

PAİR INVESTMENT COMPANY LIMITED
DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31, 2016

On behalf of the Board of Directors, I am pleased to present the Financial Statements of PAİR Investment Company Limited (PAİR) for the period ended March 31, 2016. These Financial Statements have been prepared in compliance with the requirements of BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'.

Economic Review

Positive macroeconomic indicators have enabled the State Bank of Pakistan ("SBP") to keep the interest rate at multi decade low. Since November 2014 the policy rate is reduced by 400 bps the trend is reflective of a pickup in aggregate demand in the wake of an improved security situation and real incomes.

According to SBP, with the positive consumer sentiments and lending rates at considerably lower levels, the uptake in credit to the private sector is expected to be higher in 2015-16. Other positive developments during the period includes, stable Rupee Dollar parity, contained budget deficit, increased tax collection, favorable balance of payment. However exports are declining and are a cause of concern. General weakness in global trade further accentuates this risk. The current improved domestic environment provides for the necessary conditions to inculcate better value addition and diversify products and markets for sustainable growth of exports.

After a volatile 2015 capital market maintained the trend in 2016 which only improved at the end of the quarter. The market is further gearing up due to its reclassification into MSCI Emerging Market Index. Efforts are underway to improve market depth through changes in leverage mechanisms, development of futures market, and introduction of options counter. In addition, the exchange is further considering widening of circuit breakers and introduction of index based halt mechanisms, which will further increase market's appeal to foreign investors.

Financial Overview

	March 31, 2016	March 31, 2015
	-----PKR in 000-----	
Net revenue from funds	211,065	225,033
Other Income	27,340	62,305
Total Income	238,405	287,338
Admin expenses	(74,490)	(73,356)
Profit before provisions	163,915	213,982
Reversal/(Provision)	17,112	(1,164)
Profit before tax	181,027	212,818
Taxation	(52,507)	(55,230)
Profit after Tax	128,520	157,588
EPS - (Rupees)	0.21	0.26

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The falling interest rates have impacted the revenues of the company which has reduced slightly than the same period last year. Investments were consolidated keeping the interest rate regime in view hence the total asset at the close of the quarter were lesser than the year ended December 31, 2015. Advances were maintained at same levels as that of the year ended December 31, 2015. There were no new provisions against non-performing portfolio however recoveries of PKR 2.82 million were received during the quarter. Other income was PKR 27.34 million against PKR 63.21 million in the same period last year as the gain on the sale of securities was lower. Control was maintained on the administrative expenses which were PKR 74.49 million versus PKR 73.36 million in the same period last year.

Credit Rating

Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed entity rating long-Term Entity Rating 'AA' (Double A) and a short term Entity Rating of 'A1+' (A One Plus).

Future Outlook

PAiR Investment prime focus will remain in providing services and financing to projects which provide sustainable long term economic growth and infrastructure. PAiR Investment is committed to excel by increasing operational efficiencies and quality of services by focusing on clients' needs.

Appreciation and Acknowledgement

We take this opportunity to express our gratitude to our customers and business partners for entrusting their confidence in us and assure them that we remain committed to maintain high service standards and a strong culture of good corporate governance and compliance in all our endeavors. We offer sincere appreciation to the Iran Foreign Investment Company, Ministry of Finance - Government of Pakistan, State Bank of Pakistan and Securities & Exchange Commission of Pakistan for their guidance and cooperation extended to us. Finally, we are also thankful to our associates, staff and colleagues for all their continued dedication, enthusiasm and loyalty towards the growth of PAiR.

On Behalf of the Board of Director

Tehran: April 22nd, 2016

Chairman