

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Government of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan (GOP). The Company is a Development Financial Institution (DFI) and principally engaged in lendings and investments in the industrial and agro-based industrial companies in Pakistan on commercial basis. The Company was initially setup for a period of fifty years and upon mutual consent of the KSA and Government of Pakistan the duration of Company has been further extended for another period of fifty years.

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of the Company.

2.1.2 These unconsolidated condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentational currency.

2.1.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except the certain classes of fixed assets and non banking assets acquired in satisfaction of claims, which are stated at revalued amounts and certain investments have been marked to market and carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

2.2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or directives issued by the SBP and SECP differ with the requirements of IAS 34, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2.2 The SBP, vide its Banking Supervision Department (BSD) Circular Letter no. 11 dated September 11, 2002 has deferred the applicability of IAS 40, Investment Property, for banking companies and DFI till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

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2.2.3 The SECP through its SRO 633 (I)/2014 dated July 10, 2014 adopted IFRS 10, Consolidated Financial Statements for periods starting from June 30, 2014. However, SECP through SRO 56 (I)/2016 dated January 28, 2016, notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

2.2.4 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements and should be read in conjunction with the audited annual unconsolidated financial statements for the year ended December 31, 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Company for the year ended December 31, 2023 except for the valuation of unquoted equity securities which were previously measured at the lower of cost or breakup value and now it has been measured at fair value in accordance with IFRS-9 Financial Instruments.

3.1 Impact of measurement of Unquoted Securities at Fair Value

Effective from January 1, 2023, the Company adopted IFRS 9, with the exception of measuring unquoted equity securities at fair value. The State Bank of Pakistan (SBP) permitted, through BPRD Circular No. 3 of 2022 dated July 5, 2022, "IFRS 9 Financial Instruments Application Instructions," to continue measuring unquoted equity securities at the lower of cost or breakup value until December 31, 2023. Effective January 1, 2024, the Company adopted the measurement of investments in unquoted securities at fair value as required by IFRS 9 Financial Instruments. This change in measurement has been applied retrospectively without restating the comparatives. Consequently, the difference between the previously reported carrying amounts of unquoted equity securities as of December 31, 2023, amounting to Rs. 4.679 million net of tax, has been recognized in opening retained earnings.

Transitioning adjustments

The Company has not restated comparative information. Differences in the carrying amounts of financial asset resulting from the measurement of unquoted securities at fair Value have been recognized in opening retained earnings as of January 01, 2024, as per detail given below:

	<u>Rupees</u>
<u>Investment</u>	
Cost / ammortised cost	783,833,048
<u>IFRS 9 Impact</u>	
Loss in value	(7,670,494)
<u>Fair value</u>	<u><u>776,162,554</u></u>

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	<u>Rupees</u>
<u>Deferred tax asset</u>	
Deductible temporary difference on (Deficit)/surplus on revaluation of securities - FVOCI	402,182,953
IFRS 9 Impact	
Loss in value	2,991,493
Deductible temporary differences on (Deficit)/surplus on revaluation of securities - FVOCI - revised	<u>405,174,445</u>
<u>Surplus on revaluation of assets - net</u>	
Surplus/(deficit) on revaluation of investments	(715,644,809)
IFRS 9 Impact	
Loss in value	(7,670,494)
Deferred tax impact	2,991,493
Surplus/(deficit) on revaluation of investments - revised	<u>(4,679,001)</u> <u>(720,323,810)</u>

Unquoted equity investments, previously measured at the lower of cost or breakup value, are now measured at fair value through other comprehensive income (OCI). While determining the fair value of unquoted equity securities, the Company has reviewed the business model / realisation pattern of investment to determine the appropriateness of valuation method. The accounting policy are summarized below:

Unquoted equity securities are initially recognized at fair value through other comprehensive income. Any change in the fair value of these securities are recognized in other comprehensive income (OCI). On derecognition of equity investment classified as fair value through other comprehensive income, accumulated fair value gain / losses on investments are transferred to retained earning.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the audited annual unconsolidated financial statements for the year ended December 31, 2023, except for the valuation of unquoted equity securities which were previously measured at the lower of cost or breakup value and now it has been measured at fair value in accordance with IFRS-9 Financial Instruments.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual unconsolidated financial statements for the year ended December 31, 2023. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with the emerging risks.

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	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees-----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	321,446	242,707
With State Bank of Pakistan in		
Local currency current account	246,130,560	134,343,934
	<u>246,452,006</u>	<u>134,586,641</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	5,562,246	6,356,200
In deposit accounts	392,808,865	84,123,071
Less: Credit loss allowance held against balance with other banks	(825,831)	(177,964)
Balances with other banks - net of credit loss allowance	<u>397,545,280</u>	<u>90,301,307</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	3,030,155,700
Letter based placement	-	220,000,000
	-	3,250,155,700
Less: Credit loss allowance held against lending to financial institu	-	(160,987)
Lendings to Financial Institutions - net of credit loss allowance	<u>-</u>	<u>3,249,994,713</u>

8.1 Lending to Fls- Particulars of credit loss allowance

		Unaudited		Audited	
		30 June 2024		31 December 2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees		Rupees	
Domestic					
Performing	Stage 1	-	-	3,250,155,700	160,987
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	3,250,155,700	160,987
Total		-	-	3,250,155,700	160,987

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9 INVESTMENTS

		June 30, 2024 (Unaudited)				December 31, 2023 (Audited)			
9.1	Investments by type:	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		-----Rupees-----				-----Rupees-----			
	FVTPL								
	Shares- Quoted securities	421,784,000	-	307,656,000	729,440,000	564,091,607	-	280,134,143	844,225,750
		421,784,000	-	307,656,000	729,440,000	564,091,607	-	280,134,143	844,225,750
	FVOCI								
	Federal Government Securities								
	-Pakistan Investment Bonds (PIBs)	42,220,256,567	-	(991,194,867)	41,229,061,700	26,112,632,149	-	(972,135,349)	25,140,496,800
	-Market Treasury Bills	-	-	-	-	-	-	-	-
	Shares- Quoted securities	661,427,300	-	(114,219,092)	547,208,208	661,427,300	-	(128,123,750)	533,303,550
	Non Government Debt Securities								
	-Term Finance Certificates (TFCs) / Sukuk	1,069,651,845	(88,795,888)	-	980,855,957	1,069,651,845	(88,848,430)	-	980,803,415
	Un-quoted securities	776,162,554	(273,833,040)	(20,804,422)	481,525,092	783,833,048	(273,833,040)	-	510,000,008
		44,727,498,266	(362,628,928)	(1,126,218,381)	43,238,650,956	28,627,544,342	(362,681,470)	(1,100,259,099)	27,164,603,773
	Amortised cost								
	Federal Government Securities								
	-Pakistan Investment Bonds (PIBs)	6,210,560,540	-	-	6,210,560,540	6,241,392,062	-	-	6,241,392,062
	Non Government Debt Securities								
	-Term Finance Certificates (TFCs) / Sukuk	1,382,525,423	(371,064,105)	(78,121,759)	933,339,559	1,163,022,923	(576,721,469)	-	586,301,454
	-Term Deposit	36,273,900	(26,517)	-	36,247,383	-	-	-	-
		7,629,359,863	(371,090,622)	(78,121,759)	7,180,147,482	7,404,414,985	(576,721,469)	-	6,827,693,516
	Subsidiaries								
	Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
	Associates								
	Saudi Pak Leasing Company Limited								
	- Investment in shares	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
	- Investment in preference shares	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
		576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	-
	Total Investments	53,855,318,204	(1,310,395,625)	(896,684,140)	51,648,238,439	37,672,727,009	(1,516,079,014)	(820,124,956)	35,336,523,039

- 9.1.1** The Company has investment in unsecured subordinated TFCs of Rs. 299.760 million, issued by Silk Bank Limited (the Issuer). Markup aggregating to Rs. 153.579 million and principal of Rs. 0.150 million are outstanding against such issue due to which, a provision of Rs.58.768 million has been incorporated in these Financial Statements under expected credit loss (ECL) model as per IFRS 9 and markup of Rs.153.579 million has been suspended as of June 30, 2024. The referred outstanding instalments have not been cleared due to "lock in event" that restricts the Issuer to make payment without the approval of the State Bank of Pakistan (SBP) to avoid Issuer's noncompliance with capital adequacy ratio. The Issuer's operations are continuing without any restriction and it is expected that the above restriction shall be lifted soon by SBP as corrective measures are in progress. The debt obligation under TFCs is duly recognized by the Issuer and the application for allowing the payment is pending with SBP.
- 9.1.2** Saudi Pak Real Estate Company Limited is 100% owned subsidiary incorporated in Pakistan. As per latest audited accounts of December 31, 2023, its total assets were Rs. 865.825 million, Liabilities were Rs. 34.383 million, total revenue was Rs. 42.949 million, profit after tax was Rs. 67.712 million and total comprehensive income was Rs. 67.376 million.
- 9.1.3** This represents a 35.06% (2023: 35.06%) shareholding in the ordinary shares of Saudi Pak Leasing Company Limited (SPLC). According to the latest available audited financial statements for the year ended June 30, 2023, SPLC reported total assets of Rs. 811.584 million (2022: Rs. 783.362 million), total liabilities of Rs. 1,380.019 million (2022: Rs. 1,394.910 million), revenue of Rs. 32.438 million (2022: Rs. 20.853 million), profit after taxation of Rs. 14.581 million (2022: loss of Rs. 68.606 million) and total comprehensive income of Rs. 27.440 million (2022: loss of Rs. 64.621 million).

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	Unaudited June 30, 2024	Audited December 31, 2023
9.2 Investments given as collateral	-----Rupees-----	
The market value of investments given as collateral is as follows:		
Pakistan Investment Bonds (PIBs)	31,317,698,800	29,914,192,062
Treasury Bills	-	-
	<u>31,317,698,800</u>	<u>29,914,192,062</u>
9.3 Credit Loss Allowance for diminution in value of investments		
9.3.1 Opening balance	1,516,079,014	1,824,797,121
Exchange adjustments	-	-
Impact of reclassification due to adoption of IFRS-9	-	(941,511,580)
Impact of remeasurement due to adoption of IFRS-9	-	112,987,222
Charge / reversals		
Charge for the period / year	38,369,001	6,047,569
Reversals for the period / year	(243,712,384)	(31,089,819)
Reversal on disposals	(340,006)	(31,827,574)
	(205,683,389)	(56,869,824)
Transfers - net	-	576,676,075
Amounts written off	-	-
Closing balance	<u>1,310,395,625</u>	<u>1,516,079,014</u>

9.3.2 Particulars of credit loss allowance against debt securities

Category of classification		Unaudited June 30, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit Loss Allowance
		-----Rupees-----		-----Rupees-----	
Domestic					
Performing	Stage 1	1,445,793,900	12,123,270	1,182,015,000	7,897,351
Under performing	Stage 2	674,995,421	80,101,393	429,145,421	69,908,201
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		367,661,847	367,661,847	621,514,347	587,764,347
		<u>2,488,451,168</u>	<u>459,886,510</u>	<u>2,232,674,768</u>	<u>665,569,899</u>
Overseas		-	-	-	-
Total		<u>2,488,451,168</u>	<u>459,886,510</u>	<u>2,232,674,768</u>	<u>665,569,899</u>

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10 ADVANCES

	Performing		Non Performing		Total	
	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees-----					
Loans, leases, running finances- gross	8,960,345,385	8,903,760,565	3,418,810,590	2,568,413,975	12,379,155,975	11,472,174,540
Credit loss allowance against advance						
- Stage 1	(151,712,520)	(116,499,781)	-	-	(151,712,520)	(116,499,781)
- Stage 2	(146,810,271)	(175,564,694)	-	-	(146,810,271)	(175,564,694)
- Stage 3	-	(614,180,004)	(2,940,705,249)	(2,303,709,919)	(2,940,705,249)	(2,917,889,923)
	(298,522,791)	(906,244,479)	(2,940,705,249)	(2,303,709,919)	(3,239,228,040)	(3,209,954,398)
Advances - net of credit loss allowance	8,661,822,594	7,997,516,086	478,105,341	264,704,056	9,139,927,935	8,262,220,142

10.1 Particulars of advances (Gross)

	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees-----	
In local currency	12,379,155,975	11,472,174,540
In foreign currencies	-	-
	12,379,155,975	11,472,174,540

10.2 Advances include Rs. 3,418,810,590 (December 31, 2023: Rs.3,620,671,626) which have been placed under non-performing / Stage 3 status as detailed below:-

Category of Classification		Unaudited June 30, 2024		Audited December 31, 2023	
		Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision
		-----Rupees-----		-----Rupees-----	
Domestic					
Other Assets Especially Mentioned		-	-	1,052,257,651	614,180,004
Substandard	Stage 3	-	-	-	-
Doubtful	Stage 3	-	-	-	-
Loss	Stage 3	3,418,810,590	2,940,705,249	2,568,413,975	2,303,709,919
		3,418,810,590	2,940,705,249	3,620,671,626	2,917,889,923
Overseas		-	-	-	-
Total		3,418,810,590	2,940,705,249	3,620,671,626	2,917,889,923

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10.3 Particulars of credit loss allowance

	Unaudited June 30, 2024				Audited 31-Dec-23			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	-----Rupees-----				-----Rupees-----			
Opening balance	2,917,889,923	175,564,694	116,499,781	3,209,954,398	2,268,864,901	43,191,809	43,191,808	2,355,248,518
Impact of remeasurement due to adoption of IFRS-9	-	-	-	-	968,458,973	35,851,157	109,975,611	1,114,285,741
Charge for the period/year	114,117,170	40,055,252	42,752,527	196,924,949	17,864,333	110,401,806	19,297,482	147,563,621
Reversals	(91,301,844)	(68,809,675)	(7,539,788)	(167,651,308)	(337,298,284)	(13,880,078)	(55,965,120)	(407,143,482)
	22,815,326	(28,754,423)	35,212,738	29,273,641	(319,433,951)	96,521,728	(36,667,638)	(259,579,861)
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	2,940,705,249	146,810,271	151,712,519	3,239,228,039	2,917,889,923	175,564,694	116,499,781	3,209,954,398

10.3.1 In accordance with BSD circular No. 1 of 2011 dated October 21, 2011 issued by the SBP, the Company during the current period has availed FSV benefit aggregating to Rs. 103.125 million, net of tax Rs. 73.22 million (2023: Nil). Accordingly, accumulated profit to the extent of Rs. 103.125 million (2023: Nil) are not available for the distribution as cash or stock dividend as required by the aforementioned SBP directives.

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10.4 Advances - Particulars of credit loss allowance

	Unaudited June 30, 2024				Audited 31-Dec-23			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	-----Rupees-----				-----Rupees-----			
Opening balance	2,917,889,923	175,564,694	116,499,781	3,209,954,398	2,268,864,901	43,191,809	43,191,808	2,355,248,518
Impact of reclassification due to adoption of IFRS-9	-	-	-	-	-	-	-	-
Impact of remeasurement due to adoption of IFRS-9	-	-	-	-	968,458,973	35,851,157	109,975,611	1,114,285,741
New advances	-	8,906,263	40,919,943	49,826,206	-	-	19,297,482	19,297,482
Advances derecognised or repaid	(82,856,500)	(64,314,593)	(945,761)	(148,116,854)	(198,004,746)	(13,880,078)	(22,660,183)	(234,545,007)
Transfer to stage 1	-	(1,022,383)	1,022,383	-	-	-	-	-
Transfer to stage 2	(6,451,052)	6,451,052	-	-	-	7,298,803	(7,298,803)	-
Transfer to stage 3	3,472,700	(3,472,700)	-	-	-	-	-	-
	(85,834,852)	(53,452,360)	40,996,565	(98,290,648)	(198,004,746)	(6,581,275)	(10,661,504)	(215,247,525)
Amounts written off / charged off	-	-	-	-	-	-	-	-
Change in risk parameters	108,650,179	24,697,937	(5,783,827)	127,564,289	(121,429,205)	103,103,003	(26,006,134)	(44,332,336)
Other changes	-	-	-	-	-	-	-	-
Closing balance	2,940,705,249	146,810,271	151,712,519	3,239,228,039	2,917,889,923	175,564,694	116,499,781	3,209,954,398

10.5 Advances - Category of Classification

Category of Classification		Unaudited June 30, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
		-----Rupees-----		-----Rupees-----	
Domestic					
Performing	Stage 1	8,274,921,949	151,712,520	7,024,728,422	116,499,781
Under performing	Stage 2	685,423,436	146,810,271	826,774,492	175,564,694
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		3,418,810,590	2,940,705,249	3,620,671,626	2,917,889,923
		12,379,155,975	3,239,228,040	11,472,174,540	3,209,954,398
Overseas		-	-	-	-
Total		12,379,155,975	3,239,228,040	11,472,174,540	3,209,954,398

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		Unaudited June 30, 2024	Audited December 31, 2023
		-----Rupees-----	
11	PROPERTY AND EQUIPMENT		
	Capital work-in-progress - Electrical equipment	60,283,655	60,227,595
	Property and equipment	3,918,205,751	3,987,853,052
		<u>3,978,489,406</u>	<u>4,048,080,647</u>
		Unaudited For the six months ended	
		June 30, 2024	June 30, 2023
		-----Rupees-----	
11.1	Additions to property and equipment		
	The following additions have been made to property and equipment during the period:		
	Capital work-in-progress	56,060	9,283,975
	Property and equipment		
	Building on leasehold land	1,141,635	1,478,706
	Furniture and fixtures	1,093,574	2,049,949
	Office equipment	6,560,948	2,742,085
	Vehicles	-	27,251,076
	Security systems	-	262,600
	Electrical fitting, fire fighting equipment and others	9,504,291	2,106,126
		<u>18,300,448</u>	<u>35,890,542</u>
	Total	<u>18,356,508</u>	<u>45,174,517</u>
11.2	Disposal of property and equipment		
	The net book value of property and equipment disposed off during the period is as follows:		
	Furniture and fixture	-	12
	Office equipment	12,565	660,688
	Vehicles	3,781,622	3,125,434
	Electrical fitting, fire fighting equipment and others	-	5
	Total	<u>3,794,187</u>	<u>3,786,139</u>
		Unaudited June 30, 2024	Audited December 31, 2023
		-----Rupees-----	
12	RIGHT OF USE ASSET		
	Office Space		
	As at January 01, 2024		
	Cost	46,380,627	46,380,627
	Accumulated depreciation	(21,831,689)	(4,966,007)
	Net carrying amount at January 01, 2024	<u>24,548,938</u>	<u>41,414,620</u>
	Additions during the period	89,540,534	-
	Deletions during the period	-	-
	Depreciation charge for the period	(15,894,550)	(16,865,682)
	Net carrying amount as at December 31, 2024	<u>98,194,922</u>	<u>24,548,938</u>

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

		Unaudited June 30, 2024	Audited December 31, 2023
	Note	-----Rupees-----	
13 INTANGIBLE ASSETS			
Computer Software		<u>5,564,251</u>	<u>6,457,046</u>
		Unaudited For the six months ended	
		2024	2023
13.1 Additions to intangible assets		-----Rupees-----	
The following additions have been made to intangible assets during the period:			
Directly purchased		<u>932,659</u>	<u>-</u>
		Unaudited June 30, 2024	Audited December 31, 2023
14 DEFERRED TAX LIABILITIES / (ASSETS)		-----Rupees-----	
Deductible temporary differences on			
(Deficit)/surplus on revaluation of securities - FVOCI / AFS		<u>405,174,445</u>	<u>384,614,291</u>
Credit loss allowance / provision on non-performing loans		<u>1,369,717,091</u>	<u>1,364,322,617</u>
Impairment loss on quoted securities - FVTPL		<u>18,542,977</u>	<u>20,859,917</u>
		<u>1,793,434,513</u>	<u>1,769,796,825</u>
Taxable temporary differences on			
Accelerated tax depreciation		<u>(52,172,512)</u>	<u>(54,858,458)</u>
Dividend receivable		<u>(32,336,096)</u>	<u>(20,938,817)</u>
Right of Use Assets		<u>(2,002,778)</u>	<u>(2,741,278)</u>
Surplus on revaluation of securities - FVPL / HFT		<u>(24,234,975)</u>	<u>(63,030,182)</u>
Surplus on revaluation of operating fixed assets		<u>(1,429,691,601)</u>	<u>(1,453,282,886)</u>
		<u>(1,540,437,962)</u>	<u>(1,594,851,621)</u>
		<u>252,996,551</u>	<u>174,945,204</u>
15 OTHER ASSETS			
Income/ mark-up accrued in local currency - net of provision			
On investments		<u>2,633,097,759</u>	<u>2,122,686,292</u>
On advances		<u>426,185,418</u>	<u>386,095,341</u>
On lending to financial institutions		<u>-</u>	<u>5,948,298</u>
On deposits		<u>-</u>	<u>89,558</u>
		<u>3,059,283,177</u>	<u>2,514,819,489</u>
Advances, deposits, advance rent and other prepayments		<u>50,854,796</u>	<u>20,291,785</u>
Advance taxation (payments less provisions)		<u>2,506,616,140</u>	<u>2,022,895,959</u>
Excise duty		<u>78,817,895</u>	<u>78,817,895</u>
Non-banking assets acquired in satisfaction of claims	15.1	<u>48,423,218</u>	<u>49,499,288</u>
Dividend receivable		<u>129,344,385</u>	<u>83,755,267</u>
Other receivables		<u>17,731,554</u>	<u>18,000,169</u>
		<u>5,891,071,166</u>	<u>4,788,079,852</u>
Less: Credit Loss Allowance against other assets	15.2	<u>(256,792)</u>	<u>(256,792)</u>
Other assets (net of credit loss allowance)		<u>5,890,814,374</u>	<u>4,787,823,060</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>21,462,772</u>	<u>21,939,724</u>
Other assets - total		<u>5,912,277,145</u>	<u>4,809,762,784</u>
15.1	The subject property located in a building situated in Township Lahore acquired in settlement transaction of outstanding facility of M/s Irfan Textile (Pvt.) Limited in the year 2007. Business activity could not be started since the building was constructed due to pending approval of building map and the issuance of completion certificate from Lahore Development Authority (LDA). Management is hopeful to dispose off the same once the NOC is arranged and provided by the plaza owners.		

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

		Unaudited June 30, 2024	Audited December 31, 2023
		-----Rupees-----	
15.2 Credit Loss Allowance against other assets	Note		
Advances, deposits, advance rent & other prepayments		<u>256,792</u>	<u>256,792</u>
16 BORROWINGS			
Secured			
State Bank of Pakistan (SBP) refinance scheme			
Long term financing facility		<u>1,961,617,507</u>	2,059,903,071
Temporary economic relief facility		<u>414,639,425</u>	<u>445,353,455</u>
		<u>2,376,256,932</u>	2,505,256,526
Repurchase agreement borrowings		<u>16,900,000,000</u>	25,705,971,600
Against Government securities		<u>14,873,974,894</u>	3,738,060,000
Against book debts/receivables		<u>4,972,000,000</u>	<u>5,250,000,000</u>
Total secured		<u>39,122,231,826</u>	<u>37,199,288,126</u>
Unsecured			
Call borrowings		<u>3,200,000,000</u>	-
Bai Muajjal		<u>7,717,878,107</u>	-
Total unsecured		<u>10,917,878,107</u>	-
		<u>50,040,109,933</u>	<u>37,199,288,126</u>
17 DEPOSITS AND OTHER ACCOUNTS			
Customers			
- Term deposits (local currency)	17.1	<u>6,157,900,000</u>	<u>3,665,000,000</u>
17.1 Composition of deposits			
- Public Sector Entities		<u>4,812,800,000</u>	3,055,000,000
- Non-Banking Financial Institutions		<u>745,100,000</u>	10,000,000
- Private Sector		<u>600,000,000</u>	<u>600,000,000</u>
		<u>6,157,900,000</u>	<u>3,665,000,000</u>
17.1.1	These Certificate of Investments (COIs) carry mark up at the rates ranging from 16% to 22.21% (2023: 22.30 % to 22.63%) per annum with maturity July 2024 to June 2025 (2023: Jan 2024 to November 2024).		
17.1.2	All deposits are in local currency.		
		Unaudited June 30, 2024	Audited December 31, 2023
		-----Rupees-----	
18 LEASE LIABILITIES			
Outstanding amount at the start of the year		<u>17,520,021</u>	31,382,086
Additions during the year		<u>89,540,534</u>	-
Lease payments including interest		<u>(19,810,299)</u>	(17,487,360)
Interest expense		<u>5,809,337</u>	3,625,295
Outstanding amount at the end of the year		<u>93,059,594</u>	<u>17,520,021</u>
18.1 Liabilities Outstanding			
Not later than one year		<u>21,791,329</u>	17,520,021
Later than one year and upto five years		<u>71,268,265</u>	-
Over five years		-	-
Total at the year end		<u>93,059,594</u>	<u>17,520,021</u>
18.2	This represents office space obtained for Lahore and Karachi office from Saudi Pak Real Estate (Pvt.) Limited, which is a wholly owned subsidiary of the Company. These are discounted using incremental borrowing rate ranging from 14.50% to 15.85% (2023: 14.50%). Lease rentals are subject to annual escalation of 10%.		

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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FOR THE PERIOD ENDED JUNE 30, 2024

		Unaudited June 30, 2024	Audited December 31, 2023
	Note	Rupees	
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		627,820,920	724,775,972
Accrued expenses		31,921,074	57,556,070
Advance rental income		154,743,197	175,710,549
Security deposits against rented properties		38,864,714	41,108,884
Payable to defined benefit plan		4,011,038	1,923,363
Provision for compensated absences		12,682,634	9,188,202
Payable to stock brokers - net		-	2,272,399
Credit loss allowance against off-balance sheet obligations	19.1	54,095,483	43,642,361
Others		-	20,559,221
		<u>924,139,060</u>	<u>1,076,737,021</u>
19.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		43,642,361	-
Impact of remeasurement due to adoption of IFRS-9		-	1,337,880
Charge for the period / year		36,258,599	42,304,481
Reversals		(25,805,478)	-
		<u>10,453,121</u>	<u>42,304,481</u>
Closing balance		<u>54,095,482</u>	<u>43,642,361</u>
20 SURPLUS ON REVALUATION OF ASSETS - NET			
(Deficit) / surplus on revaluation of			
- Securities measured at FVOCI - Debt	9.1	(991,194,867)	(972,135,349)
- Securities measured at FVOCI - Equity		(139,702,516)	(128,123,750)
- Property and equipment		3,665,875,899	3,726,366,387
- Non-banking assets acquired in satisfaction of claims		21,462,774	21,939,724
		<u>2,556,441,290</u>	<u>2,648,047,012</u>
Deferred tax on (deficit) / surplus on revaluation of:			
- Securities measured at FVOCI - Debt		386,565,997	379,132,786
- Securities measured at FVOCI - Equity		15,616,947	5,481,505
- Property and equipment		(1,429,691,601)	(1,453,282,886)
		<u>(1,027,508,657)</u>	<u>(1,068,668,595)</u>
		<u>1,528,932,633</u>	<u>1,579,378,417</u>
21 CONTINGENCIES AND COMMITMENTS			
-Guarantees	21.1	4,725,100,000	3,316,800,526
-Commitments	21.2	2,313,553,240	3,166,708,369
		<u>7,038,653,240</u>	<u>6,483,508,895</u>
21.1 Guarantees:		<u>4,725,100,000</u>	<u>3,316,800,526</u>
21.2 Commitments:			
Commitments for acquisition of:			
- Operating fixed assets		765,740	821,801
- Intangible assets		2,327,500	2,575,000
		<u>3,093,240</u>	<u>3,396,801</u>
Non disbursed commitment for term and working capital finance		<u>2,310,460,000</u>	<u>3,163,311,568</u>
		<u>2,313,553,240</u>	<u>3,166,708,369</u>

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

21.3 Contingencies

21.3.1 Tax contingencies

- i) The Appellate Tribunal Inland Revenue (ATIR) Islamabad did not accept the Company's contention on certain matters in appeals relating to tax years 2004 to 2006, 2008 to 2010 and 2012 to 2014. These issues mainly relate to disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The Company has filed tax references before the Islamabad High Court. For tax years 2004 to 2006 and 2008 to 2010 the Islamabad High Court (IHC) remanded back the matters of disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime to the assessing officer. However, appeal effect proceedings yet to commence. For tax years 2012 to 2014, cases are still pending adjudication. The Company however, accounted for the impact of tax of Rs. 617.237 million on provision for non performing loans & advances by routing it through Profit & Loss in the year 2018.
The related tax demands for all the aforesaid tax years aggregate to Rs. 1,091.694 million, out of which Rs. 635.194 million has been paid by / recovered from the Company.
- ii) For the tax years 2015 to 2018, the assessing officer amended the Company's assessment under section 122(5A) of the Income Tax Ordinance 2001 and created an aggregate tax demand of Rs. 1,463.932 million by making various add backs and disallowances. The Company preferred appeals before Commissioner Inland Revenue - Appeals [CIR(A)] who in terms of separate appellate orders remanded majority of the matters to the assessing officer and on certain matters upheld the actions of assessing officer. The Company has preferred separate appeals before ATIR for aforesaid cases which are pending adjudication.
- iii) For tax years 2015 to 2017 proceedings under section 161 were initiated and cumulative demand of Rs. 276.482 million was created on account of alleged default in withholding of tax out of which Rs 26.034 million has been paid by / recovered from the Company. The Company preferred appeal before the CIR(A) who remanded certain issues and upheld certain matters. The Company preferred further appeal before ATIR which is pending adjudication.
- iii) For tax year 2019, amended assessment orders have been passed whereby an aggregate demand of Rs.133,745,316 has been raised. For tax year 2020, the amended assessment order has been passed whereby the refundable income tax as per the original assessment order was reduced to Rs. 1,484,474. For tax years 2021 and 2023, the amended orders have been passed whereby the demands of Rs. 164,394,899 and Rs. 112,964,969 have been raised. Being aggrieved the company preferred appeals before CIR(A) against all the aforementioned amended assessment orders which are pending adjudication before CIR(A). However, the CIR(A) has granted stay against the recovery of aforesaid demands.

21.3.2 Other contingent liabilities

There is no change in the status of contingencies and commitments of the Company from the status given in the preceding audited annual financial statements for the year ended December 31,2023.

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

		Unaudited	
		For the six months ended	
		June 30,	June 30,
		2024	2023
		-----Rupees-----	
22 MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		844,033,905	662,072,578
Investments		3,557,742,047	3,063,786,416
Lendings to financial institutions		27,226,008	42,864,743
Balances with banks		6,073,747	3,414,155
		<u>4,435,075,707</u>	<u>3,772,137,892</u>
22.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost		1,352,604,393	1,156,580,145
Financial assets measured at Fair Value through OCI		3,082,471,314	2,615,557,747
		<u>4,435,075,707</u>	<u>3,772,137,892</u>
23 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		461,614,374	341,515,534
Borrowings			
Securities purchased under repurchase agreements		2,313,733,405	2,753,724,405
Other short term borrowings		1,001,847,093	227,203,497
SBP refinance scheme - LTFF & TERF		46,765,963	48,472,749
Long term borrowings		450,550,343	321,769,007
		3,812,896,804	3,351,169,658
Interest expense on lease liability against ROU assets		5,809,337	2,182,040
Brokerage fee		1,920,437	1,093,936
		<u>4,282,240,952</u>	<u>3,695,961,168</u>
23.1 Interest expense calculated using effective interest rate method		4,280,320,515	3,694,867,232
Other financial liabilities		1,920,437	1,093,936
		<u>4,282,240,952</u>	<u>3,695,961,168</u>
23.1	The markup expense amounting to Rs. 1,072,579 (June 30, 2023: Rs. 944,199) relates to Saudi Pak Employees Contributory Provident Fund.		
		Unaudited	
		For the six months ended	
		June 30,	June 30,
		2024	2023
		-----Rupees-----	
24 FEE AND COMMISSION INCOME	Note		
Credit related fees		16,907,003	2,908,000
Commission on guarantees		12,953,888	31,029,198
		<u>29,860,891</u>	<u>33,937,198</u>
25 GAIN / (LOSS) ON SECURITIES			
Realised	25.1	50,118,368	(166,814,277)
Unrealised - Measured at FVTPL		107,711,000	(2,111,481)
		<u>157,829,368</u>	<u>(168,925,758)</u>

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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FOR THE PERIOD ENDED JUNE 30, 2024

		Unaudited	
		For the six months ended	
		June 30,	June 30,
		2024	2023
Note		-----Rupees-----	
25.1 Realised gain on:			
	Federal Government Securities	2,363,163	(167,059,359)
	Shares	47,755,205	245,082
		<u>50,118,368</u>	<u>(166,814,277)</u>
26 OTHER INCOME			
	Rent on property- net	144,387,475	136,211,428
	Gain / (loss) on sale of fixed assets-net	-	37,982
	Others	1,064,221	2,721,440
		<u>145,451,696</u>	<u>138,970,850</u>
26.1 Rent on property - net			
	Rental income	262,099,667	255,410,705
	Less: property expense		
	Salaries, allowances and employee benefits	18,321,084	17,714,673
	Depreciation	62,960,479	61,395,808
	Other expenses	36,430,629	40,088,796
		<u>117,712,192</u>	<u>119,199,277</u>
		<u>144,387,475</u>	<u>136,211,428</u>

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FOR THE PERIOD ENDED JUNE 30, 2024

27 OPERATING EXPENSES

	For the six months ended	
	June 30, 2024	June 30, 2023
	-----Rupees-----	
Total compensation expense	129,043,133	116,753,624
Property expense		
Rent and taxes	285,031	264,799
Insurance	125,348	168,083
Utilities cost	15,203,796	10,263,209
Security (including guards)	2,398,998	2,386,635
Repair and maintenance (including janitorial charges)	2,931,955	2,421,714
Depreciation on ROU assets	15,894,550	8,432,841
Depreciation	8,994,354	8,770,829
	45,834,032	32,708,110
Information technology expenses		
Software maintenance	6,826,759	6,356,109
Hardware maintenance	1,290,756	1,293,214
Amortisation	1,825,446	1,836,366
Network charges	2,762,840	3,354,020
	12,705,801	12,839,709
Other operating expenses		
Directors' fees and allowances	13,390,000	12,890,000
Legal and professional charges	2,763,857	2,748,575
Consultancy, custodial and rating services	3,781,576	3,711,128
Outsourced services costs	19,367,204	18,542,857
Travelling and conveyance	15,195,369	9,031,229
Depreciation	13,744,363	15,407,797
Training and development	3,395,390	1,724,630
Postage and courier charges	214,366	205,799
Communication	2,401,710	2,054,994
Stationery and printing	2,553,889	2,116,099
Marketing, advertisement and publicity	2,419,896	250,383
Donations	-	300,000
Auditors remuneration	1,456,248	1,302,499
Repair and maintenance	2,766,681	3,403,338
Insurance	981,497	1,114,161
Office and general expenses	7,577,898	8,033,661
Bank charges	139,423	133,654
	92,149,367	82,970,804
	279,732,333	245,272,247

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

		Unaudited	
		For the six months ended	
		June 30,	June 30,
		2024	2023
		-----Rupees-----	
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		5,126,000	-
		<u>5,126,000</u>	<u>-</u>
29 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET			
Credit loss allowance / provisions against lending to financial institutions		-	170,809
Credit loss allowance / provisions for diminution in value of investments - net		(165,186,398)	(3,333,595)
Credit loss allowance / Provisions against loans and advances - net		80,557,249	(112,706,125)
Other credit loss allowance		10,940,000	34,766,447
Write offs		-	-
Loss on remeasurement of debt investments / advances		87,520,531	-
		<u>13,831,382</u>	<u>(81,102,464)</u>
30 TAXATION			
Current		66,807,525	47,575,720
Prior years		-	-
Deferred tax		(57,491,199)	(118,225)
		<u>9,316,326</u>	<u>47,457,495</u>
31 BASIC EARNINGS PER SHARE			
Profit for the period - Rupees		298,671,685	91,487,301
Weighted average number of ordinary shares		676,500,000	676,500,000
		<u>0.441</u>	<u>0.135</u>
32 DILUTED EARNINGS/ (LOSS) PER SHARE			
There are no dilutive instruments, hence basic and diluted earnings are same.			
		Unaudited	
		For the six months ended	
		June 30,	June 30,
		2024	2023
		-----Rupees-----	
33 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks	6	246,452,006	126,814,597
Balance with other banks	7	398,371,111	84,994,145
		<u>644,823,117</u>	<u>211,808,742</u>
34 FAIR VALUE MEASUREMENTS			

The fair value of quoted securities other than those classified under held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the Fair Value of these investments calculated through various mathematical models.

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34.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	June 30, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				

Investments				
Federal Government Securities	-	-	6,210,560,540	6,210,560,540
Non-Government Debt Securities	-	-	969,586,942	969,586,942
	-	-	7,180,147,482	7,180,147,482

December 31, 2023 (Audited)			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

Investments				
Federal Government Securities			6,241,392,062	6,241,392,062
Non-Government Debt Securities	-	-	586,301,454	586,301,454
	-	-	6,827,693,516	6,827,693,516

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2024

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

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates.
Non-Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by MUFAP.
Unquoted Investment	The fair value of investments in unquoted equity securities are valued on the basis of dividend discount model / price to book multiple.

34.2 The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the period.

34.3 Fair value of non-financial assets

	June 30, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Non-financial assets				
Fixed assets				
Property and equipment (lease hold land, building and others)	-	-	3,981,152,121	3,981,152,121
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	72,992,034	72,992,034
	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Non-financial assets				
Fixed assets				
Property and equipment (lease hold land, building and others)	-	-	3,926,433,515	3,926,433,515
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	71,439,012	71,439,012

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

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

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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FOR THE PERIOD ENDED JUNE 30, 2024

35 Segment Details with respect to Business Activities

	June 30, 2024 (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	67,405,569	85,429,186	-	152,834,755
Non mark-up / return / interest income	29,860,891	278,530,385	145,451,696	453,842,972
Total income	97,266,460	363,959,571	145,451,696	606,677,727
Segment direct expenses	60,072,850	224,785,483	-	284,858,333
Total expenses	60,072,850	224,785,483	-	284,858,333
Credit loss allowance	71,980,466	(58,149,084)	-	13,831,382
(Loss) / Profit before tax	(34,786,856)	197,323,172	145,451,696	307,988,012
Balance Sheet				
Cash and bank balances	-	643,997,286	-	643,997,286
Investments	1,210,178,046	50,438,060,392	-	51,648,238,439
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	-	-	-
Advances - performing	8,661,822,594	-	-	8,661,822,594
- non-performing net of Credit loss allowance	478,105,341	-	-	478,105,341
Others	1,211,989,135	5,301,672,721	3,733,860,419	10,247,522,275
Total assets	11,562,095,117	56,383,730,400	3,733,860,419	71,679,685,935
Borrowings	7,348,256,932	42,691,853,001	-	50,040,109,933
Subordinated debt	-	-	-	-
Deposits & other accounts	6,157,900,000	-	-	6,157,900,000
Net inter segment borrowing	-	-	-	-
Others	212,871,135	609,155,737	195,171,782	1,017,198,654
Total liabilities	13,719,028,067	43,301,008,738	195,171,782	57,215,208,587
Equity	-	-	-	14,464,477,348
Total equity & liabilities	13,719,028,067	43,301,008,738	195,171,782	71,679,685,935
Contingencies and commitments	7,036,055,928	1,855,704	741,608	7,038,653,240

	June 30, 2023(Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	54,546,756	21,629,968	-	76,176,724
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	33,937,198	54,067,789	138,932,868	226,937,855
Total Income	88,483,954	75,697,757	138,932,868	303,114,579
Segment direct expenses	50,985,719	194,286,528	-	245,272,247
Total expenses	50,985,719	194,286,528	-	245,272,247
Credit loss allowance	(80,854,649)	(247,815)	-	(81,102,464)
(Loss) / Profit before tax	118,352,884	(118,340,956)	138,932,868	138,944,796

	December 31, 2023 (Audited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Balance Sheet				
Cash and bank balances	-	224,887,948	-	224,887,948
Investments	880,253,885	34,456,269,154	-	35,336,523,039
Lendings to financial institutions	-	3,249,994,713	-	3,249,994,713
Advances - performing	7,997,516,086	-	-	7,997,516,086
- non-performing net of provision	264,704,056	-	-	264,704,056
Others	2,233,064,520	4,509,490,044	2,321,240,055	9,063,794,619
Total assets	11,375,538,547	42,440,641,859	2,321,240,055	56,137,420,461
Borrowings	7,755,256,526	29,444,031,600	-	37,199,288,126
Deposits & other accounts	3,665,000,000	-	-	3,665,000,000
Others	196,938,911	711,624,868	185,693,263	1,094,257,042
Total liabilities	11,617,195,437	30,155,656,468	185,693,263	41,958,545,168
Equity	-	-	-	14,178,875,293
Total equity & liabilities	11,617,195,437	30,155,656,468	185,693,263	56,137,420,461
Contingencies and commitments	6,480,573,212	1,940,026	995,657	6,483,508,895

36 RELATED PARTY TRANSACTIONS

The Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Company. Therefore, all entities owned by and controlled by these governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances etc.

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

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

	June 30, 2024 (Unaudited)						December 31, 2023 (Audited)					
	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties
	Rupees						Rupees					
Non-current asset classified as held for sale												
Opening balance	-	-	-	-	-	-	-	-	-	-	576,676,075	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	(576,676,075)	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions												
Opening balance	-	-	-	-	-	3,250,155,700	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	2,985,117,845	-	-	-	-	-	180,681,049,393
Repaid during the period / year	-	-	-	-	-	(6,235,273,545)	-	-	-	-	-	(177,430,893,693)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	3,250,155,700
ECL held against Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	500,000,000	576,676,075	-	-	-	-	500,000,000	-	199,640,000
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-	-	(80,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	576,676,075	-
Closing balance	-	-	-	500,000,000	576,676,075	-	-	-	-	500,000,000	576,676,075	199,560,000
ECL for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	576,676,075	338,339
Advances												
Opening balance	-	-	63,642,786	-	-	-	-	-	24,564,071	-	-	-
Addition during the period / year	-	-	25,540,241	-	-	-	-	-	47,157,893	-	-	-
Repaid during the period / year	-	-	(10,721,830)	-	-	-	-	-	(8,079,178)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	78,461,197	-	-	-	-	-	63,642,786	-	-	-
ECL held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up accrued	-	-	-	263,384	-	3,823,552	-	-	-	-	-	14,837,624
Security deposit	-	-	-	1,602,775	-	-	-	-	-	2,633,280	-	-
Borrowings												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	10,869,132,000	-	-	-	-	-	20,907,677,325
Settled during the period / year	-	-	-	-	-	(10,869,132,000)	-	-	-	-	-	(20,907,677,325)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	-	-	-	-	3,065,000,000	-	-	-	-	-	1,353,000,000
Received during the period / year	-	-	-	-	-	1,757,800,000	-	-	-	-	-	1,712,000,000
Withdrawn during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	4,822,800,000	-	-	-	-	-	3,065,000,000
Other Liabilities												
Interest / mark-up payable	-	-	-	-	-	84,933,557	-	-	-	-	-	17,866,326
Lease liabilities	-	-	-	93,059,594	-	-	-	-	-	17,520,021	-	-
Payable to defined benefit plan	-	-	-	-	-	4,011,038	-	-	-	-	-	1,923,363
Dividend payable to foreign shareholder	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit	-	-	-	482,245	-	2,988,372	-	-	-	482,245	-	2,988,372
Rent received in advance	-	-	-	-	-	14,461,249	-	-	-	1,205,610	-	33,886,810
	June 30, 2024 (Unaudited)						June 30, 2023 (Unaudited)					
	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties
	Rupees						Rupees					
Income												
Mark-up / return / interest earned	-	-	716,616	-	-	7,628,688	-	-	378,966	-	-	32,330,637
Rental income	-	-	-	2,652,348	-	19,425,559	-	-	-	2,585,058	-	16,065,840
Expense												
Mark-up / return / interest expensed	-	-	-	-	-	410,660,223	-	-	-	-	-	313,062,684
Contribution to employees' funds	-	-	-	-	-	5,449,934	-	-	-	-	-	4,675,734
Directors' fees and allowances	-	13,390,000	-	-	-	-	-	12,890,000	-	-	-	-
Shareholders' fee	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	-	-	66,432,661	-	216,730	-	-	-	56,438,594	-	221,510	-

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

**NOTES TO THE UNCONSOLIDATED-CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
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	Unaudited June 30, 2024	Audited December 31, 2023
	----- Rs '000' -----	
37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,765,000</u>	<u>6,765,000</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>12,751,824</u>	<u>12,299,877</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>12,751,824</u>	<u>12,299,877</u>
Eligible Tier 2 Capital	<u>1,768,827</u>	<u>1,680,616</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>14,520,651</u>	<u>13,980,493</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>27,608,962</u>	<u>26,355,145</u>
Market Risk	<u>10,656,359</u>	<u>3,489,031</u>
Operational Risk	<u>3,099,671</u>	<u>3,099,671</u>
Total	<u>41,364,992</u>	<u>32,943,848</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>30.83%</u>	<u>37.34%</u>
Tier 1 Capital Adequacy Ratio	<u>30.83%</u>	<u>37.34%</u>
Total Capital Adequacy Ratio	<u>35.10%</u>	<u>42.44%</u>

As of June 30, 2024, the Company must meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 11.5% respectively.

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

	Unaudited June 30, 2024	Audited December 31, 2023
	----- Rs '000' -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>12,751,824</u>	<u>12,299,877</u>
Total Exposures	<u>78,540,209</u>	<u>62,329,101</u>
Leverage Ratio	<u>16.24%</u>	<u>19.73%</u>

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
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	Unaudited June 30, 2024	Audited December 31, 2023
	----- Rs '000' -----	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>16,160,000</u>	<u>4,903,416</u>
Total Net Cash Outflow	<u>11,328,000</u>	<u>2,987,739</u>
Liquidity Coverage Ratio	<u>142.66%</u>	<u>164.12%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>42,920,135</u>	<u>37,546,620</u>
Total Required Stable Funding	<u>35,390,719</u>	<u>24,290,905</u>
Net Stable Funding Ratio	<u>121.28%</u>	<u>154.57%</u>

38 DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on 24 AUG 2024

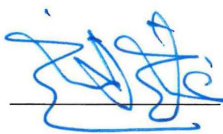
pk



GM/Chief Executive



Chief Financial Officer



Director



Director



Director