



KPMG Taseer Hadi & Co.
Chartered Accountants

**Saudi Pak Industrial and Agricultural
Investment Company Limited**

**Condensed interim un-consolidated
financial information**

For the period ended 30 June 2015



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Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Saudi Pak Industrial and Agricultural Investment Company Limited ("the Company") as at June 30, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended June 30, 2015 and June 30, 2014 have not been reviewed and we do not express a conclusion on them.

Islamabad

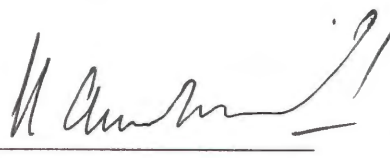
29 August 2015


KPMG Taseer Hadi & Co.
Chartered Accountants
Riaz Pesnani

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015


	Note	Unaudited 30 June 2015 Rupees	Audited 31 December 2014 Rupees
ASSETS			
Cash and balances with treasury banks	6	60,022,472	48,472,808
Balances with other banks	7	610,653,241	693,284,975
Lendings to financial institutions	8	232,000,000	900,000,000
Investments	9	12,771,328,100	10,739,002,841
Advances	10	5,505,691,307	5,688,038,698
Operating fixed assets	11	2,195,525,809	2,255,080,030
Deferred tax assets		-	-
Other assets	12	2,059,100,538	1,849,060,411
		<u>23,434,321,467</u>	<u>22,172,939,763</u>
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	13	11,395,448,320	10,630,880,109
Deposits and other accounts	14	7,000,000	37,000,000
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		729,501,640	720,969,052
Other liabilities	15	430,296,923	393,227,127
		<u>12,562,246,883</u>	<u>11,782,076,288</u>
NET ASSETS		<u><u>10,872,074,584</u></u>	<u><u>10,390,863,475</u></u>
REPRESENTED BY			
Share capital		6,600,000,000	6,000,000,000
Reserve fund		561,263,576	561,263,576
General reserve		358,662,940	358,662,940
Unappropriated profit		1,445,688,756	1,666,254,393
		<u>8,965,615,272</u>	<u>8,586,180,909</u>
Surplus on revaluation of Available for Sale - net of tax		519,353,744	437,890,335
Surplus on revaluation of operating fixed assets - net of tax		1,387,105,568	1,366,792,231
		<u><u>10,872,074,584</u></u>	<u><u>10,390,863,475</u></u>
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 22 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 2015

	Note	30 June 2015		30 June 2014	
		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	17	454,068,323	892,354,810
Mark-up/Return/Interest Expensed	18	228,145,542	473,099,401	98,098,759	213,147,539
Net mark-up/Interest Income		225,922,781	419,255,409	153,541,559	292,745,106
(Reversal)/ provision against non-performing loans and advances		(87,625,056)	21,080,669	1,884,937	27,388,011
Provision/ (reversal) for investments - TFCs		20,738,373	75,562,130	(34,708,705)	(6,697,828)
Provision for diminution in the value of investments - Unquoted		20,000,000	40,000,000	-	-
Bad debts written off directly		-	-	-	-
Net Mark-up/ Interest Income after provisions		272,809,464	282,612,610	186,365,327	272,054,923
NON MARK-UP/INTEREST INCOME					
Fee, Commission and Brokerage income		3,777,604	4,690,638	5,309,500	6,997,753
Dividend Income		26,882,813	64,394,834	11,846,135	28,603,119
Gain on dealing in quoted securities		59,234,076	134,111,566	76,059,365	158,917,676
Gain on sale of government securities		86,717,000	182,527,700	-	-
Unrealized (loss)/ gain on revaluation of held for trading investments - net		(15,942,941)	(16,206,243)	5,671,332	318,957
(Loss)/ gain from dealing in foreign currencies		(47,942)	160,308	117,986	(1,743,380)
Fair value adjustment on non-current asset classified as held for sale		-	-	470,761	1,290,118
Other income		18,481,112	48,267,374	4,573,451	17,270,455
Total non mark-up/interest Income		179,101,722	417,946,177	104,048,530	211,654,698
		451,911,186	700,558,787	290,413,857	483,709,621
NON MARK-UP/INTEREST EXPENSES					
Administrative expenses		77,057,059	142,589,467	62,253,598	128,804,068
Impairment loss on quoted securities		38,168,389	38,168,389	-	-
Other provisions/ (reversals) /write offs		13,512,000	13,512,000	-	(1,039,563)
Other charges - penalties imposed by SBP		-	-	270,000	270,000
Total non mark-up/interest expenses		128,737,448	194,269,856	62,523,598	128,034,505
		323,173,738	506,288,931	227,890,259	355,675,116
Extra ordinary / unusual items					
		-	-	-	-
PROFIT BEFORE TAXATION					
		323,173,738	506,288,931	227,890,259	355,675,116
Taxation - Current		56,041,654	84,483,666	1,966,806	2,546,635
- Prior years	19	42,249,411	42,249,411	-	-
- Deferred		26,628,080	42,188,311	11,768,256	44,377,727
		124,919,145	168,921,388	13,735,062	46,924,362
PROFIT AFTER TAXATION					
		198,254,593	337,367,543	214,155,197	308,750,754
Restated					
Earning Per Share - basic and diluted (Rupees)	20	0.300	0.511	0.324	0.468

The annexed notes 1 to 22 form an integral part of this condensed interim unconsolidated financial information.


General Manager/Chief Executive


Director

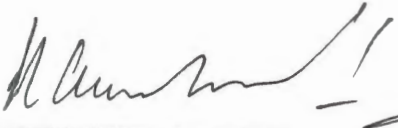

Director



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 2015

	30 June 2015		30 June 2014	
	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	198,254,593	337,367,543	214,155,197	308,750,754
Other comprehensive income				
Items that will never be reclassified to profit and loss account				
Effect of recognition of actuarial loss	-	-	(2,401,474)	(2,401,474)
Comprehensive income - transferred to statement of changes in equity	<u>198,254,593</u>	<u>337,367,543</u>	<u>211,753,723</u>	<u>306,349,280</u>
Components of comprehensive income not reflected in equity				
Surplus/ (defecit) on revaluation of securities - net of tax	41,506,135	81,463,410	(64,128,433)	(70,553,169)
Total comprehensive income	<u><u>239,760,728</u></u>	<u><u>418,830,953</u></u>	<u><u>147,625,290</u></u>	<u><u>235,796,111</u></u>

The annexed notes 1 to 22 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 2015


	30 June 2015 Rupees	30 June 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	506,288,931	355,675,116
Less: Dividend income	(64,394,834)	(28,603,119)
	441,894,097	327,071,997
Adjustments for non-cash charges		
Depreciation/ amortization	58,970,030	55,894,541
Provision against non-performing loans and advances	21,080,669	27,388,011
Provision/ (reversal) for diminution in value of investments - TFCs	75,562,130	(6,697,828)
Provision for diminution in value of investments - Unquoted	40,000,000	-
Loss on disposal of operating fixed assets	10,455,955	12,012,635
Provision for gratuity/compensated absences	2,510,928	2,380,722
Reversal of impairment loss on asset classified as held for sale and its fair value	-	(1,290,118)
Impairment loss/(reversal of impairment) on Available for Sale securities	5,271,483	(112,549,770)
Unrealized loss/(gain) on revaluation of held for trading investments - net	16,206,243	(318,957)
Others provisions/ (reversals)	13,512,000	(1,039,563)
	243,569,438	(24,220,327)
	685,463,535	302,851,670
Decrease/ (increase) in operating assets		
Lendings to financial institutions and others	668,000,000	(4,430,157,930)
Advances	161,266,722	(658,115,700)
Other assets (excluding advance taxation)	(152,545,018)	21,167,503
	676,721,704	(5,067,106,127)
Increase/ (Decrease) in operating liabilities		
Borrowings from financial institutions	764,568,211	3,217,517,366
Deposits	(30,000,000)	(125,000,000)
Other liabilities (excluding current taxation)	(85,005,776)	17,642,074
	649,562,435	2,510,159,440
	2,011,747,674	(2,254,095,017)
Gratuity paid	(833,034)	(6,231,633)
Income tax paid	(77,280,009)	(58,952,443)
	(78,113,043)	(65,184,076)
Net cash generated from/ (used in) operating activities	1,933,634,631	(2,319,279,093)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities- net	(1,077,104,527)	1,962,142,202
Net investments in held to maturity securities	35,572,023	295,336,563
Net investment in held for trading securities	(1,017,644,768)	(1,424,304)
Receipt against sale of shares in SPI Insurance Company Limited	-	22,868,775
Dividend received	64,332,335	27,179,033
Investment in operating fixed assets	(13,275,089)	(10,381,910)
Sale proceeds on disposal of operating fixed assets- property and equipment	3,403,325	5,153,471
Net cash (used in)/ generated from investing activities	(2,004,716,701)	2,300,873,830
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Decrease in cash and cash equivalents	(71,082,070)	(18,405,263)
Cash and cash equivalents at beginning of the year	741,757,783	140,763,799
Cash and cash equivalents at the end of the period	670,675,713	122,358,536

The annexed notes 1 to 22 form an integral part of this condensed interim unconsolidated financial information.


General Manager/Chief Executive


Director


Director

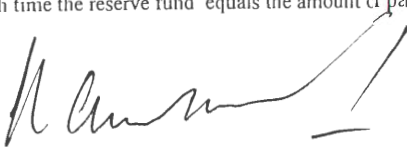

Chairman

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 2015

	Share Capital Rupees	Reserve Fund Rupees	General Reserve Rupees	Unappropriated Profit Rupees	Total Rupees
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
Profit for the period ended 31 December 2014	-	-	-	850,081,707	850,081,707
Effect of recognition of actuarial gains	-	-	-	(394,943)	(394,943)
Total comprehensive income	-	-	-	849,686,764	849,686,764
Transfer to reserve fund *	-	231,766,492	-	(231,766,492)	-
Transfer to general reserve	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	29,562,115	29,562,115
Balance as at 31 December 2014 - Audited	6,000,000,000	561,263,576	358,662,940	1,666,254,393	8,586,180,909
Profit for the period ended 30 June 2015	-	-	-	337,367,543	337,367,543
Effect of recognition of actuarial losses	-	-	-	-	-
Total comprehensive income	-	-	-	337,367,543	337,367,543
Bonus shares issued	600,000,000	-	-	(600,000,000)	-
Transfer to reserve fund	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	42,066,820	42,066,820
Balance as at 30 June 2015 - Unaudited	6,600,000,000	561,263,576	358,662,940	1,445,688,756	8,965,615,272

The annexed notes 1 to 22 form an integral part of this condensed interim unconsolidated financial information.

* Under Circular No.1 dated 05 December 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.


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 2015

1. LEGAL STATUS AND OPERATIONS

Saudi Pak Industrial and Agricultural Investment Company Limited ("the Company") was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted as a public limited company on April 30, 2008. The Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan. The principal activity of the Company is to invest in the industrial and agro-based industrial projects in Pakistan on commercial basis and market their products in Pakistan and abroad. The Company has been setup for a period of fifty years which may be extended with approval of both of the Governments.

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

2. BASIS OF 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 2014. Comparative statement of financial position is extracted from the annual audited financial statements for the year ended 31 December 2014 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 2014.

3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim unconsolidated financial information of the Company for the six months ended 30 June 2015 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 shall prevail.
- 3.2 The SBP through its BSD Circular Letter No.11 dated 11 September 2002 has deferred the implementation of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Development Financial Institutions (DFIs) till further order. Further, according to the notification of the SECP dated 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

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


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 2014.

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 2015

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- 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.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments 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. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.



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 2015

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

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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 2014.

	Unaudited 30 June 2015 Rupees	Audited 31 Dec 2014 Rupees
6. CASH AND BALANCES WITH TREASURY BANKS		
Balance with State Bank of Pakistan	59,747,134	48,338,676
Cash in hand	275,338	134,132
	60,022,472	48,472,808
7. BALANCES WITH OTHER BANKS		
On current accounts - local currency	28,340,902	37,639,958
On deposit accounts		
- Local currency	563,636,515	634,468,403
- Foreign currency	18,675,824	21,176,614
	610,653,241	693,284,975
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Reverse repo - Treasury Bills/PIBs	232,000,000	900,000,000
	232,000,000	900,000,000

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 2015

9.	INVESTMENTS	Note	Held by	Given as	Total
			company	collateral	
			Rupees	Rupees	Rupees
	As on 30 June 2015 (Unaudited)	9.1	6,894,924,124	5,876,403,976	12,771,328,100
	As on 31 December 2014 (Audited)	9.1	5,964,790,168	4,774,212,673	10,739,002,841
				Unaudited	Audited
				30 June	31 Dec
				2015	2014
9.1	INVESTMENTS BY TYPE			Rupees	Rupees
	Held-for-trading securities (HFT)				
	-Quoted shares			44,453,167	19,721,387
	-Pakistan Investment Bonds (PIBs)			998,508,450	-
				1,042,961,617	19,721,387
	Available-for-Sale securities (AFS)				
	-Quoted shares			1,179,413,958	1,115,136,554
	-Unquoted shares			709,833,048	709,833,048
	-Market Treasury Bills			523,211,395	674,052,100
	-Pakistan Investment Bonds (PIBs)			7,657,859,228	6,487,186,450
	-Term Finance Certificates (TFCs)			143,792,948	150,797,898
	-Mutual Funds			50,000,000	50,000,000
	-Other-Islamabad Stock Exchange Membership			2,500,000	2,500,000
				10,266,610,577	9,189,506,050
	Held-to-Maturity (HTM) securities				
	-Term Finance Certificates (TFCs)			1,134,750,024	1,170,322,047
				12,444,322,218	10,379,549,484
	Investment in Subsidiaries				
	Saudi Pak Leasing Company Limited				
	-Investment in ordinary shares			243,467,574	243,467,574
	-Investment in preference shares			333,208,501	333,208,501
	Saudi Pak Real Estate Company Limited				
	-Investment in shares - unquoted			500,000,000	500,000,000
				1,076,676,075	1,076,676,075
				13,520,998,293	11,456,225,559
	Provision for diminution in value of un-quoted investments			(291,444,299)	(251,444,299)
	Provision against subsidiaries			(576,676,075)	(576,676,075)
	Provision against term finance certificates-TFCs			(452,739,166)	(377,177,036)
	Provision for impairment loss on quoted securities			(176,359,918)	(171,088,435)
				(1,497,219,458)	(1,376,385,845)
				12,023,778,835	10,079,839,714
	Surplus on revaluation of AFS securities			763,755,508	653,567,665
	(Deficit)/surplus on revaluation of HFT securities			(16,206,243)	5,595,462
				747,549,265	659,163,127
	Investments (net of provisions)			12,771,328,100	10,739,002,841

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 NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED]
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10. ADVANCES	Note	Unaudited 30 June 2015 Rupees	Audited 31 Dec 2014 Rupees
Loans, cash, credits, running finances, etc.			
- In Pakistan		7,389,352,304	7,542,903,757
- Outside Pakistan		-	-
		<u>7,389,352,304</u>	<u>7,542,903,757</u>
Net investment in finance lease			
- In Pakistan		192,785,099	210,932,446
- Outside Pakistan		-	-
		<u>192,785,099</u>	<u>210,932,446</u>
		<u>7,582,137,403</u>	<u>7,753,836,203</u>
Less: Provision for non-performing advances	10.1	2,117,516,621	2,096,435,952
		<u>5,464,620,782</u>	<u>5,657,400,251</u>
Staff loans and advances		41,070,525	30,638,447
		<u>5,505,691,307</u>	<u>5,688,038,698</u>

10.1 Advances include Rs.2,176,943,421 (31 December 2014: Rs. 2,215,492,050) which have been placed under non-performing status as detailed below:-

-----30 June 2015-----					
Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees	Rupees	Rupees	Rupees	Rupees
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	2,176,943,421	-	2,176,943,421	2,117,516,621	2,117,516,621
	<u>2,176,943,421</u>	<u>-</u>	<u>2,176,943,421</u>	<u>2,117,516,621</u>	<u>2,117,516,621</u>

-----31 December 2014-----					
Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees	Rupees	Rupees	Rupees	Rupees
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	2,215,492,050	-	2,215,492,050	2,096,435,952	2,096,435,952
	<u>2,215,492,050</u>	<u>-</u>	<u>2,215,492,050</u>	<u>2,096,435,952</u>	<u>2,096,435,952</u>

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		Unaudited 30 June 2015 Rupees	Audited 31 Dec 2014 Rupees
11	OPERATING FIXED ASSETS		
	Carrying amount at beginning of the period	2,255,080,030	2,327,502,014
	Additions during the period	13,275,089	56,390,471
	Book value of disposals	(13,859,280)	(18,407,480)
	Depreciation for the period	(58,970,030)	(110,404,975)
	Carrying amount at the end of the period	<u>2,195,525,809</u>	<u>2,255,080,030</u>
11.1	Additions during the period / year represents the following:-		
	Office equipments	1,526,595	3,931,210
	Electrical appliances	2,247,335	2,714,280
	Furniture, fixture and fittings	165,500	263,780
	Building	3,125,414	5,327,567
	Motor vehicles	5,805,960	43,357,600
	Intangible assets	404,285	587,394
	Work-in-Progress	-	208,640
		<u>13,275,089</u>	<u>56,390,471</u>
11.2	Book value of disposals		
	Motor vehicles	1,295,326	2,887,154
	Office equipments	59,250	60
	Furniture fixtures and fittings	-	85
	Fire fighting equipments	-	111,206
	Electrical and gas appliances	12,504,704	15,403,640
	Miscellaneous items	-	5,335
		<u>13,859,280</u>	<u>18,407,480</u>
12	OTHER ASSETS		
	Deposits, prepayments and other receivables	1,388,686,937	1,273,848,497
	Income accrued and other receivables	670,413,601	575,211,914
		<u>2,059,100,538</u>	<u>1,849,060,411</u>
12.1	Deposits, prepayments and other receivables		
	Advances to suppliers	20,169,061	14,769,283
	Advances for purchase of shares	256,792	256,792
	Security deposits	7,388,245	7,388,245
	Prepayments	10,295,180	4,495,275
	Non banking assets acquired in satisfaction of claims	356,494,933	355,964,909
	Amounts receivable from stock brokers	49,008,835	3,332,711
	Advance tax and FED	1,062,590,953	991,646,344
		<u>1,506,203,999</u>	<u>1,377,853,559</u>
	Less: Provision against other assets	(117,517,062)	(104,005,062)
		<u>1,388,686,937</u>	<u>1,273,848,497</u>

12.1.1

Market value of non banking assets acquired in satisfaction of claims amounts to Rs. 272.288 million (31 December 2014: 285.911 million).

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	Note	Unaudited 30 June 2015 Rupees	Audited 31 Dec 2014 Rupees
12.2	Income accrued and other receivables		
	Accrued fee and commission	8,462,924	7,962,924
	Accrued dividend income	562,499	500,000
	Accrued income from advances	972,978,147	959,210,313
	Accrued income from investments	721,655,713	651,376,839
	Accrued income from lending to financial institutions	30,110	4,037,370
	Others	12,031,968	7,331,793
		<u>1,715,721,361</u>	<u>1,630,419,239</u>
	Less: Suspense account	1,045,307,760	1,055,207,325
		<u>670,413,601</u>	<u>575,211,914</u>
13	BORROWINGS FROM FINANCIAL INSTITUTIONS		
	Against book debts / receivables	5,225,000,000	4,700,000,000
	Against SBP refinance schemes	329,448,320	497,037,894
	Against PIBs / T-bill repos	5,700,000,000	5,015,842,215
	Against clean / letter based financing	141,000,000	418,000,000
		<u>11,395,448,320</u>	<u>10,630,880,109</u>
13.1	This represents the outstanding balance of facilities availed from SBP under LT-FF Scheme amounting to Rs. 329.448 million (31 December 2014: Rs. 497.037).		
14	DEPOSITS AND OTHER ACCOUNTS		
	Certificate of investments (COIs)	7,000,000	37,000,000
14.1	These represent certificate of investments issued to various institutions. The mark up is charged at 10.00% per annum (2014: 10.00% to 10.20%). This is repayable in the month of November 2015.		
15	OTHER LIABILITIES		
	Provision for staff gratuity	27,685,327	25,174,399
	Provision for compensated absences	3,926,220	4,759,254
	Advance rental	44,671,350	56,918,559
	Interest/markup accrued on borrowings	66,473,469	114,684,168
	Directors' remuneration	1,832,252	2,522,554
	Corporate income tax payable	234,337,586	113,939,908
	Other payable and expenses accrued	51,370,719	75,228,285
		<u>430,296,923</u>	<u>393,227,127</u>

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16 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments of the Company from the status given in the preceeding annual published financial statements for the year ended 31 December 2014 except for the following:

	Unaudited 30 June 2015 Rupees	Audited 31 Dec 2014 Rupees
16.1 Non disbursed commitment for term and working capital finance	1,163,000,000	1,150,000,000
16.2 Commitments for the acquisition of operating fixed assets	7,048,647	19,658,034
	<u>1,170,048,647</u>	<u>1,169,658,034</u>

16.3 Tax Contingencies

Tax Year 2012 and 2013

The appeals filed by the Company against the amended assessment order dated 21 May 2014 for the subject tax years were decided by the CIR (A) whereby he upheld disallowance on account of provision against non performing loans and charge of Worker's Welfare Fund, while remanding back rest of the matters to the taxation officer for re-assessment. The company has filed appeal to the ATIR against this decision. The re-assessment proceedings have not been initiated to date by the tax authorities.

Further, and for the tax year 2012, under a separate order, the taxation officer charged minimum tax of Rs. 12.35 million on returned loss for the year. The Company's appeal against this order is pending decision by the CIR(A) while recovery of the demand has been put in abeyance by the High Court through stay order.

16.4 Eden Developers Private Limited vs. Saudi Pak (COS No.18/2015 – Suit for Declaration, Damages of Rs.697.350 million

Customer is a real estate developer in Lahore who had availed a term finance facility from the Company creating mortgage over few plots in the Eden City Housing Scheme, Lahore, offered as security. On default in repayments, the Company had served a legal notice on 17.02.2014 and then filed a recovery suit (COS. No.66/2014) of Rs. 92,280,358/- against the customer in the Lahore High Court, Lahore. Further, to secure mortgaged properties from alienation/creating third party interest, the Company also published notice in local newspapers for public awareness. The customer felt aggrieved, and as a counter claim the customer filed the titled declaratory and damages suit on 23.10.2014 in the Lahore High Court, Lahore. In the suit, the customer has claimed damages on account of alleged overpayments, loss of business, loss of reputation etc. The Company has filed its reply (PLA). Now, the customer has to file replication of the Company reply. It will follow arguments of parties counsel for a decision on merits.

	Unaudited 30 June 2015 Rupees	Unaudited 30 June 2014 Rupees
17 MARK-UP/RETURN/INTEREST EARNED		
Income from investments	533,689,983	175,158,501
Income from advances	331,541,011	263,248,377
Income from lending to financial institutions	27,123,816	57,485,767
	<u>892,354,810</u>	<u>495,892,645</u>

18 MARK-UP/RETURN/INTEREST EXPENSED

Short term borrowings	79,474,167	54,590,141
Long term borrowings	167,579,220	153,066,770
Borrowing cost on repos	222,722,102	4,243,738
Amortization of PIBs purchased on premium	-	730,504
Brokerage fee and commission	3,323,912	516,386
	<u>473,099,401</u>	<u>213,147,539</u>

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19 SUPER TAX

Through Finance Act, 2015 a new section 4B has been introduced in the Income Tax Ordinance 2001 according to which a one time super tax has been imposed for tax year 2015 on the income of individuals, association of persons and companies who are earning income of Rs 500 million or above in tax year 2015. Super tax has been charged at the rate of 3% for persons other than banking companies.

	Unaudited 30 June 2015 Rupees	Unaudited 30 June 2014 Rupees <i>Restated</i>
20 BASIC AND DILUTED EARNING PER SHARE		
Profit for the period - Rupees	337,367,543	308,750,754
Weighted average number of ordinary shares - Number	660,000,000	660,000,000
Basic and diluted earning per share - Rupees	0.511	0.468

20.1 In pursuance of shareholders resolution dated April, 28 2015 the Company issued 60 million bonus shares of Rs. 10 each (total Rs. 600 million) to Governments of Pakistan and Kingdom of Saudi Arabia in proportion to their respective shareholding on June 23, 2015. As per the requirements of IAS 33 "Earnings Per Share" the basic and diluted earnings per share of all periods presented has been adjusted accordingly to incorporate the impact of bonus issue.

21 RELATED PARTY TRANSACTIONS

21.1 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 the unrelated parties and do not involve more than a normal risk (i.e. under the comparable Uncontrolled Price Method).

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

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

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21.2 Following are the transactions and balances with related parties:

Nature of balances / transactions	Name of the Entity	Unaudited	Audited
		30 June 2015 Rupees	31 Dec 2014 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
Investments in shares - cost	Saudi Pak Leasing Company Limited	243,467,574	243,467,574
Investments in preference shares - cost	Saudi Pak Leasing Company Limited	333,208,501	333,208,501
Borrowing	Saudi Pak Leasing Company Limited	50,000,000	18,000,000
Security deposit	Saudi Pak Real Estate Company Limited	278,280	278,280
Rent received in advance	Saudi Pak Real Estate Company Limited	1,771,855	1,687,505
Interest payable	Saudi Pak Leasing Company Limited	176,439	70,274
Key management personnel			
Advances to executives		14,661,500	8,164,200
Employee funds			
Deposits against Certificate of investments	Employee funds	7,000,000	7,000,000
Interest payable	Employee funds	420,000	72,877

Nature of transactions	Name of the Entity	Unaudited	Unaudited
		30 June 2015 Rupees	30 June 2014 Rupees
<u>Transactions during the period</u>			
Subsidiary/Associated companies			
Borrowing availed	Saudi Pak Leasing Company Limited	32,000,000	-
Interest expensed	Saudi Pak Leasing Company Limited	1,344,035	-
Rent received	Saudi Pak Leasing Company Limited	279,510	262,570
Rent paid for generator	Saudi Pak Leasing Company Limited	63,776	34,747
Rent received	Saudi Pak Real Estate Company Limited	1,932,933	1,840,915
Sale of property	Saudi Pak Real Estate Company Limited	-	50,000,000
Key management personnel			
Repayment of advances		6,084,102	6,310,176
Employee funds			
Contribution to the employees provident fund		2,351,459	1,741,186
Interest expensed		347,123	569,406


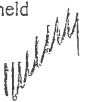
21.3 On June 23, 2015 the Company issued 60 million bonus shares of Rs. 10 each to Government of Pakistan and Government of Kingdom of Saudi Arabia in proportion to their respective shareholdings. For further details please refer to note 20 of the condensed interim unconsolidated financial statements.

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NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED]
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22 GENERAL

22.1 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company in the meeting held on 29 AUG. 2015

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


General Manager/Chief Executive
Director
Director
Chairman