

**SAUDI PAK INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED**

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED JUNE 30, 2023

**Grant Thornton Anjum
Rahman**
302 B, 3rd Floor,
Evacuee Trust Complex,
Aga Khan Road, F-5/1,
Islamabad, Pakistan.

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of

Saudi Pak Industrial and Agricultural Investment Company Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

T +92 51 2271906
F +92 51 2273874

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Saudi Pak Industrial and Agricultural Investment Company Limited** (the Company), as at June 30, 2023 and the related unconsolidated condensed interim statement of profit or loss, the unconsolidated condensed interim statement of comprehensive income, the unconsolidated condensed interim statement of changes in equity, and the unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We draw attention to:

- a) note 20.3.1 to the interim financial statements describing the tax contingencies,
- b) note 10.1.2 to the interim financial statements describing non-payment of instalment due to the lock in event in respect of term finance certificates (TFCs); and
- c) notes 3 and 3.1 to the interim financial statements describing the effects of early adoption of International Financial Reporting Standards-9 "Financial Instruments".

Our conclusion is not modified in respect of the above matters.





Grant Thornton

Other Matter

The figures of unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement comprehensive income for the quarter ended June 30, 2023 have not been reviewed and do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Hassaan Riaz.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN

Chartered Accountant

Islamabad

Dated: September 21, 2023

UDIN: RR202310164DpgREjMBN

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]
AS AT JUNE 30, 2023


	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
ASSETS			
Cash and balances with treasury banks	6	126,814,597	116,437,350
Balances with other banks	7	84,851,709	127,875,540
Non-current asset classified as held for sale	8	-	-
Lendings to financial institutions	9	377,445,476	-
Investments	10	54,559,674,608	36,321,015,128
Advances	11	8,680,817,176	9,119,290,062
Property and equipment	12	4,097,748,915	4,140,381,949
Right of Use Asset	13	32,981,779	41,414,620
Intangible assets	14	4,555,637	6,392,003
Deferred tax assets	18	251,145,394	58,011,030
Other assets	15	1,926,852,104	3,675,883,486
		<u>70,142,887,395</u>	<u>53,606,701,168</u>
LIABILITIES			
Bills payable		-	-
Borrowings	16	52,037,130,215	36,774,866,849
Deposits and other accounts	17	3,993,039,719	1,953,000,000
Lease liabilities		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	397,319,847	835,273,389
		<u>56,427,489,781</u>	<u>39,563,140,238</u>
NET ASSETS		<u>13,715,397,614</u>	<u>14,043,560,930</u>
REPRESENTED BY			
Share capital		6,765,000,000	6,765,000,000
Statutory reserve		1,431,486,211	1,431,486,211
General reserve		358,662,940	358,662,940
Surplus on revaluation of assets - net	20	1,552,434,607	1,313,231,385
Unappropriated / unremitted profit		3,607,813,856	4,175,180,394
		<u>13,715,397,614</u>	<u>14,043,560,930</u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.


 Chief Financial Officer


 GM/Chief Executive


 Director


 Director


 Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2023

		Quarter Ended		Period Ended	
	Note	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		----- (Rupees) -----			
Mark-up / Return / Interest earned	22	2,125,482,109	1,130,495,503	3,772,137,892	2,029,510,585
Mark-up / Return / Interest expensed	23	2,132,391,909	1,082,835,218	3,695,961,168	1,848,444,987
Net Mark-up / Interest Income		(6,909,800)	47,660,285	76,176,724	181,065,598

NON MARK-UP / INTEREST INCOME

Fee and commission income	24	32,354,303	20,000	33,937,198	20,000
Dividend income		109,537,145	40,594,803	214,990,493	153,960,043
Foreign exchange income		405,193	2,945,914	7,965,072	3,752,099
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	25	(123,403,103)	33,962,849	(168,925,758)	65,800,520
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	26	66,090,359	53,579,045	138,970,850	113,670,255
Total non-markup / interest income		84,983,897	131,102,611	226,937,855	337,202,917
Total income		78,074,097	178,762,896	303,114,579	518,268,515

NON MARK-UP / INTEREST EXPENSES


Operating expenses	27	122,912,844	134,932,539	245,272,247	245,492,363
Workers Welfare Fund		-	-	-	-
Other charges	28	-	-	-	-
Total Non-markup / Interest Expenses		122,912,844	134,932,539	245,272,247	245,492,363
Profit / (loss) before credit loss allowance / Provisions		(44,838,747)	43,830,357	57,842,332	272,776,152
Credit loss allowance / Provisions and write offs - net	29	12,348,954	191,711,932	(81,102,464)	167,456,633
Extra ordinary / unusual items		-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION		(57,187,701)	(147,881,575)	138,944,796	105,319,519
Taxation	30	(2,673,806)	(23,848,823)	47,457,495	41,438,997
PROFIT/(LOSS) AFTER TAXATION		(54,513,895)	(124,032,752)	91,487,301	63,880,522

					(Rupee)
Basic Earnings/(loss) per share	31	(0.081)	(0.183)	0.135	0.094
Diluted Earnings/(loss) per share	32	(0.081)	(0.183)	0.135	0.094


The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.


 Chief Financial Officer


 GM/Chief Executive


 Director


 Director


 Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2023

	Quarter Ended		Period Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees)			
Profit / (loss) after taxation for the period	(54,513,895)	(124,032,752)	91,487,301	63,880,522
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt instrument through FVOCI / Investment - net of tax	58,975,239	(321,942,911)	(301,695,054)	(430,626,278)
	58,975,239	(321,942,911)	(301,695,054)	(430,626,278)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	(16,733,136)	-	(46,374,836)	-
	(16,733,136)	-	(46,374,836)	-
Total comprehensive income / (loss)	(12,271,792)	(445,975,663)	(256,582,589)	(366,745,756)

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.


 Chief Financial Officer


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 Director


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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2023

	Share capital	Statutory reserve	General reserve	Surplus/(deficit) on revaluation of		Unappropriated/Unremitted profit	Total
				Investments	Property & Equipment / Non banking assets		
	Rupees						
Balance as at January 1, 2022	6,600,000,000	1,369,329,367	358,662,940	(880,415,670)	2,841,360,664	4,169,842,451	14,458,779,752
Profit after taxation for the period ended June 30, 2022	-	-	-	-	-	63,880,522	63,880,522
Other comprehensive income - net of tax	-	-	-	(430,626,278)	-	-	(430,626,278)
Total comprehensive income	-	-	-	(430,626,278)	-	63,880,522	(366,745,756)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(43,425,200)	43,425,200	-
Bonus shares issued	185,000,000	-	-	-	-	(165,000,000)	-
Dividend 2021: 2.5% per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at June 30, 2022	6,765,000,000	1,369,329,367	358,662,940	(1,311,041,948)	2,797,935,464	3,947,148,173	13,927,033,996
Profit after taxation for the period ended December 31, 2022	-	-	-	-	-	246,903,698	246,903,698
Other comprehensive income / (loss) - net of tax	-	-	-	23,656,964	-	(139,833)	23,517,131
Total comprehensive income / (loss)	-	-	-	23,656,964	-	246,763,865	270,420,829
Transfer to statutory reserve	-	62,156,844	-	-	-	(62,156,844)	-
Impact of rate change	-	-	-	-	(153,893,895)	-	(153,893,895)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(43,425,200)	43,425,200	-
Balance as at December 31, 2022 (Audited)	6,765,000,000	1,431,486,211	358,662,940	(1,287,384,984)	2,600,616,369	4,175,180,394	14,043,560,930
Adjustment on initial application of IFRS - 9	-	-	-	628,278,892	-	(699,859,419)	(71,580,727)
Balance as at December 31, 2022 (Revised)	6,765,000,000	1,431,486,211	358,662,940	(659,106,292)	2,600,616,369	3,475,320,975	13,971,980,203
Profit after taxation for the year ended June 30, 2023	-	-	-	-	-	91,487,301	91,487,301
Other comprehensive Loss - net of tax	-	-	-	(348,069,890)	-	-	(348,069,890)
Total comprehensive income / (loss)	-	-	-	(348,069,890)	-	91,487,301	(256,582,589)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(41,005,580)	41,005,580	-
Balance as at June 30, 2023	6,765,000,000	1,431,486,211	358,662,940	(1,007,176,182)	2,559,610,789	3,607,813,856	13,715,397,614

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements. ✓


Chief Financial Officer


GM/Chief Executive


Director


Director


Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		138,944,796	105,319,519
Less: dividend income		(214,990,493)	(153,960,043)
		(76,045,697)	(48,640,524)
Adjustments:			
Depreciation		85,574,434	83,505,082
Depreciation on right-of-use asset		8,432,841	6,892,840
Amortization		1,836,366	2,242,142
Credit loss allowance and write-offs		(81,102,464)	221,675,795
(Gain) / loss on sale of fixed assets		(37,982)	(321,031)
Gain on sale of non banking assets		-	-
Finance charges on leased assets		2,182,040	-
Charge for defined benefit plan		4,901,519	7,710,896
Unrealized loss/ (gain) - held for trading investments		2,111,481	-
		23,898,235	321,705,724
		(52,147,462)	273,065,200
(Increase) / decrease in operating assets			
Lendings to financial institutions		(377,616,285)	(2,114,057,240)
Held-for-trading securities / Securities classified as FVTPL		2,018,075	67,927,999
Advances		323,118,799	(493,245,537)
Other assets (excluding advance taxation)		(13,386,554)	(474,077,742)
		(65,865,965)	(3,013,452,520)
Increase/ (decrease) in operating liabilities			
Borrowings from financial institutions		14,922,449,904	11,349,735,286
Deposits		2,001,497,034	(289,944,380)
Other liabilities (excluding current taxation)		(91,674,679)	238,154,048
		16,832,272,259	11,297,944,954
Payments against off-balance sheet obligations		-	-
Payment to defined benefit plan		(10,219,869)	(10,318,832)
Payment for compensated absences		(1,354,658)	(1,268,512)
Income tax paid		(453,545,737)	(271,088,984)
Net cash flow generated from operating activities		16,249,138,568	8,274,881,306
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities classified as FVOCI / AFS		(15,952,122,331)	(8,545,422,091)
Net investments in amortized cost securities / HTM		(467,364,542)	150,058,000
Dividend received		178,120,000	169,305,404
Investments in property, equipment and intangible assets		(45,174,517)	(20,787,451)
Proceeds from sale of property and equipment		3,824,121	2,548,264
Proceeds from sale of non banking assets		-	-
Net cash flow used in from investing activities		(16,282,717,269)	(8,244,297,874)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-	(82,500,000)
Net cash flow generated from / (used in) financing activities		-	(82,500,000)
Effects of exchange rate changes on cash and cash equivalents		-	-
Decrease in cash and cash equivalents		(33,578,701)	(51,916,568)
Cash and cash equivalents at beginning of the period		245,387,443	236,426,396
Cash and cash equivalents at end of the period	33	211,808,742	184,509,828


The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.


Chief Financial Officer


GM/Chief Executive


Director


Director


Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2023

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;

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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, 2023

- 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.
- 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, 2022.

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, 2022 except for early adoption of IFRS-9 w.e.f January 01, 2023.

On January 01, 2023, the company adopted IFRS 9 Financial Instruments. IFRS 9 introduces new requirements for the classification and measurement of financial instruments; the recognition and measurement of credit impairment provisions.

The Company has not restated comparative information. This primarily impacts provisioning of financial assets which is determined on an expected credit loss basis under IFRS 9, however the provisioning is recorded higher of amount determined under IFRS 9 and the prudential regulations requirements of SBP.

The Company has recorded net expected loss of Rs. 699.9 million which was adjusted against retained earnings. The Company also recorded net increase of Rs. 628.3 million due to reclassification of investments from available for sale to fair value through other comprehensive income and amortised cost. The new IFRS 9 accounting policies are stated in note 3.1.

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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, 2023

3.1 Impacts of Adoption of IFRS-9

3.1.1 Classification and measurement of financial instruments

IFRS-9 contains three main classification categories for financial assets, i.e. to be measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit & loss (FVTPL). The classification and subsequent measurement is dependent on the business models as mentioned in IFRS-9 that comprises of Hold to Collect – financial assets held with the objective to collect contractual cash flows; Hold to Collect and Sell – financial assets held with the objective of both collecting contractual cash flows and selling financial assets Other – financial assets held with trading intent or that do not meet the above criteria. Financial liabilities will be measured at amortized cost except those classified as held for trading and opted to measure them at fair value.

The Company has arrived at the below given classification and measurement mapping for its financial assets.

Portfolio / Business Model		Financial asset measurement	
Financial assets portfolio	Business model	Asset is SPPI	Asset is not SPPI
Advances and Debt Investments originated by CFD	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Bank Deposits / Cash	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Placements with Financial Institutions	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Debt Investments originated by Treasury Division with the intent to resale	Other	At Fair Value through Profit and Loss (SPPI test not applicable)	
Debt Investments originated by Treasury Division with the intent to hold to collect and sell	Hold to Collect and Sell	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and Loss
Debt Investments originated by Treasury Division with the intent to hold to collect	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Equity Investments	Other	<ul style="list-style-type: none"> Quoted: At Fair Value through Profit & Loss or Fair Value through OCI (irrevocable option) Unquoted: At Fair Value through Other Comprehensive Income Strategic Investment: N/a 	
Staff Advances	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss

3.1.2 Reclassification

Reclassification of financial assets will only be made in exceptional cases along with the rationale for the change in the business model (under which they were managed) that has led to the reclassification. Such changes must be demonstrable to external parties.

3.1.3 Write-offs

The gross carrying amount of a credit instrument will be reduced when there is no reasonable expectation of recovery, in accordance with the terms of its Write-Off policy. Write-off constitutes a derecognition event.

3.1.4 Impairment of financial assets

The IFRS-9 has replaced the incurred credit loss method to "expected credit loss method", i.e. "ECL". It requires to record an allowance for all financial assets not held at FVTPL.

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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, 2023

The Company, under IFRS-9 follows a three stage approach to impairment, i.e. Stage 1 (Performing / low credit risk), Stage 2 (Underperforming / Significant Increase in Credit Risk) & Stage 3 (Non-performing).

Under Stage 1, provisions are recognized at an amount equal to 12-month expected credit loss on the credit instrument.

Under Stage 2, provisions are recognized at an amount equal to lifetime expected credit loss on the credit instrument. The lifetime expected credit loss is based on the lifetime probability of default over the residual tenure of the credit instrument.

Under Stage 3, provisions are recognized at an amount as specified in the prevailing SBP Prudential Regulations or the lifetime expected credit loss on the credit instrument, whichever is higher. The lifetime expected credit loss is based on a 100% probability of default.

3.1.5 Expected Credit Loss (ECL) Model

The Company uses three main components to calculate ECL. These are Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). ECL is calculated separately for each credit instrument as the product of the PD, LGD, and EAD of the instrument, discounted to present value by the effective interest rate on the credit instrument.

Expected Lifetime

The expected lifetime is a significant factor in ECL calculation of a credit instrument, and is taken as the residual contractual period of the instrument.

Probability of Default (PD)

Saudi Pak has in place a well-established internal credit risk rating mechanism governed by the Board-approved Internal Credit Risk Rating Policy.

Loss Given Default (LGD)

The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Company expects to receive.

Exposure at Default (EAD)

The Company uses credit conversion factors (CCFs) / usage factors (UFs) to determine the Exposure at Default.

3.1.6 Transitioning adjustments

The comparative period have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS-9 have been recognized in opening retained earnings as of January 01, 2023, as per detail given below:-

Unappropriated profit

	Unaudited Rupees
Retained earnings as of December 31, 2022	4,175,180,394
IFRS - 9 Impact	
Credit loss allowance	(825,937,469)
Reclassification adjustment in relation to adopting IFRS 9	(175,426,724)
Deferred tax on ECL	272,559,365
Deferred tax on FVTPL	28,945,409
Related deferred tax impact	301,504,774
Revised Retained Earnings as of January 01, 2023	3,475,320,975

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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, 2023

	Unaudited Rupees
Balances with Other banks	
As at December 31, 2022	127,875,540
IFRS 9 Impact	
Credit loss allowance	(581,837)
Reclassification adjustment - Accrued markup	1,074,553
As at January 01, 2023	128,368,256
Investment	
As at December 31, 2022	36,321,015,128
IFRS 9 Impact	
Credit loss allowance	(65,777,941)
Reclassification adjustment - Accrued markup	1,672,475,796
Reclassification adjustment of FVOCI to amortised cost	719,100,564
As at January 01, 2023	38,646,813,547
Advances	
As at December 31, 2022	9,119,290,062
IFRS 9 Impact	
Credit loss allowance	(758,215,288)
Reclassification adjustment - Accrued markup	530,155,076
As at January 01, 2023	8,891,229,850
Other assets	
As at December 31, 2022	3,675,883,486
IFRS 9 Impact	
Reclassification adjustment - Accrued markup	(2,203,705,425)
As at January 01, 2023	1,472,178,061
Other liabilities	
As at December 31, 2022	835,273,389
IFRS 9 Impact	
Credit loss allowance	1,362,403
As at January 01, 2023	836,635,792
Surplus on revaluation of assets - net	
As at December 31, 2022	1,313,231,385
IFRS 9 Impact	
Reclassification of debt securities	719,100,564
Reclassification of deferred tax	(237,303,186)
	481,797,378
Reclassification of quoted securities	175,426,724
Reclassification of deferred tax	(28,945,409)
	146,481,315
As at January 01, 2023	1,941,510,078

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	Unaudited Rupees
Deferred tax assets	
As at December 31, 2022	58,011,030
IFRS 9 Impact	
Reclassification of deferred tax in relation to adopting IFRS 9	(237,303,186)
Deferred tax on Credit loss allowance in relation to adopting IFRS 9	272,559,364
	35,256,178
As at January 01, 2023	93,267,208

3.1.7 Transition due to adoption of IFRS 9

	Audited			Un-audited
	31 December 2022	Expected Credit loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
	----- "Rupees" -----			
ASSETS				
Cash and balances with treasury banks	116,437,350	-	-	116,437,350
Balances with other banks	127,875,540	(581,837)	1,074,553	128,368,256
Non-current asset classified as held for sale	-	-	-	-
Lendings to financial institutions	-	-	-	-
Investments	36,321,015,128	(65,777,941)	2,391,576,360	38,646,813,547
Advances	9,119,290,062	(758,215,288)	530,155,076	8,891,229,850
Property and equipment	4,140,381,949	-	-	4,140,381,949
Right of Use Assets	41,414,620	-	-	41,414,620
Intangible assets	6,392,003	-	-	6,392,003
Deferred tax assets	58,011,030	272,559,365	(237,303,187)	93,267,208
Other assets	3,675,883,486	-	(2,203,705,425)	1,472,178,061
	53,606,701,168	(552,015,701)	481,797,377	53,536,482,844
LIABILITIES				
Bills payable	-	-	-	-
Borrowings	36,774,866,849	-	-	36,774,866,849
Deposits and other accounts	1,953,000,000	-	-	1,953,000,000
Lease liabilities	-	-	-	-
Subordinated debt	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	835,273,389	1,362,403	-	836,635,792
	39,563,140,238	1,362,403	-	39,564,502,641
NET ASSETS	14,043,560,930	(553,378,104)	481,797,377	13,971,980,203
REPRESENTED BY				
Share capital	6,765,000,000	-	-	6,765,000,000
Statutory reserve	1,431,486,211	-	-	1,431,486,211
General reserve	358,662,940	-	-	358,662,940
Surplus on revaluation of assets - net	1,313,231,385	-	628,278,692	1,941,510,077
Unappropriated / unremitted profit	4,175,180,394	(553,378,104)	(146,481,315)	3,475,320,975
	14,043,560,930	(553,378,104)	481,797,377	13,971,980,203

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3.1.8 Reclassification of investments due to adoption of IFRS-9	Unaudited
Reclassification for Available for sale securities (AFS)	Rupees
Balance as at December 31, 2022 - Audited	34,820,500,128
Equity securities reclassified to FVTPL	(1,487,154,488)
Debt securities reclassified to amortised cost	(5,578,040,800)
Debt securities reclassified through FVOCI	(26,507,452,921)
Equity securities reclassified through FVOCI	(1,247,851,919)
AFS investment as at January 01, 2023 - Unaudited	-

3.2 Accounting policies of financial instruments:

The Company classifies its financial assets into the following categories: amortized cost; fair value through other comprehensive income (FVOCI); and fair value through profit or loss (FVTPL). Financial liabilities are classified as amortized cost. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

3.2.1 Financial assets held at amortized cost and fair value through other comprehensive income

Debt instruments held at amortized cost or held at fair value through other comprehensive income (FVOCI) have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin. Whether financial assets are held at amortized cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Company manages financial assets to generate cash flows. The Company makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

3.2.2 Equity instruments designated as held at FVOCI

Company may elect to classify irrevocably its non-trading equity instrument acquired for strategic purposes as held at FVOCI. Dividends received are recognized in profit or loss. Gains and losses on these equity instruments are recognized directly in equity and are never recycled to profit and loss.

3.2.3 Financial assets held at fair value through profit or loss

Financial assets which are not held at amortized cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss.

3.2.4 Financial liabilities held at amortized cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortized cost.

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3.2.5 Initial recognition

Purchases and sales of financial assets and liabilities are initially recognized on the settlement date. All financial instruments are initially recognized at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss.

3.2.6 Subsequent measurement

Financial assets and financial liabilities held at amortized cost

Financial assets and financial liabilities held at amortized cost are subsequently carried at amortized cost using the effective interest method.

Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealized gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognized in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Derecognition of financial instruments

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss except for equity instruments elected FVOCI.

Financial liabilities are derecognized when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

3.4 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective

There are various other standards, interpretations and amendments to accounting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Company's financial statements.

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, 2022 except the effects of adoption of IFRS - 9.

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, 2022. 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, 2023	Audited December 31, 2022
	-----Rupees-----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	279,752	285,888
With State Bank of Pakistan in		
Local currency current account	126,534,845	116,151,462
	<u>126,814,597</u>	<u>116,437,350</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	3,897,377	84,376,565
In deposit accounts	81,096,768	43,498,975
Less: Credit loss allowance held against balance with other banks	(142,436)	-
Balances with other banks - net of credit loss allowance	<u>84,851,709</u>	<u>127,875,540</u>
8 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE		
Cost of investment reclassified from investments		
- Investment in ordinary shares	243,467,574	243,467,574
- Investment in preference shares	333,208,501	333,208,501
Less: Provision on investment	<u>(576,676,075)</u>	<u>(576,676,075)</u>
	-	-
Less: Amounts received	-	-
	<u>-</u>	<u>-</u>

- 8.1** The Company's investment in Saudi Pak Leasing Company Limited (the "associate company") has been classified as non-current asset held for sale in accordance with International Financial Reporting Standards 5 "Non-current Assets Held for Sale and Discontinued Operations" and measured at lower of carrying amount at designation and fair value less cost to sell.

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	Unaudited June 30, 2023	Audited December 31, 2022
	-----Rupees-----	
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	250,298,959	-
Letter based placement	127,317,326	-
	<u>377,616,285</u>	<u>-</u>
Less: Credit loss allowance held against lending to financial institutions	(170,809)	-
Lendings to Financial Institutions - net of credit loss allowance	<u>377,445,476</u>	<u>-</u>

9.1 Lending to FIs- Particulars of credit loss allowance

		Unaudited 30 June 2023		Audited 31 December 2022	
		Lending	Credit loss allowance held	Classified Lending	Provision held
		Rupees		Rupees	
Domestic					
Performing	Stage 1	377,616,285	170,809	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>377,616,285</u>	<u>170,809</u>	<u>-</u>	<u>-</u>
Total		<u>377,616,285</u>	<u>170,809</u>	<u>-</u>	<u>-</u>

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10 INVESTMENTS

Investments by type:	June 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
	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	1,485,136,419	-	(2,111,481)	1,483,024,938	-	-	-	-
	1,485,136,419	-	(2,111,481)	1,483,024,938	-	-	-	-
FVOCI								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	27,659,081,338	-	(1,538,945,036)	26,120,136,302	-	-	-	-
-Market Treasury Bills	16,364,134,678	-	7,209,322	16,371,344,000	-	-	-	-
Shares- Quoted securities	691,258,468	-	21,014,717	712,273,185	-	-	-	-
Non Government Debt Securities	1,282,258,965	(158,966,803)	297,700	1,123,547,862	-	-	-	-
-Term Finance Certificates (TFCs) / Sukuk	783,833,048	(273,833,040)	-	510,000,008	-	-	-	-
Un-quoted securities	46,740,554,497	(432,769,843)	(1,508,423,299)	44,799,341,355	-	-	-	-
Amortised cost								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	6,436,493,587	-	-	6,436,493,587	-	-	-	-
Non Government Debt Securities	2,131,254,107	(790,439,379)	-	1,340,814,728	-	-	-	-
-Term Finance Certificates (TFCs) / Sukuk	8,667,747,694	(790,439,379)	-	7,777,308,315	-	-	-	-
Available-for-sale securities								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	-	-	-	-	-	-	-	-
-Market Treasury Bills	-	-	-	-	-	-	-	-
Provincial Government Securities								
Shares- Quoted securities	-	-	-	-	32,994,355,755	-	(1,800,587,455)	31,193,768,300
Non Government Debt Securities	-	-	-	-	32,994,355,755	-	(1,800,587,455)	31,193,768,300
-Term Finance Certificates (TFCs) / Sukuk	-	-	-	-	3,265,391,260	(941,511,580)	(98,873,281)	2,225,006,399
-Commercial paper	-	-	-	-	969,651,845	(80,208,424)	2,340,000	891,725,421
Un-quoted securities	-	-	-	-	783,833,048	(273,833,040)	-	510,000,008
	-	-	-	-	38,013,231,908	(1,295,611,044)	(1,897,120,730)	34,020,500,128
Held-to-maturity securities								
Non Government Debt Securities	-	-	-	-	1,529,701,077	(529,186,077)	-	1,000,515,000
-Term Finance Certificates (TFCs) / Sukuk	-	-	-	-	-	-	-	-
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	87,293,438,610	(1,223,229,222)	(1,510,534,780)	84,559,674,608	40,042,932,985	(1,824,797,121)	(1,897,120,730)	35,321,015,128

10.1.1 Saudi Pak Real Estate Company Limited is 100% owned subsidiary incorporated in Pakistan. As per latest audited accounts of December 31, 2022, its total assets were Rs. 811,046 million, Liabilities were Rs. 21,981 million, total revenue was Rs. 33,286 million, profit after tax was Rs. 42,903 million and total comprehensive income was Rs. 42,938 million.

10.1.2 The Company has investment in unsecured subordinated TFCs of Rs. 299,760 million, issued by Siba Bank Limited (the Issuer). Installments carrying markup aggregating to Rs. 59,78 million and principal of Rs. 90,000 are outstanding against such issue due to which, a provision of Rs. 22,185 million has been incorporated in these Financial Statements under expected credit loss (ECL) model as per IFRS 9. The referred outstanding installments 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.

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	Unaudited June 30, 2023	Audited December 31, 2022
10.2 Investments given as collateral		
The market value of investments given as collateral is as follows:		
Pakistan Investment Bonds (PIBs)	27,870,479,392	27,399,908,300
Treasury Bills	16,354,134,878	-
	<u>44,224,614,070</u>	<u>27,399,908,300</u>

10.3 Credit Loss Allowance / Provision for diminution in value of investments

10.3.1 Opening balance	1,824,797,121	1,620,682,243
Impact of reclassification due to adoption of IFRS-9	(664,012,245)	-
Impact of remeasurement due to adoption of IFRS-9	65,777,341	-
Charge / reversals		
Charge for the period / year	10,823,023	264,524,009
Reversals for the period / year	(14,156,518)	(16,471,728)
Reversal on disposals	-	(43,937,403)
	(3,333,595)	204,114,878
Transfers - net	-	-
Closing balance	<u>1,223,229,222</u>	<u>1,824,797,121</u>

10.3.2 Particulars of credit loss allowance / provision against debt securities

Category of classification		Unaudited June 30, 2023		Audited December 31, 2022	
		Outstanding amount	Credit loss allowance held	NPI	Provision
		Rupees		Rupees	
Domestic					
Performing	Stage 1	1,956,134,062	29,891,208	-	-
Under performing	Stage 2	538,780,199	34,708,163	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		918,546,811	884,796,811	643,202,501	609,452,501
		<u>3,413,461,072</u>	<u>949,396,182</u>	<u>643,202,501</u>	<u>609,452,501</u>
Overseas		-	-	-	-
Tota		<u>3,413,461,072</u>	<u>949,396,182</u>	<u>643,202,501</u>	<u>609,452,501</u>

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11 ADVANCES

	Performing		Non Performing		Total	
	Unaudited June 30, 2023	Audited December 31, 2022	Unaudited June 30, 2023	Audited December 31, 2022	Unaudited June 30, 2023	Audited December 31, 2022
	-----Rupees-----					
Loans, leases, running finances- gross	8,947,191,858	8,696,407,690	3,269,447,853	2,778,130,890	12,216,639,711	11,474,538,580
Credit loss allowance / Provision against advances						
- Stage 1	(151,301,186)	-	-	-	(151,301,186)	-
- Stage 2	(409,354,055)	-	-	-	(409,354,055)	-
- Stage 3	-	-	(2,975,167,294)	-	(2,975,167,294)	-
- Specific	-	-	-	(2,268,864,901)	-	(2,268,864,901)
- General	-	(86,383,617)	-	-	-	(86,383,617)
	(560,655,241)	(86,383,617)	(2,975,167,294)	(2,268,864,901)	(3,535,822,535)	(2,355,248,518)
Advances - net of credit loss allowance / provision	8,386,536,617	8,610,024,073	294,280,559	509,265,989	8,680,817,176	9,119,290,062

11.1 Particulars of advances (Gross)

	Unaudited June 30, 2023	Audited December 31, 2022
	-----Rupees-----	
In local currency	12,216,639,711	11,474,538,580
In foreign currencies	-	-
	12,216,639,711	11,474,538,580

11.2 Advances include Rs. 3,269,447,853 (December 31, 2022: Rs. 2,778,130,890) which have been placed under non-performing / Stage 3 status as detailed below:-

Category of Classification		Unaudited June 30, 2023	Audited December 31, 2022
		Non Performing Loans	Provision
		-----Rupees-----	
Domestic			
Substandard	Stage 3	-	-
Doubtful	Stage 3	-	270,000,000
Loss	Stage 3	3,269,447,853	2,268,864,901
Total		3,269,447,853	2,268,864,901

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11.3 Particulars of credit loss allowance / provision against advances

	Unaudited				Audited		
	June 30, 2023				December 31, 2022		
	Stage 3	Stage 2	Stage 1	Total	Specific	General	Total
	Rupees				Rupees		
Opening balance	2,268,864,901	43,191,808	43,191,809	2,355,248,518	2,241,352,677	-	2,241,352,677
Impact of reclassification due to adoption of IFRS-9	535,064,854	-	-	535,064,854	-	-	-
Impact of remeasurement due to adoption of IFRS-9	214,985,430	422,757,197	120,472,661	758,215,288	-	-	-
Charge for the period/year	-	-	3,939,088	3,939,088	146,592,629	86,383,617	232,976,246
Reversals	(43,747,891)	(56,594,950)	(16,302,372)	(116,645,213)	(119,080,405)	-	(119,080,405)
	(43,747,891)	(56,594,950)	(12,363,284)	(112,706,125)	27,512,224	86,383,617	113,895,841
Amounts written off	-	-	-	-	-	-	-
Closing balance	2,975,167,294	409,354,055	151,301,186	3,535,822,535	2,268,864,901	86,383,617	2,355,248,518

11.3.1 In accordance with BSD circular No. 1 of 2011 dated October 21, 2011 issued by the SBP, as of June 30, 2023 the company has availed FSV benefit aggregating to Rs. nil (2022: Rs. 374.266 million, net of tax Rs.265.729 million). Accordingly, accumulated profit to the extent of Rs. nil (2022: Rs. 374.266 million) are not available for the distribution as cash or stock dividend as required by the aforementioned SBP directives.

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11.4 Advances - Particulars of credit loss allowance / provision

	Unaudited June 30, 2023				Unaudited December 31, 2022			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	Rupees				Rupees			
Opening balance	2,268,864,901	43,191,808	43,191,809	2,355,248,518	-	-	-	-
Impact of reclassification due to adoption of IFRS-9	535,064,854	-	-	535,064,854	-	-	-	-
Impact of remeasurement due to adoption of IFRS-9	214,985,430	422,757,197	120,472,661	758,215,288	-	-	-	-
New advances	-	-	3,939,088	3,939,088	-	-	-	-
Advances derecognised or repaid	(43,747,891)	(23,804,973)	(7,742,627)	(75,295,491)	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(43,747,891)	(23,804,973)	(3,803,539)	(71,355,403)	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-	-
Change in risk parameters	-	-	-	-	-	-	-	-
Other changes	-	(32,789,977)	(8,559,745)	(41,349,722)	-	-	-	-
Closing balance	2,975,167,294	409,354,055	151,301,186	3,535,822,535	-	-	-	-

11.5 Advances - Category of Classification

Category of Classification		Unaudited June 30, 2023		Audited December 31, 2022	
		Outstanding amount	Credit loss allowance held	Non Performing Loans	Provision
		Rupees		Rupees	
Domestic					
Performing	Stage 1	6,711,690,955	151,301,186	-	-
Under performing	Stage 2	2,235,500,902	409,354,055	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	270,000,000	-
Loss		3,269,447,853	2,975,167,294	2,508,130,890	2,268,864,901
Total		12,216,639,711	3,535,822,535	2,778,130,890	2,268,864,901

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		Unaudited June 30, 2023	Audited December 31, 2022
12	PROPERTY AND EQUIPMENT		
	Capital work-in-progress - Electrical equipment	49,540,588	40,256,613
	Property and equipment	4,048,208,327	4,100,125,336
		<u>4,097,748,915</u>	<u>4,140,381,949</u>
		Unaudited	
		For the six months ended	
		June 30, 2023	June 30, 2022
		Rupees	
12.1	Additions to property and equipment		
	The following additions have been made to property and equipment during the period:		
	Capital work-in-progress	9,283,975	8,997,551
	Property and equipment		
	Building on leasehold land	1,478,706	-
	Furniture and fixtures	2,049,949	-
	Office equipment	2,742,085	2,974,621
	Vehicles	27,251,078	-
	Security systems	262,600	498,641
	Electrical fitting, fire fighting equipment and others	2,106,126	9,777,090
		<u>35,890,542</u>	<u>13,250,352</u>
	Total	<u>45,174,517</u>	<u>22,247,903</u>
12.2	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	660,688	3,788
	Vehicles	3,125,434	2,223,445
	Electrical fitting, fire fighting equipment and others	5	-
	Total	<u>3,786,139</u>	<u>2,227,233</u>
		Unaudited	Audited
		June 30, 2023	December 31, 2022
		Rupees	
13	RIGHT OF USE ASSET		
	Office Space		
	As at January 01,		
	Cost	46,380,627	37,910,624
	Accumulated depreciation	(4,986,007)	(28,201,354)
	Net carrying amount at January 01	<u>41,414,620</u>	<u>9,709,270</u>
	Additions during the period	-	46,380,627
	Deletions during the period	-	-
	Depreciation charge for the period	(8,432,841)	(14,675,277)
	Net carrying amount	<u>32,981,779</u>	<u>41,414,620</u>
14	INTANGIBLE ASSETS		
	Computer Software	<u>4,555,637</u>	<u>6,392,003</u>

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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		Unaudited For the six months ended	
		June 30, 2023	June 30, 2022
		Rupees	
14.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Directly purchased	-	1,743,885
		Unaudited June 30, 2023	Audited December 31, 2022
15	OTHER ASSETS	Rupees	
	Income/ mark-up accrued in local currency - net of provision		
	On investments	-	1,672,475,796
	On advances	-	530,155,076
	On lending to financial institutions	-	-
	On deposits	-	1,074,553
		-	2,203,705,425
	Advances, deposits, advance rent and other prepayments	23,640,194	24,031,294
	Advance taxation (payments less provisions)	1,661,472,727	1,255,502,709
	Excise duty	78,817,895	78,817,895
	Non-banking assets acquired in satisfaction of claims	50,575,360	51,651,432
	Dividend receivable	71,512,266	34,641,773
	Other receivables	18,673,780	4,896,126
		1,904,692,222	3,653,246,654
	Less: Credit Loss Allowance / Provision held against other assets	15.2 (256,792)	(256,792)
	Other assets (net of provision)	1,904,435,430	3,652,989,862
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22,416,674	22,893,624
	Other assets - total	1,926,852,104	3,675,883,486
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
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FOR THE PERIOD ENDED JUNE 30, 2023

		Unaudited June 30, 2023	Audited December 31, 2022
15.2	Credit Loss Allowance / Provision held against other assets		
	Note	Rupees	
	Advances, deposits, advance rent & other prepayments	256,792	256,792
16	BORROWINGS		
	Secured		
	State Bank of Pakistan (SBP) refinance scheme		
	Long term financing facility	2,150,637,431	2,195,224,199
	Temporary economic relief facility	477,267,435	491,424,500
		2,627,904,867	2,686,648,699
	Repurchase agreement borrowings	43,842,736,272	27,775,718,150
	Against book debts/receivables	5,566,489,075	4,812,500,000
	Total secured	52,037,130,215	35,274,866,849
	Unsecured		
	Call borrowings	-	1,500,000,000
	Total unsecured	-	1,500,000,000
		52,037,130,215	36,774,866,849
17	DEPOSITS AND OTHER ACCOUNTS		
	Customers:		
	- Term deposits (local currency)	17.1 3,993,039,719	1,953,000,000
17.1	Composition of deposits		
	- Public Sector Entities	3,078,337,013	1,343,000,000
	- Non-Banking Financial Institutions	10,054,542	10,000,000
	- Private Sector	904,648,164	600,000,000
		3,993,039,719	1,953,000,000
17.1.1	These Certificate of Investments (COIs) carry mark up at the rates ranging from 17.87% to 22.97% (2022: 16.12% to 17.06%) per annum with maturity on July 2023 to January 2024 (2022: March 2023 to November 2023).		
17.1.2	All deposits are in local currency.		

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FOR THE PERIOD ENDED JUNE 30, 2023

	Unaudited June 30, 2023	Audited December 31, 2022
	Rupees	
18 DEFERRED TAX LIABILITIES / (ASSETS)		
Deductible temporary differences on		
Actuarial loss on defined benefit plan	(7,201,506)	(7,201,506)
Deficit on revaluation of securities - FVOCI / AFS	(501,247,117)	(609,735,752)
Deficit on revaluation of securities - FVTPL / HFT	(29,293,804)	-
Credit loss allowance / provision on non-performing loans	(902,762,397)	(656,967,000)
Impairment loss on quoted securities - FVTPL	(74,504,463)	-
Impairment loss on quoted securities - FVOCI	(50,058,152)	(106,340,876)
	(1,565,067,439)	(1,380,245,134)
Taxable temporary differences on		
Accelerated tax depreciation	43,712,896	39,252,624
Dividend receivable	20,738,557	10,046,114
Right of Use Assets	(192,174)	3,310,736
Surplus on revaluation of operating fixed assets	1,249,662,766	1,269,624,630
	1,313,922,045	1,322,234,104
	(251,145,394)	(58,011,030)
19 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	-	378,356,147
Accrued expenses	9,626,226	32,301,635
Advance rental income	123,518,092	154,619,487
Security deposits against rented properties	40,467,740	40,959,597
Payable to defined benefit plan	4,901,519	10,219,869
Provision for compensated absences	8,317,856	9,672,514
Directors' remuneration	-	-
Payable to stock brokers - net	-	76,825,002
Lease liability against ROU assets as per IFRS - 16 Leases	33,564,126	31,382,086
Dividend payable to shareholder - MOF-KSA	82,500,000	82,500,000
Credit loss allowance against off-balance sheet obligations	36,568,251	-
Others	57,856,037	18,437,052
	397,319,847	835,273,389
19.1 Credit loss allowance against off-balance sheet obligations		
Opening balance	-	-
Impact of remeasurement due to adoption of IFRS-9	1,362,403	-
	-	-
Charge for the period / year	35,205,848	-
Reversals	-	-
	35,205,848	-
Closing balance	36,568,251	-

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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, 2023

	Note	Unaudited June 30, 2023	Audited December 31, 2022
Rupees			
20 SURPLUS ON REVALUATION OF ASSETS - NET			
(Deficit) / surplus on revaluation of			
- Securities measured at FVOCI - Debt	10.1	(1,529,438,016)	(1,897,120,736)
- Securities measured at FVOCI - Equity		21,014,717	-
- Fixed assets (Property and equipment)		3,786,856,881	3,847,347,375
- Non-banking assets acquired in satisfaction of claims		22,416,674	22,893,624
		<u>2,300,850,256</u>	<u>1,973,120,263</u>
Deferred tax on (deficit) / surplus on revaluation of:			
- Securities measured at FVOCI - Debt		504,714,545	609,735,752
- Securities measured at FVOCI - Equity		(3,467,428)	-
- Fixed assets (Property and equipment)		(1,249,662,766)	(1,269,624,630)
		<u>(748,415,649)</u>	<u>(659,888,878)</u>
		<u>1,552,434,607</u>	<u>1,313,231,385</u>
21 CONTINGENCIES AND COMMITMENTS			
-Guarantees	21.1	1,851,249,700	70,000,000
-Commitments	21.2	1,637,988,217	759,115,718
		<u>3,489,237,917</u>	<u>829,115,718</u>
21.1 Guarantees:		1,851,249,700	70,000,000
21.2 Commitments:			
Commitments for acquisition of:			
- Operating fixed assets		2,109,676	8,935,734
- Intangible assets		2,177,375	2,525,000
		<u>4,287,051</u>	<u>11,460,734</u>
Non disbursed commitment for term and working capital finance		1,633,701,166	747,654,984
		<u>1,637,988,217</u>	<u>759,115,718</u>

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NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
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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 year 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.

The management, based on the opinion of its legal counsels, believes that the above mentioned matters are likely to be decided in favour of the Company at superior appellate forums and therefore no further charge is required to be recognised in these unconsolidated condensed interim financial statements.

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, 2022.

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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, 2023

		Unaudited	
		For the six months ended	
		June 30, 2023	June 30, 2022
		Rupees	
22	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	Loans and advances	662,072,578	393,003,525
	Investments	3,063,786,416	1,631,389,546
	Lendings to financial institutions	42,864,743	3,554,633
	Balances with banks	3,414,155	1,562,881
		<u>3,772,137,892</u>	<u>2,029,510,585</u>
23	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	Deposits	341,515,534	164,455,638
	Borrowings		
	Securities purchased under repurchase agreements	2,753,724,405	1,297,926,076
	Other short term borrowings	227,203,497	261,640,797
	SBP refinance scheme - LTFF & TERF	48,472,749	6,861,787
	Long term borrowings	321,769,007	114,055,732
		<u>3,351,169,658</u>	<u>1,680,484,392</u>
	Interest expense on lease liability against ROU assets	2,182,040	-
	Brokerage fee relating to borrowings	1,093,936	3,504,957
		<u>3,695,961,168</u>	<u>1,848,444,987</u>

23.1 The markup expense amounting to Rs. 944,199 (June 30, 2022: Rs. 504,479) relates to Saudi Pak Employees Contributory Provident Fund.

		Unaudited	
		For the six months ended	
		June 30, 2023	June 30, 2022
		Rupees	
24	FEE AND COMMISSION INCOME		
	Credit related fees	2,908,000	20,000
	Commission on guarantees	31,029,198	-
		<u>33,937,198</u>	<u>20,000</u>
25	GAIN / (LOSS) ON SECURITIES		
	Realised	(166,814,277)	65,800,520
	Unrealised - Measured at FVTPL	(2,111,481)	-
		<u>(168,925,758)</u>	<u>65,800,520</u>

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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FOR THE PERIOD ENDED JUNE 30, 2023

		Unaudited	
		For the six months ended	
		June 30,	June 30,
		2023	2022
		Rupees	
25.1 Realised gain / (loss) on:			
Federal Government Securities		(167,059,359)	51,000
Shares - Unlisted		-	28,604,681
Shares - listed		245,082	37,144,839
		<u>(166,814,277)</u>	<u>65,800,520</u>
26 OTHER INCOME			
Rent on property- net	26.1	136,211,428	112,472,698
Gain / (loss) on sale of fixed assets-net		37,982	321,031
Gain on sale of non banking assets - net		-	-
Others		2,721,440	876,526
		<u>138,970,850</u>	<u>113,670,255</u>
26.1 Rent on property - net			
Rental income		255,410,705	224,638,583
Less: property expense			
Salaries, allowances and employee benefits		17,714,673	16,459,837
Depreciation		61,395,808	60,896,915
Other expenses		40,088,796	34,809,133
		<u>119,199,277</u>	<u>112,165,885</u>
		<u>136,211,428</u>	<u>112,472,698</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, 2023

	Unaudited	
	For the six months ended	
	June 30, 2023	June 30, 2022
	Rupees	
27 OPERATING EXPENSES		
Total compensation expense	116,753,624	121,619,780
Property expense		
Rent and taxes	264,799	378,190
Insurance	168,083	151,075
Utilities cost	10,263,209	10,278,842
Security (including guards)	2,386,635	2,320,772
Repair and maintenance (including janitorial charges)	2,421,714	1,943,723
Depreciation on ROU assets	8,432,841	6,892,840
Depreciation	8,770,829	8,699,559
	32,708,110	30,665,001
Information technology expenses		
Software maintenance	6,356,109	3,704,432
Hardware maintenance	1,293,214	594,069
Amortisation	1,836,366	2,242,142
Network charges	3,354,020	2,005,207
	12,839,709	8,545,850
Other operating expenses		
Shareholders' fee	-	3,074,585
Directors' fees and allowances	12,890,000	10,200,000
Legal and professional charges	2,748,575	2,659,975
Consultancy, custodial and rating services	3,711,128	3,331,335
Outsourced services costs	18,542,857	19,894,371
Travelling and conveyance	9,031,229	12,651,969
Depreciation	15,407,797	13,908,608
Training and development	1,724,630	1,348,597
Postage and courier charges	205,799	236,106
Communication	2,054,994	1,838,979
Stationery and printing	2,116,099	4,157,251
Marketing, advertisement and publicity	250,383	185,826
Donations	300,000	1,000,000
Auditors remuneration	1,302,499	1,216,001
Repair and maintenance	3,403,338	1,691,535
Insurance	1,114,161	838,148
Office and general expenses	8,033,661	6,314,096
Bank charges	133,654	114,350
	82,970,804	84,661,732
	245,272,247	245,492,363

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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, 2023

		Unaudited For the six months ended	
		June 30, 2023	June 30, 2022
		Rupees	
28 OTHER CHARGES	Note		
Penalties imposed by State Bank of Pakistan		-	-
		-	-
29 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET			
Credit loss allowance / provisions against lending to financial institutions	9.1	170,809	-
Credit loss allowance / provisions for diminution in value of investments - net	10.3.1	(3,333,595)	72,760,656
Credit loss allowance / Provisions against loans and advances - net	11.3	(112,706,125)	94,695,977
Other credit loss allowance		34,766,447	-
Write offs		-	-
		<u>(81,102,464)</u>	<u>167,456,633</u>
30 TAXATION			
Current		47,575,720	87,843,437
Prior years		-	-
Deferred tax		(118,225)	(46,404,440)
		<u>47,457,495</u>	<u>41,438,997</u>
31 BASIC EARNINGS PER SHARE			
Profit for the period - Rupees		<u>91,487,301</u>	<u>63,880,522</u>
Weighted average number of ordinary shares		<u>676,500,000</u>	<u>676,500,000</u>
Basic earnings per share - Rupee		<u>0.135</u>	<u>0.094</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, 2023	June 30, 2022
		Rupees	
33 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks		126,814,597	89,310,466
Balance with other banks		84,994,145	95,199,362
		<u>211,808,742</u>	<u>184,509,828</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 break-up value of these investments as per their latest available audited financial statements.

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NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2023

34.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at Mutual Fund Association of Pakistan (MUFAP), Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Company has adopted revaluation model (as per IAS 16) in respect of leasehold land, building and certain other assets and non-banking assets acquired in satisfaction of claims.

	June 30, 2023 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	Rupees			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	42,483,480,300	-	42,483,480,300
Shares	2,165,338,123	-	-	2,165,338,123
Non-Government Debt Securities	-	1,123,547,862	-	1,123,547,862
	<u>2,165,338,123</u>	<u>43,607,028,162</u>	<u>-</u>	<u>45,772,366,285</u>
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	-	6,436,493,587	6,436,493,587
Non-Government Debt Securities	-	-	1,340,814,728	1,340,814,728
	<u>-</u>	<u>-</u>	<u>7,777,308,315</u>	<u>7,777,308,315</u>
Off-balance sheet financial instruments - measured at fair value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
	Rupees			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	31,193,768,300	-	31,193,768,300
Shares	2,225,006,399	-	-	2,225,006,399
Non-Government Debt Securities	-	891,725,421	-	891,725,421
	<u>2,225,006,399</u>	<u>32,085,493,721</u>	<u>-</u>	<u>34,310,500,120</u>
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	1,000,515,000	1,000,515,000
	<u>-</u>	<u>-</u>	<u>1,000,515,000</u>	<u>1,000,515,000</u>
Off-balance sheet financial instruments - measured at fair value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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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.

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, 2023 (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, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	Rupees			
Non-financial assets				
Fixed assets				
Property and equipment (lease hold land, building and others)	-	-	4,049,255,333	4,049,255,333
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	74,545,056	74,545,056

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.

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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35 Segment Details with respect to Business Activities

	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
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
Balance Sheet				
Cash and bank balances	-	211,666,306	-	211,666,306
Investments	1,340,814,728	53,218,859,880	-	54,559,674,608
Lendings to financial institutions	-	377,445,476	-	377,445,476
Advances - performing	8,386,536,617	-	-	8,386,536,617
- non-performing net of Credit loss allowance	294,280,559	-	-	294,280,559
Others	1,402,998,665	2,317,191,292	2,593,093,872	6,313,283,829
Total assets	11,424,630,569	56,125,162,954	2,593,093,872	70,142,887,395
Borrowings	8,194,393,943	43,842,736,272	-	52,037,130,215
Deposits & other accounts	3,993,039,719	-	-	3,993,039,719
Others	72,296,591	188,461,771	136,561,485	397,319,847
Total liabilities	12,259,730,253	44,031,198,043	136,561,485	56,427,489,781
Equity	-	-	-	13,715,397,614
Total equity & liabilities	12,259,730,253	44,031,198,043	136,561,485	70,142,887,395
Contingencies and commitments	3,485,278,788	1,729,738	2,229,391	3,489,237,917

	June 30, 2022 (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	84,861,720	96,203,878	-	181,065,598
Non mark-up / return / interest income	20,000	223,512,662	113,670,255	337,202,917
Total Income	84,881,720	319,716,540	113,670,255	518,268,515
Segment direct expenses	51,365,378	194,126,985	-	245,492,363
Total expenses	51,365,378	194,126,985	-	245,492,363
Provisions	94,695,977	72,760,658	-	167,456,633
(Loss) / Profit before tax	(61,179,635)	52,828,899	113,670,255	105,319,519

	December 31, 2022 (Audited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Balance Sheet				
Cash and bank balances	-	244,312,890	-	244,312,890
Investments	1,000,515,000	35,320,500,128	-	36,321,015,128
Lendings to financial institutions	-	-	-	-
Advances - performing	8,610,024,073	-	-	8,610,024,073
- non-performing net of provision	509,265,989	-	-	509,265,989
Others	1,691,972,230	3,626,762,851	2,603,348,007	7,922,083,088
Total assets	11,811,777,292	39,191,575,869	2,603,348,007	53,606,701,168
Borrowings	9,544,598,132	27,230,268,717	-	36,774,866,849
Deposits & other accounts	506,884,232	1,446,115,768	-	1,953,000,000
Others	146,307,332	494,232,619	194,733,438	835,273,389
Total liabilities	10,197,789,696	29,170,617,104	194,733,438	39,563,140,238
Equity	-	-	-	14,043,560,930
Total equity & liabilities	10,197,789,696	29,170,617,104	194,733,438	53,606,701,168
Contingencies and commitments	818,550,311	2,582,854	7,972,553	829,115,718

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 under 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 deals for electricity, gas and telephone is 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 residential 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:

	Shareholders	Directors	Key management personnel	December 31, 2022 (Audited)				
				Shareholders	Directors	Key management personnel	Subsidiary	Associate
Non-current assets classified as held for sale								
Opening balance	-	-	-	-	-	-	-	576,676,075
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	576,676,075
Provision for Non-current asset classified as held for sale								
Opening balance	-	-	-	-	-	-	-	576,676,075
Added during the period / year	-	-	-	-	-	-	-	-
Revised during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	576,676,075
ECIL held amount / Landmark to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	16,054,622,652
Revised during the period / year	-	-	-	-	-	-	-	(16,054,622,652)
Closing balance	-	-	-	-	-	-	-	19,482,212,353
ECIL held amount / Landmark to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	19,482,212,353
Revised during the period / year	-	-	-	-	-	-	-	(19,482,212,353)
Closing balance	-	-	-	-	-	-	-	-
Business balance								
Investment made during the period / year	-	-	-	-	-	-	-	188,720,000
Investment redeemed / disinvestment off during the year	-	-	-	-	-	-	-	(80,000)
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	108,720,000
ECIL for disinvestment in value of investments								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	108,720,000
Revised during the period / year	-	-	-	-	-	-	-	(80,000)
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	108,720,000
Advances								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	26,028,934
Revised during the period / year	-	-	-	-	-	-	-	(12,864,066)
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	13,164,868
ECIL held amount / advances								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	13,164,868
Revised during the period / year	-	-	-	-	-	-	-	-
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	13,164,868
Other Assets								
Interest / mark-up received	-	-	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-
Bank balances								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	8,676,000,000
Revised during the period / year	-	-	-	-	-	-	-	(142,563,811,654)
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	8,533,436,346
Deposits and other accounts								
Opening balance	-	-	-	-	-	-	-	-
Added during the period / year	-	-	-	-	-	-	-	2,346,308
Revised during the period / year	-	-	-	-	-	-	-	(1,205,612)
Transfer to / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	1,140,696
Other Liabilities								
Interest / mark-up payable	-	-	-	-	-	-	-	-
Payable to related parties	-	-	-	-	-	-	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-
Rent received in advance	-	-	-	-	-	-	-	-
Income								
Mark-up / return / interest earned	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-
Expenses								
Mark-up / return / interest received	-	-	-	-	-	-	-	-
Contribution to employees' funds	-	-	-	-	-	-	-	-
Directors' fees and allowances	-	-	-	-	-	-	-	-
Shareholders' fee	-	-	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-	-

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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FOR THE PERIOD ENDED JUNE 30, 2023

	Unaudited June 30, 2023	Audited December 31, 2022
	----- 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>11,552,483</u>	<u>12,253,559</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>11,552,483</u>	<u>12,253,559</u>
Eligible Tier 2 Capital	<u>1,338,126</u>	<u>1,124,774</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>12,890,609</u>	<u>13,378,333</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>24,484,666</u>	<u>22,217,420</u>
Market Risk	<u>6,166,785</u>	<u>6,111,660</u>
Operational Risk	<u>2,876,520</u>	<u>2,876,520</u>
Total	<u>33,527,971</u>	<u>31,205,600</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>34.46%</u>	<u>39.27%</u>
Tier 1 Capital Adequacy Ratio	<u>34.46%</u>	<u>39.27%</u>
Total Capital Adequacy Ratio	<u>38.45%</u>	<u>42.87%</u>

As of June 30, 2023, 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, 2023	Audited December 31, 2022
	----- Rs '000' -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>11,552,483</u>	<u>12,253,559</u>
Total Exposures	<u>73,031,041</u>	<u>53,966,116</u>
Leverage Ratio	<u>15.82%</u>	<u>22.71%</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, 2023


	Unaudited June 30, 2023	Audited December 31, 2022
	----- Rs '000' -----	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>4,001,332</u>	<u>4,639,985</u>
Total Net Cash Outflow	<u>2,340,570</u>	<u>3,295,451</u>
Liquidity Coverage Ratio	<u>170.96%</u>	<u>140.80%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>44,579,577</u>	<u>36,098,612</u>
Total Required Stable Funding	<u>28,535,297</u>	<u>21,362,298</u>
Net Stable Funding Ratio	<u>156.23%</u>	<u>168.98%</u>


38 DATE OF AUTHORIZATION


These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on September 16, 2023.


 Chief Financial Officer


 GM/Chief Executive


 Director


 Director


 Director