INTEREST INCOME					
Fee, Commission and Brokerage Income		5,309,500	6,997,753	2,093,657	2,987,916
Dividend Income		11,846,135	28,603,119	18,076,393	24,468,027
Gain on dealing in quoted securities		76,059,365	158,917,676	87,425,339	143,624,313
Income from trading in government securities		-	-	-	-
Unrealized gain/(loss) on revaluation of held for trading investments - net		5,671,332	318,957	(1,404,836)	(1,696,087)
Fair value adjustment on non-current asset classified as held for sale		470,761	1,290,118	10,554,983	12,305,040
Other income		4,675,582	16,550,785	7,240,690	22,965,441
Total non mark-up/interest Income/expense		104,032,675	212,678,408	123,986,226	204,654,650
		290,398,002	484,733,331	281,403,933	405,060,388
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		62,237,743	128,788,215	77,278,432	126,527,312
Other charges - penalties imposed by SBP		270,000	270,000	(568,000)	759,000
Total non mark-up / interest expenses		62,507,743	129,058,215	76,710,432	127,286,312
		227,890,259	355,675,116	204,693,501	277,774,076
Extra ordinary / unusual items					
		-	-	-	-
PROFIT BEFORE TAXATION					
		227,890,259	355,675,116	204,693,501	277,774,076
Taxation					
- Current		1,966,806	2,546,635	3,565,374	8,707,392
- Prior years		-	-	-	-
- Deferred		11,768,256	44,377,727	(3,335,032)	(10,992,922)
		13,735,062	46,924,362	230,342	(2,285,530)
PROFIT AFTER TAXATION					
		214,155,197	308,750,754	204,463,159	280,059,606
Earning Per Share - basic and diluted (Rupees)					
		0.36	0.51	0.34	0.47

The annexed notes 1 to 21 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 2014

	30 June 2014		30 June 2013	
	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	214,155,197	308,750,754	204,463,159	280,059,606
Other comprehensive income				
Effect of recognition of actuarial losses - net of tax	(2,401,474)	(2,401,474)	(816,133)	(816,133)
Comprehensive income transferred to equity	<u>211,753,723</u>	<u>306,349,280</u>	<u>203,647,026</u>	<u>279,243,473</u>
(Deficit)/Surplus on revaluation of securities - net of tax	(64,128,433)	(70,553,169)	25,414,223	12,904,921
Components of comprehensive income not reflected in equity	<u>(64,128,433)</u>	<u>(70,553,169)</u>	<u>25,414,223</u>	<u>12,904,921</u>
	<u>147,625,290</u>	<u>235,796,111</u>	<u>229,061,249</u>	<u>292,148,394</u>


The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.



General Manager/Chief Executive



Director



Director

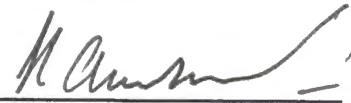


Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT [UN-AUDITED]
 FOR THE SIX MONTHS ENDED 30 JUNE 2014

	30 June 2014 Rupees	30 June 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	355,675,116	277,774,076
Less: Dividend income	(28,603,119)	(24,468,027)
	<u>327,071,997</u>	<u>253,306,049</u>
<i>Adjustments for non-cash charges</i>		
Depreciation	55,894,541	53,825,412
Provision against non-performing loans and advances	27,388,011	19,092,419
(Reversal) / provision against diminution in the value of investments	(6,697,828)	26,577,517
Loss on sale of operating fixed assets	12,012,635	-
Gain on sale of non-banking assets.	(1,039,563)	-
Provision for gratuity	2,380,722	2,371,908
Reversal of impairment loss on asset classified as held for sale and its fair value	(1,290,118)	(12,305,040)
Reversal of impairment on AFS securities	(112,549,770)	(159,318,436)
Unrealized loss on revaluation of investment - Held for trading	(318,957)	1,696,087
	<u>(24,220,327)</u>	<u>(68,060,133)</u>
	302,851,671	185,245,917
<i>Decrease / (Increase) in operating assets</i>		
Lendings to financial institutions	(4,430,157,930)	250,000,000
Advances	(658,115,700)	995,909,955
Other assets (excluding advance taxation)	21,167,503	(14,687,950)
	<u>(5,067,106,127)</u>	<u>1,231,222,005</u>
<i>Increase / (Decrease) in operating liabilities</i>		
Borrowings from financial institutions	3,217,517,366	(2,741,800,768)
Deposits	(725,000,000)	435,000,000
Other liabilities	17,642,074	(52,764,902)
	<u>2,510,159,440</u>	<u>(2,359,565,670)</u>
	(2,254,095,017)	(943,097,748)
Gratuity paid	(6,231,633)	(14,273,652)
Income tax paid	(58,952,443)	(42,696,858)
Net cash flow from operating activities	<u>(2,319,279,093)</u>	<u>(1,000,068,258)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in held for trading securities	(1,424,304)	(20,858,977)
Net investments in available for sale securities	1,962,142,202	496,372,909
Net investments in held to maturity securities	295,336,563	178,706,107
Dividend income received	27,179,033	24,773,027
Receipt against sale of shares in SPIC	22,868,775	19,450,000
Investment in operating fixed assets	(10,381,910)	(4,387,779)
Proceeds from sale of operating fixed assets	5,153,471	-
Net cash flow from investing activities	<u>2,300,873,829</u>	<u>694,055,287</u>
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
(Decrease) / increase in cash and cash equivalents	(18,405,264)	(306,012,971)
Cash and cash equivalents at beginning of the period	140,763,799	431,635,871
Cash and cash equivalents at end of the period	<u>122,358,536</u>	<u>125,622,900</u>
Cash and cash equivalents comprise of the following:		
Cash and balances with treasury banks	47,635,716	38,691,604
Balances with other banks	74,722,820	86,931,296
	<u>122,358,536</u>	<u>125,622,900</u>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.


 General Manager/Chief Executive


 Director


 Director

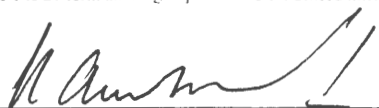

 Chairman

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 2014

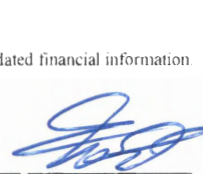
	Share Capital Rupees	Reserve Fund Rupees	General Reserve Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 31 December 2012 - Audited	6,000,000,000	176,580,761	358,662,940	-	6,535,243,701
Profit for the period ended 30 June 2013	-	-	-	280,059,606	280,059,606
Effect of recognition of actuarial losses	-	-	-	(816,133)	(816,133)
Total comprehensive income	-	-	-	279,243,473	279,243,473
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	28,443,590	28,443,590
Balance as at 30 June 2013 - Unaudited	6,000,000,000	176,580,761	358,662,940	307,687,063	6,842,930,764
Profit for the period ended 31 December 2013	-	-	-	484,522,010	484,522,010
Effect of recognition of actuarial gain	-	-	-	1,300,597	1,300,597
Total comprehensive income	-	-	-	485,822,607	485,822,607
Transfer to reserve fund *	-	152,916,323	-	(152,916,323)	-
Transfer to general reserve	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	28,853,111	28,853,111
Balance as at 31 December 2013- Audited	6,000,000,000	329,497,084	358,662,940	669,446,458	7,357,606,482
Profit for the period ended 30 June 2014	-	-	-	308,750,754	308,750,754
Effect of recognition of actuarial losses	-	-	-	(2,401,474)	(2,401,474)
Total comprehensive income	-	-	-	306,349,280	306,349,280
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	42,976,268	42,976,268
Balance as at 30 June 2014- Unaudited	6,000,000,000	329,497,084	358,662,940	1,018,772,006	7,706,932,030

* 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 21 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 2014

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 2013. Comparative statement of financial position is extracted from the annual audited financial statements for the year ended 31 December 2013 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 2013.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim unconsolidated financial information of the Company for the six months ended 30 June 2014 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 2013.



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 2014

4.1 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 2014:

- 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. The interpretation is not likely to have an impact on Company's financial statements.
- 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. The amendments are not likely to have an impact on Company's financial statements.
- 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.
- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

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 2014

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

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- a) - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
- b) -IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- c) -IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- d) - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- e) - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

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 2013.

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 2014

	Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
6 CASH AND BALANCES WITH TREASURY BANKS		
Balance with State Bank of Pakistan	47,460,241	39,769,621
Cash in hand	175,475	158,395
	<u>47,635,716</u>	<u>39,928,016</u>
7 BALANCES WITH OTHER BANKS		
On current accounts – local currency	5,757,516	3,410,322
On deposit accounts –		
– Local currency	45,839,086	70,490,888
– Foreign currency	23,126,218	26,934,573
	<u>74,722,820</u>	<u>100,835,783</u>
8 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE		
Balance as at 01 January	25,629,021	75,000,000
Fair value adjustment during the period	(2,760,246)	(9,920,979)
Less: Amounts received up to 30 June	<u>(22,868,775)</u>	<u>(39,450,000)</u>
Balance as at 30 June	-	25,629,021
Less: Impairment on asset classified as held for sale at its fair value	-	(4,050,364)
	<u>-</u>	<u>21,578,657</u>
	Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	200,000,000
Reverse repo PIBs/T Bills	4,589,624,320	209,466,390
Deposit with Bank	250,000,000	-
	<u>4,839,624,320</u>	<u>409,466,390</u>

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 2014

10 INVESTMENTS	Note	Held by Company Rupees	Given as collateral Rupees	Total Rupees
As at 30 June 2014 (Unaudited)	10.1	4,008,122,305	243,003,600	4,251,125,905
As at 31 December 2013 (Audited)	10.1	6,299,270,653	195,241,900	6,494,512,553
			Unaudited	Audited
			30 June 2014	31 December 2013
			Rupees	Rupees
10.1 INVESTMENTS BY TYPE	Note			
Held-for-trading securities			11,274,542	8,378,027
Available-for-sale securities			2,995,911,975	4,962,554,177
Held-to-maturity securities			1,283,051,561	1,578,388,124
			4,290,238,078	6,549,320,328
Investment in Subsidiaries				
Saudi Pak Leasing Company Limited				
– Investment in shares			243,467,574	243,467,574
– Investment in preference shares			333,208,501	333,208,501
			576,676,075	576,676,075
Saudi Pak Real Estate Company Limited			500,000,000	500,000,000
			1,076,676,075	1,076,676,075
Provision for diminution in value of investments			(246,966,950)	(251,466,950)
Provision against subsidiaries			(576,676,075)	(576,676,075)
Provision against held-to-maturity securities			(239,725,336)	(272,968,934)
Provision against Available-for-sale securities			(62,878,961)	(36,333,191)
			(1,126,247,322)	(1,137,445,150)
			4,240,666,831	6,488,551,253
Revaluation surplus on Available-for-sale securities			228,777,454	335,676,196
Revaluation surplus on Held-for-trading securities			318,958	1,472,212
Impairment loss on quoted securities			(218,637,339)	(331,187,108)
			10,459,074	5,961,300
Investments (Net of Provisions)			4,251,125,905	6,494,512,553

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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11 ADVANCES	Note	Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
Loans, cash, credits, running finances, etc.			
– In Pakistan		6,793,937,180	6,122,404,950
– Outside Pakistan		-	-
		<u>6,793,937,180</u>	<u>6,122,404,950</u>
Net investment in finance lease			
– In Pakistan		164,776,780	179,668,229
– Outside Pakistan		-	-
		<u>164,776,780</u>	<u>179,668,229</u>
		<u>6,958,713,960</u>	<u>6,302,073,179</u>
Provision for non-performing advances	11.1	<u>(2,407,096,611)</u>	<u>(2,379,708,600)</u>
		<u>4,551,617,349</u>	<u>3,922,364,579</u>
Staff loans and advances - In Pakistan		<u>32,933,269</u>	<u>31,458,350</u>
		<u>4,584,550,618</u>	<u>3,953,822,929</u>

11.1 Advances include Rs. 2,667,185,753 (31 December 2013: Rs. 2,674,901,901 which have been placed under non-performing status as detailed below:-

-----30 June 2014-----					
Category of classification	Domestic Rupees	Overseas Rupees	Total Rupees	Provision Required Rupees	Provision Held Rupees
Substandard	186,666,666	-	186,666,666	17,943,224	17,943,224
Doubtful	-	-	-	-	-
Loss	2,480,519,087	-	2,480,519,087	2,389,153,387	2,389,153,387
	<u>2,667,185,753</u>	<u>-</u>	<u>2,667,185,753</u>	<u>2,407,096,611</u>	<u>2,407,096,611</u>
-----31 December 2013-----					
Category of classification	Domestic Rupees	Overseas Rupees	Total Rupees	Provision Required Rupees	Provision Held Rupees
Substandard	52,380,000	-	52,380,000	-	-
Doubtful	-	-	-	-	-
Loss	2,622,521,901	-	2,622,521,901	2,379,708,600	2,379,708,600
	<u>2,674,901,901</u>	<u>-</u>	<u>2,674,901,901</u>	<u>2,379,708,600</u>	<u>2,379,708,600</u>

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		Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
12 OTHER ASSETS	Note		
Deposits, prepayments and other receivables	12.1	1,204,424,346	1,194,291,539
Income accrued and other receivables	12.2	<u>259,961,608</u>	<u>232,392,461</u>
		<u><u>1,464,385,954</u></u>	<u><u>1,426,684,000</u></u>
12.1 Deposits, prepayments and other receivables			
Advances to suppliers		8,399,321	13,000,780
Advances for purchase of shares		256,792	256,792
Security deposits		7,388,245	7,388,245
Prepayments		9,597,882	4,734,773
Non banking assets acquired in satisfaction of claims	12.1.1	355,964,909	413,102,345
Amounts receivable from stock brokers		6,295,780	3,869,995
Advance tax		<u>957,499,479</u>	<u>901,093,671</u>
		<u>1,345,402,408</u>	<u>1,343,446,601</u>
Less: Provision against other assets		<u>(140,978,062)</u>	<u>(149,155,062)</u>
		<u><u>1,204,424,346</u></u>	<u><u>1,194,291,539</u></u>

12.1.1 Market value of non banking assets acquired in satisfaction of claims is amounting to Rs. 285,911,000.

		Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
12.2 Income accrued and other receivables	Note		
Dividend		3,674,086	2,250,000
Mark up/interest on advances		987,340,306	967,319,285
Income from short term investments		259,068,904	255,445,247
Appraisal and other fees		9,835,527	6,548,877
Income from lease financing		61,474,550	60,806,291
Rental income		<u>21,433,169</u>	<u>8,281,372</u>
		<u>1,342,826,542</u>	<u>1,306,651,872</u>
Less: Income suspended		<u>(1,082,864,934)</u>	<u>(1,068,258,611)</u>
		<u><u>259,961,608</u></u>	<u><u>232,392,461</u></u>

13 OPERATING FIXED ASSETS

Carrying amount at beginning of the period / year		2,327,502,014	2,383,745,356
Additions during the period / year	13.1	10,381,910	51,793,221
Book value of disposals	13.2	(17,166,106)	(3)
Depreciation for the period / year		<u>(55,894,541)</u>	<u>(108,036,560)</u>
Carrying amount at the end of the period / year		<u><u>2,264,822,277</u></u>	<u><u>2,327,502,014</u></u>

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		Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
13.1 Additions during the period / year represents the followings:-	Note		
Office equipments		843,104	4,090,981
Electrical appliances		49,200	1,789,402
Building		486,516	1,481,100
Security systems		-	261,000
Furniture, fixture & fittings		98,280	-
Motor vehicles		6,246,060	3,499,750
Elevators		-	1,097,200
Electrical fittings		-	37,341,760
Telephone installation		-	391,020
Intangible assets		345,650	1,591,008
Capital work in progress		2,313,100	250,000
		10,381,910	51,793,221
13.2 Book value of disposals are as under:-			
Office equipments		50	-
Motor vehicles		1,762,418	3
Electrical fittings		15,403,638	-
		17,166,106	3
14 BORROWINGS FROM FINANCIAL INSTITUTIONS			
Against book debts / receivables		3,800,000,000	2,800,000,000
Against SBP refinance schemes	14.1	730,795,158	526,237,792
Against PIBs / T-bill repos		1,227,960,000	200,000,000
Against clean / letter based financing		985,000,000	-
Morahaba finance		800,000,000	800,000,000
		7,543,755,158	4,326,237,792
14.1 This represent the outstanding balance of facilities availed from SBP under LT-EOP Scheme amounting to Rs. Nil (December 2013: Rs 16,341,000) and under LT-FF Scheme amounting to Rs. 730,795,158 (December 2013: Rs. 509,896,792).			
15 DEPOSITS AND OTHER ACCOUNTS			
Certificate of Investments (COIs)	15.1	37,000,000	762,000,000
15.1 These represent certificate of investments issued to various institutions. The mark up is charged at varying rates ranging from 10.00% to 10.20% per annum. These are repayable in period ranging from August 2014 to November 2014.			
16 OTHER LIABILITIES		Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
Interest/markup accrued on borrowings		67,948,967	82,970,779
Directors' remuneration		1,482,006	2,747,618
Other payable and expenses accrued		49,206,545	30,350,018
Deferred liabilities		69,805,729	54,945,072
		188,443,247	171,013,487

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17 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 2013 except for the following:

	Unaudited 30 June 2014 Rupees	Audited 31 December 2013 Rupees
17.1 Direct credit substitutes - Letter of comfort / guarantees	600,000,000	207,385,000
17.2 Non disbursed commitment for term and working capital finance	1,170,000,000	911,098,000
17.3 Commitments for the acquisition of operating fixed assets	6,214,912	15,303,712
	<u>1,776,214,912</u>	<u>1,133,786,712</u>

17.4 Tax contingencies

(a) Assessment Orders Under Income Tax Ordinance, 2001

Tax year 2012

The Assistant Commissioner Inland Revenue (ACIR), Audit - III, Large Taxpayers Unit, Islamabad vide assessment order No 003/005 dated May 21, 2014 created demand of Rs 97,862,792 and not allowed credit of taxes paid by the Company. Certain issues including disallowance of provision against NPLs and apportionment of expenses are being contested in appeals before Commissioner Inland Revenue (Appeals), [CIR(Appeals)] which are likely to be decided in Company's favor.

The Deputy Commissioner Inland Revenue (DCIR), Audit - VI, Large Taxpayers Unit, Islamabad vide assessment order No 3/40 dated February 28, 2014 created demand of Rs 12,355,224 under section 113 of the Ordinance and not allowed credit of taxes paid by the Company. Company preferred appeal before Commissioner Inland Revenue (Appeals) [CIR(Appeals)] on the issue of chargeability of minimum tax, which are likely to be decided in Company's favor.

Tax year 2013

The ACIR Audit - III, Large Taxpayers Unit, Islamabad vide assessment order No 004/005 dated May 21, 2014 created demand of Rs 118,789,036 and not allowed credit of taxes paid by the Company. Certain issues including disallowance of provision against NPLs and apportionment of expenses are being contested in appeals before Commissioner Inland Revenue (Appeals) [CIR(Appeals)], which are likely to be decided in Company's favor.

(b) Sales Tax/Federal Excise

The DCIR, Audit - VI, Large Taxpayers Unit, Islamabad (DCIR) vide Order in Original 08/52 dated April 30, 2014 imposed federal excise duty amounting to Rs 71,314,266. An appeal against the aforesaid order dated April 30, 2014 has been filed before the Commissioner Inland Revenue - (Appeals) [CIR(Appeals)]. The CIR(Appeals) vide his order ST/FED-530/2014/562 dated June 17, 2014 has upheld the action of DCIR. The Company has deposited Rs 24 million.

17.5 Other contingencies

Macpac Film Ltd- (COS No B-24/2014 of Rs. 1,040.629 million.)

Macpac Film Ltd, a former customer of the company had an overdue balance of Rs. 195.795 million in respect of term finance facility of Rs. 125 million provided by the company. The company entered into a settlement with the customer, whereby the amount of liquidated damages amounting to Rs. 43.93 million and 50 percent of overdue markup amounting to Rs. 28.729 million was agreed to be written off/waived. Further, following the guidelines of the prudential regulation, the company reported negative eCIB to State Bank of Pakistan in respect of written off balances. Feeling aggrieved, the customer filed damages suit against the company in the Sindh High Court, Karachi for reporting negative eCIB to SBP. The company has filed PLA within statutory period of 30 days. The matter has been fixed for hearing by the court on 22 August 2014.

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	Unaudited 30 June 2014 Rupees	Unaudited 30 June 2013 Rupees
18 MARK-UP/RETURN/INTEREST EARNED		
Income from investments	175,158,501	210,906,317
Income from advances	263,248,377	262,433,080
Income from lending to financial institutions	67,485,767	6,567,809
	<u>505,892,645</u>	<u>479,907,206</u>
19 MARK-UP/RETURN/INTEREST EXPENSED		
Short term Borrowings	54,590,141	86,047,823
Long term Borrowings	153,066,770	114,551,851
Borrowing cost on Repos	4,243,738	31,666,468
Amortization of PIBs purchased on premium	730,504	1,095,753
Brokerage fee and commission	516,386	469,637
	<u>213,147,539</u>	<u>233,831,532</u>

20 RELATED PARTY TRANSACTIONS

- 20.1 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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 NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED]
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20.2 Following are the transactions and balances with related parties


Nature of balances / transactions	Name of the Entity	Unaudited	Audited
		30 June 2014	31 December 2013
		Rupees	Rupees
<u>Outstanding balances at the period / year end</u>			
– Subsidiary / Associated companies			
Investments - cost	Saudi Pak Real Estate Company Ltd	500,000,000	500,000,000
Investments in shares - cost	Saudi Pak Leasing Company Ltd	243,467,574	243,467,574
Investments in preference shares - cost	Saudi Pak Leasing Company Ltd	333,208,501	333,208,501
Fair value of shares classified as held for sale	Saudi Pak Insurance Company Ltd	-	21,578,657
Prepaid insurance	Saudi Pak Insurance Company Ltd	-	16,812
Security Deposit	Saudi Pak Real Estate Company Ltd	278,280	278,280
Prepaid Rent	Saudi Pak Real Estate Company Ltd	1,690,020	-
– Employee funds			
Deposits against COIs	Employee Funds	7,000,000	10,000,000
Interest Payable	Employee Funds	76,290	414,337
<u>Transactions during the period</u>			
– Subsidiary / Associated companies			
Maturity of borrowing	Saudi Pak Leasing Company Ltd	-	20,000,000
Interest expensed	Saudi Pak Leasing Company Ltd	-	493,644
Dividend received	Saudi Pak Leasing Company Ltd	-	114,112
Rent received	Saudi Pak Leasing Company Ltd	262,570	488,950
Rent received	Saudi Pak Real Estate Company Ltd	1,840,915	3,506,328
Rent received	Saudi Pak Insurance Company Ltd	-	1,998,000
Claims received	Saudi Pak Insurance Company Ltd	-	20,000
Premium paid	Saudi Pak Insurance Company Ltd	-	113,281
Fair value of shares classified as held for sale	Saudi Pak Insurance Company Ltd	-	14,938,998
Installment received	Saudi Pak Insurance Company Ltd	-	39,450,000
Sale of Tricon Office	Saudi Pak Real Estate Company Ltd	50,000,000	-
– Key management personnel			
Advances to executives		6,213,500	21,733,750
Repayment of advances		6,310,176	6,006,870
– Employee funds			
Contribution to the employees provident fund		1,741,186	4,050,538
Interest expense		569,406	1,788,668

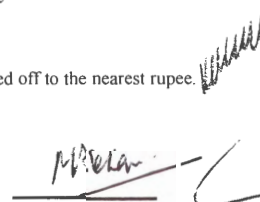
21 GENERAL


21.1 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company in the meeting held on 28 AUG 2014

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


 General Manager/Chief Executive


 Director


 Director


 Chairman