

**PAİR Investment Company Limited**

**Condensed Interim Financial Information**

For the six months period ended June 30, 2016





# Grant Thornton

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAIR Investment Company Limited** (the Company) as at June 30, 2016 and the related condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and the relevant notes for the six months period then ended (hereinafter referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial information 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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

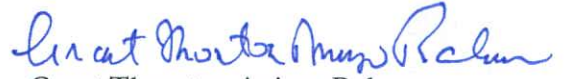
### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended June 30, 2016 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other Matters

The figures of the condensed interim profit and loss account, condensed interim statement of comprehensive income for the three months period ended June 30, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2016.

Karachi  
Date: August 19, 2016

  
**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Khaliq-ur-Rahman**

PAIR INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
 AS AT JUNE 30, 2016

		June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		61,599	46,114
Balances with other banks		501,372	215,426
Lendings to financial institutions		450,000	-
Investments - net	5	12,736,440	18,543,009
Advances - net	6	4,401,302	3,502,948
Operating fixed assets	7	184,232	191,311
Deferred tax assets - net		240,351	259,691
Other assets		396,496	462,778
		18,971,792	23,221,277
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	8	7,327,979	11,652,435
Deposits and other accounts	9	1,932,639	1,890,502
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		574,474	484,862
		9,835,092	14,027,799
<b>NET ASSETS</b>		<u>9,136,700</u>	<u>9,193,478</u>
<b>REPRESENTED BY</b>			
Share capital	10	6,000,000	6,000,000
Reserves		709,229	673,449
Unappropriated profit		2,233,286	2,390,166
		8,942,515	9,063,615
Surplus on revaluation of assets - net of deferred tax	11	194,185	129,863
		<u>9,136,700</u>	<u>9,193,478</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive Officer /  
Managing Director



Chairman



Chief Executive Officer



Director



Director



PAIR INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

	Six month period ended		Three month period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
----- (Rupees in '000) -----				
Mark-up / Return / Interest earned	635,199	733,763	269,453	365,850
Mark-up / Return / Interest expensed	282,742	294,858	128,061	151,978
<b>Net mark-up / Interest income</b>	<b>352,457</b>	<b>438,905</b>	<b>141,392</b>	<b>213,872</b>
Provision against non-performing loans and advances	21,171	24,600	23,990	24,600
(Reversal) against diminution in the value of investments	(14,294)	(18)	(1)	(1,182)
	6,877	24,582	23,989	23,418
<b>Net mark-up / Interest income/(Expense) after provisions</b>	<b>345,580</b>	<b>414,323</b>	<b>117,403</b>	<b>190,454</b>
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	7,172	8,210	2,172	5,595
Dividend income	12,829	21,031	6,015	8,131
Income from dealing in foreign currencies	423	50	183	50
Gain on sale of securities - net	79,163	222,892	63,813	176,655
Unrealised loss on revaluation of investments classified as 'held for trading'	4	14,322	68	14,419
Gain on sale of fixed assets	-	795	-	145
<b>Total non mark-up / Interest income</b>	<b>99,591</b>	<b>267,300</b>	<b>72,251</b>	<b>204,995</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	169,730	147,233	95,240	73,877
Other charges/(Income)	-	-	-	-
<b>Total non mark-up / interest expenses</b>	<b>169,730</b>	<b>147,233</b>	<b>95,240</b>	<b>73,877</b>
<b>PROFIT BEFORE TAXATION</b>	<b>275,441</b>	<b>534,390</b>	<b>94,414</b>	<b>321,572</b>
Taxation				
- current	93,596	190,011	48,596	133,511
- deferred	2,945	420	(4,562)	1,690
	96,541	190,431	44,034	135,201
<b>PROFIT AFTER TAXATION</b>	<b>178,900</b>	<b>343,959</b>	<b>50,380</b>	<b>186,371</b>
Earnings per share - Basic and diluted (Rupees)	0.30	0.57	0.08	0.31

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

*Kausel*

Chief Financial Officer

*PAIR*

*Wadeh Nawar*

Chief Executive Officer /  
Managing Director

*S. A. Arayal*  
Chairman

*Wadeh Nawar*  
Chief Executive Officer

*H. H. H. H. H.*  
Director

*[Signature]*  
Director

PAIR INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

	Six month period ended		Three month period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----			
Profit after taxation for the period	178,900	343,959	50,380	186,371
Other comprehensive income	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<b>178,900</b>	<b>343,959</b>	<b>50,380</b>	<b>186,371</b>
Surplus / (deficit) on revaluation of investments				
- available for sale	252,883	211,887	49,726	(9,742)
Deferred tax on revaluation of investments				
- available for sale	(58,698)	(39,716)	(8,524)	22,321
	194,185	172,171	41,202	12,579
<b>Total Comprehensive Income for the period</b>	<b>373,085</b>	<b>516,130</b>	<b>91,582</b>	<b>198,950</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

*J. Cause*

Chief Financial Officer

*Uday Varant*

Chief Executive Officer / Managing Director

*S. A. Arayal*  
Chairman

*Uday Varant*  
Chief Executive Officer

*H. Hekhari*  
Director

*[Signature]*  
Director

PAIR INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	275,441	534,390
Less: Dividend income	(12,829)	(21,031)
	<u>262,612</u>	<u>513,359</u>
Adjustments for:		
Depreciation	7,645	10,758
Amortisation	143	957
Gain on sale of fixed assets	-	(796)
Unrealised (gain) /loss on revaluation of 'held for trading' investments	4	(14,322)
Provision for gratuity	5,000	4,800
Provision against non-performing loans and advances	21,171	24,600
(Reversal) against/provision for diminution in the value of investments	(14,294)	(18)
	<u>19,669</u>	<u>25,979</u>
	<u>282,281</u>	<u>539,338</u>
<b>(Increase) / Decrease in operating assets</b>		
Lendings to financial institutions	(450,000)	-
Advances	(919,525)	(586,378)
Others assets (excluding advance taxation) - net	67,042	(192,705)
	<u>(1,302,483)</u>	<u>(779,083)</u>
<b>Increase / (Decrease) in operating liabilities</b>		
Borrowings	(4,324,456)	(226,295)
Deposits and other accounts	42,137	1,564,027
Other liabilities (excluding current taxation)	(50,438)	(17,016)
	<u>(4,332,757)</u>	<u>1,320,716</u>
	<u>(5,352,959)</u>	<u>1,080,971</u>
Income tax paid - net	(87,151)	(173,196)
Gratuity paid	(5,000)	(338)
<b>Net cash (used) / generated from operating activities</b>	<u>(5,445,110)</u>	<u>907,437</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments	5,885,189	(867,211)
Dividend income received	12,070	20,747
Proceeds from disposal of operating fixed assets	-	845
Investment in operating fixed assets	(718)	(2,131)
<b>Net cash generated / (used) in investing activities</b>	<u>5,896,541</u>	<u>(847,750)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(150,000)	(75,000)
<b>Net cash flows from financing activities</b>	<u>(150,000)</u>	<u>(75,000)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	301,431	(15,313)
Cash and cash equivalents at beginning of the period	261,540	294,362
<b>Cash and cash equivalents at end of the period</b>	<u>562,971</u>	<u>279,049</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Financial Officer

  
 Chief Executive Officer /  
 Managing Director

  
 Chairman

  
 Chief Executive Officer

  
 Director

  
 Director



PAIR INVESTMENT COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

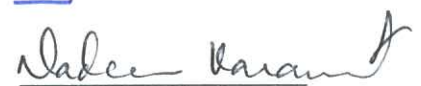
	Share capital	Statutory reserves	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at January 01, 2015	6,000,000	553,966	2,063,575	8,617,541
<b>Total comprehensive Income for the period</b>				
Profit after tax for the six months period ended June 30, 2015	-	-	343,959	343,959
Other comprehensive income	-	-	-	-
Total Comprehensive income	-	-	343,959	343,959
Transfer to statutory reserve	-	68,792	(68,792)	-
Final Dividend for the year ended December 31, 2014	-	-	(150,000)	(150,000)
Balance as at June 30, 2015	6,000,000	622,758	2,188,742	8,811,500
<b>Total comprehensive income for the period</b>				
Profit after tax for the six months period ended December 31, 2015	-	-	253,455	253,455
Other comprehensive income	-	-	(1,340)	(1,340)
Total Comprehensive income	-	-	252,115	252,115
Transfer to statutory reserve	-	50,691	(50,691)	-
Balance as at December 31, 2015	6,000,000	673,449	2,390,166	9,063,615
<b>Total comprehensive income for the period</b>				
Profit after tax for the six months period ended June 30, 2016	-	-	178,900	178,900
Other comprehensive income	-	-	-	-
Total Comprehensive income	-	-	178,900	178,900
Final Dividend for the year ended December 31, 2015	-	-	(300,000)	(300,000)
Transfer to statutory reserve	-	35,780	(35,780)	-
Balance as at June 30, 2016	6,000,000	709,229	2,233,286	8,942,515

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

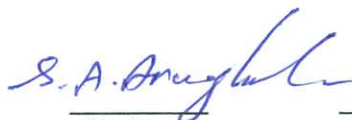


Chief Financial Officer

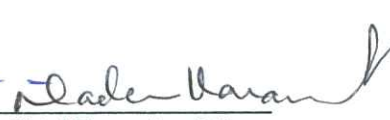




Chief Executive Officer /  
Managing Director



Chairman



Chief Executive Officer



Director



Director



**PAİR INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016**

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**1. STATUS AND NATURE OF BUSINESS**

PAİR Investment Company Limited, "the Company" is an unlisted Public Limited Company incorporated in Pakistan on January 15, 2007 under the Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution (DFI) by the Ministry of Finance, Government of Pakistan.

The Company is a Joint Venture (50:50) between Government of Pakistan and Iran Foreign Investment Company which is owned by the Government of Iran. The Company obtained Certificate of Commencement of Business on May 29, 2007. It is engaged in financing for industrial and commercial projects, capital and money market operations and other investment banking activities. Its registered office and principal office is situated at Islamic Chamber of Commerce Building, Clifton, Karachi.

**2. BASIS OF PREPARATION**

- 2.1 These condensed interim financial information of the Company for the six months period ended June 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed. These condensed interim financial information do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2015.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for DFIs through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for financial institutions. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

- 2.2 This condensed interim financial information has been prepared under the historical cost convention except that certain investments had been marked to market and are carried at fair value.
- 2.3 This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional and presentation currency.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies adopted for the purpose of this condensed interim financial information are the same as those applied in preparation of financial statements for the year ended December 31, 2015.

**4. ACCOUNTING ESTIMATES AND RISK MANAGEMENT POLICIES**

- 4.1 The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2015.
- 4.2 The financial risk management objectives and policies adopted by the Company are consistent with that disclosed in the financial statements of the Company for the year ended December 31, 2015.

PAIR INVESTMENT COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

5. INVESTMENTS - NET	June 30, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
5.1 Investments by types	----- (Rupees in '000) -----					
<b>Held for trading securities</b>						
Market treasury bills	-	-	-	638,631	4,322,407	4,961,038
Pakistan investment bonds	205,008	-	205,008	433,950	805,822	1,239,772
Shares in listed companies	112,646	-	112,646	50,461	-	50,461
	317,654	-	317,654	1,123,042	5,128,229	6,251,271
<b>Available for sale securities</b>						
Market treasury bills	1,430,621	2,543,325	3,973,946	1,924,043	1,924,044	3,848,087
Pakistan Investment Bonds	471,370	3,928,077	4,399,447	871,909	3,749,214	4,621,123
Units in mutual funds	400,000	-	400,000	300,000	-	300,000
Shares in listed companies	771,751	-	771,751	635,595	-	635,595
Shares in unlisted companies	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	222,779	-	222,779	240,003	-	240,003
Term finance certificates - Listed	1,411,388	-	1,411,388	1,630,340	-	1,630,340
Term finance certificates - Unlisted	1,054,214	-	1,054,214	782,274	-	782,274
	6,058,983	6,471,402	12,530,385	6,681,024	5,673,258	12,354,282
<b>Held to maturity securities</b>						
Unlisted preference shares	-	-	-	143,333	-	143,333
<b>Investments at cost</b>	6,376,637	6,471,402	12,848,039	7,947,399	10,801,487	18,748,886
Provision for diminution in value of investments	(364,486)	-	(364,486)	(378,780)	-	(378,780)
<b>Investments - net of provisions</b>	6,012,151	6,471,402	12,483,553	7,568,619	10,801,487	18,370,106
Surplus/(Deficit) on revaluation of 'held for trading' securities	4	-	4	(126)	864	738
Surplus/(Deficit) on revaluation of 'available for sale' securities	62,010	190,873	252,883	118,606	53,560	172,166
<b>Total investments at market value</b>	6,074,165	6,662,275	12,736,440	7,687,099	10,855,911	18,543,009

5.1.1 During the period the Company received an offer for sale of 29,685,986 shares in Burj Bank, from AlBaraka Bank (on behalf of AlBaraka Islamic Bank (AIB)) for Rs. 4/- share, the same was duly approved by the Board of PAIR Investment Company Limited. The offer is made as a part of scheme of amalgamation of Burj Bank into AlBaraka Bank. The transaction will come in effect subject to completion of regulatory approvals by the amalgamating entities. These shares were acquired on the face value however as at June 30, 2016 they are held at Rs 3.5/- (December 31, 2015: Rs.3.5/-) per share.

PAİR INVESTMENT COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

5.2 Investments by segments	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	----- (Rupees in '000)-----	----- (Rupees in '000)-----
<b>Federal Government securities</b>	Note	
- Market treasury bills	3,973,946	8,809,125
- Pakistan investment bonds	4,604,455	5,860,895
<b>Fully paid up ordinary shares</b>		
- Listed companies	884,397	686,056
- Unlisted companies	296,860	296,860
	1,181,257	982,916
<b>Term finance certificates</b>		
- Listed	1,411,388	1,630,340
- Unlisted	1,054,214	782,274
	2,465,602	2,412,614
<b>Units in mutual funds</b>		
- Listed	400,000	300,000
<b>Sukuk bonds</b>	222,779	240,003
<b>Preference shares</b>	-	143,333
<b>Total investments at cost</b>	12,848,039	18,748,886
Provision for diminution in value of investments	5.3 (364,486)	(378,780)
	12,483,553	18,370,106
Surplus on revaluation of 'held for trading' securities	4	738
Surplus on revaluation of 'available for sale' securities	252,883	172,166
<b>Investments - net of provisions</b>	12,736,440	18,543,009
<b>5.3 Particulars of provision held against diminution in value of investments</b>		
Opening balance	378,780	398,078
Charge for the period	10,777	24,506
Reversals	(25,071)	(43,804)
	(14,294)	(19,298)
Closing balance	364,486	378,780



PAIR INVESTMENT COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

		June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
----- (Rupees in '000) -----			
6. ADVANCES - NET	Note		
<b>In Pakistan</b>			
Loans, cash credits, finances etc.		5,168,381	4,302,503
Net investment in finance lease		119,959	64,069
Staff loans		41,661	43,904
Advances - gross		5,330,001	4,410,476
Provision against non-performing loans and advances	6.2	(928,699)	(907,528)
Advances - net of provision		4,401,302	3,502,948

6.1 Category of Classification

As at June 30, 2016 - Unaudited				
Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----				
<b>Category of classification</b>				
Other assets especially mentioned				
-	-	-	-	-
Substandard	231,481	231,481	31,749	31,749
Doubtful	-	-	-	-
Loss	1,061,843	1,061,843	896,950	896,950
	1,293,324	1,293,324	928,699	928,699
As at December 31, 2015 - Audited				
Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----				
<b>Category of classification</b>				
Other assets especially mentioned				
-	-	-	-	-
Substandard	236,481	236,481	32,999	32,999
Doubtful	8,904	8,904	8,904	8,904
Loss	1,054,693	1,054,693	865,625	865,625
	1,300,078	1,300,078	907,528	907,528

6.2 Particulars of provision against non-performing advances

	June 30, 2016 - Unaudited			December 31, 2015 - Audited		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	907,528	-	907,528	871,281	-	871,281
Charge for the period/year	24,176	-	24,176	37,308	-	37,308
Reversal off for the period/year	(3,005)	-	(3,005)	(1,061)	-	(1,061)
Write off for the period/year	-	-	-	-	-	-
	21,171	-	21,171	36,247	-	36,247
Closing balance	928,699	-	928,699	907,528	-	907,528

6.3 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the SBP the Company has availed the benefit of Forced Sales Values (FSVs) against the non-performing advances. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances would have been higher by Rs.191.014 million (December 31, 2015: Rs. 215.189 million). Further, this amount arising from availing the benefit of FSV's is not available for distribution amongst the shareholders either in the form of cash or stock dividend.



PAIR INVESTMENT COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
-----(Rupees in '000)----			
<b>7. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	7.1	154,343	154,343
Tangible fixed assets		29,470	36,457
Intangible assets		419	511
		<u>184,232</u>	<u>191,311</u>

7.1 This represents office building at the Ocean Mall, Clifton, Karachi purchased by the Company to transfer its registered and principal office. This new office is in process of designing and construction and is not available for use in its present condition.

The Company is in negotiations with the management of the building for the parking space which was not acquired as part of the deal which was struck in prior years.

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
-----(Rupees in '000)----			
<b>8. BORROWINGS</b>			
In Pakistan- local currency	8.1	<u>7,327,979</u>	<u>11,652,435</u>
<b>8.1 Details of borrowings secured / unsecured</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan-Financing Facility for Storage of Agricultural Produce (FFSAP)	8.2	13,158	16,446
Imported & Locally Manufactured Plant & Machinery (LTFM)	8.3	273,150	273,150
Repurchase agreement borrowings	8.4	6,291,671	10,425,339
Term borrowings	8.5	<u>750,000</u>	<u>937,500</u>
		<u>7,327,979</u>	<u>11,652,435</u>
<b>Unsecured</b>			
Clean borrowings		-	-
		<u>7,327,979</u>	<u>11,652,435</u>

8.2 The Company has entered into agreement with the SBP for extending Financing Facility for Storage of Agricultural Produce (FFSAP) to a customer. This borrowing carries mark-up rate of 2.5% per annum (December 31, 2015: 4% per annum). The borrowing will mature in November 2019.

8.3 The Company has entered into agreement with the SBP for extending Financing Facility for Imported & locally manufactured plant and machinery (LTFM) to a customer. This borrowing carries mark-up rate of 2% per annum (December 31, 2015: 2% per annum). The borrowing will mature in November 2023.

8.4 These carry mark-up at rates ranging from 5.95% to 6.35% per annum (December 31, 2015: 6.40% to 6.55% per annum) and are secured against Government Securities having carrying amount of Rs. 6,673 million (December 31, 2015: Rs. 10.6 billion). The borrowings will mature up to July 2016 (December 31, 2015: February 2016).

8.5 This represent finance obtained from Allied Bank Limited to finance the regular business operations of the Company. The finance is secured by pledge of listed term finance certificates, and open ended mutual funds. It carries mark up at the rate of 6 months KIBOR + 0.5% per annum. It is repayable in semi annual installments and shall be repaid by 2017.

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		June 30, 2016 (Unaudited) ------(Rupees in '000)-----	December 31, 2015 (Audited)
<b>9. DEPOSITS AND OTHER ACCOUNTS</b>	<b>Note</b>		
<b>Customers</b>			
Term Deposits - Remunerative	9.1	1,182,639	240,502
<b>Financial Institutions</b>			
Term Deposits - Remunerative	9.2	750,000	1,650,000
		<u>1,932,639</u>	<u>1,890,502</u>

9.1 This includes non-markup COIs issued to employees amounting to Rs. 0.22 million (December 31, 2015: Rs. 0.14 million) maturing up to April 28, 2017 (December 31, 2015: November 2016). The mark-up rates on these COIs other than employees range between 6.35% to 7.0% per annum (December 31 2015 : 6.8% to 7.5% per annum). These COIs will mature up to May 30, 2017 (December 31, 2015: March 2016).

9.2 The mark-up rates on these COIs range between 6.5% to 6.8% per annum (2015 : 6.8% to 7.5% per annum). These COIs will mature up to October 12, 2016 (December 31, 2015: March 2016).

**10. SHARE CAPITAL**

**10.1 Authorised capital**

June 30, 2016 (Unaudited) (Number of shares)	December 31, 2015 (Audited)		June 30, 2016 (Unaudited) ------(Rupees in '000)-----	December 31, 2015 (Audited)
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each.	<u>10,000,000</u>	<u>10,000,000</u>

**10.2 Issued, subscribed and paid-up capital**

<u>600,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each fully paid in cash.	<u>6,000,000</u>	<u>6,000,000</u>
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**10.3 Major shareholders (holding more than 5% of total paid-up capital)**

Name of shareholder	June 30, 2016 - Unaudited		December 31, 2015 - Audited	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Government of Pakistan *	300,000,000	50%	300,000,000	50%
Iran Foreign Investment Company *	300,000,000	50%	300,000,000	50%
	<u>600,000,000</u>	<u>100%</u>	<u>600,000,000</u>	<u>100%</u>

\* This includes nominal shares allotted to the nominee directors of the Company nominated by Government of Pakistan and Iran Foreign Investment Company.

	June 30, 2016 (Unaudited) ------(Rupees in '000)-----	December 31, 2015 (Audited)
<b>11. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX</b>		
(Deficit)/ surplus arising on revaluation of quoted equity shares	325	(13,148)
Surplus arising on revaluation of mutual funds	-	10,150
Surplus arising on revaluation of market treasury bills	2,115	3,849
(Deficit)/Surplus arising on revaluation of TFCs	(1,536)	(5,538)
Surplus arising on revaluation of PIB	251,979	176,853
	<u>252,883</u>	<u>172,166</u>
Related deferred tax liability	(58,698)	(42,303)
	<u>194,185</u>	<u>129,863</u>

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12. CONTINGENCIES AND COMMITMENTS

- 12.1 The department of inland revenue has re-opened the assessment for the tax years 2009, 2010, 2011, 2013, 2014, 2015 and raised an additional demand of Rs 189 million in respect of allocation of capital gain, expenses against exempt capital gains and dividend income subject to tax at reduced rate and Workers' Welfare Fund (WWF).

The Company has filed appeals with the Commissioner Appeal against the aforementioned orders and the management is confident that the outcome of the appeals will be in favour of the Company.

Further SRB has also served notices for the years ended July 2011-2015 in which raised demand is 3.053 Million.

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	----- (Rupees in '000) -----	
12.2 Commitments in respect of repo transactions		
Repurchase agreement borrowings	-	106,732
12.3 Direct Credit Substitutes	157,020	-

12.4 Commitments to extend credit

The Company makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Six months ended June 30, 2016			
	Corporate finance	Trading and sales	Commercial banking	Total
	----- (Rupees in '000) -----			
Allocated income	7,172	533,442	194,176	734,790
Less: allocated expenses	1,657	357,696	99,996	459,349
Net income before tax	5,515	175,746	94,180	275,441
Segment assets	-	12,388,962	6,582,830	18,971,792
Segment impaired assets / non performing loans	-	221,155	1,635,274	1,856,429
Segment provision required and held	-	(10,777)	(1,282,408)	(1,293,185)
Segment liabilities	-	8,380,394	1,454,698	9,835,092
Segment return on assets -%	-	2.84%	2.86%	2.90%
Segment cost of funds -%	-	5.88%	4.98%	5.75%
	Six months ended June 30, 2015			
	Corporate finance	Trading and sales	Commercial banking	Total
	----- (Rupees in '000) -----			
Total income	8,210	707,141	285,712	1,001,063
Less: total expenses	1,208	334,111	131,354	466,673
Net income before tax	7,002	373,030	154,358	534,390
Segment assets	-	14,857,575	5,498,597	20,356,172
Segment impaired assets / non performing loans	-	1,076	1,930,388	1,931,464
Segment provision required and held	-	572	895,309	895,881
Segment liabilities	-	10,085,991	1,287,342	11,373,333
Segment return on assets %	-	2.51%	2.81%	2.63%
Segment cost of funds %	-	2.28%	5.03%	2.59%

14. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, directors and key management personnel and their close family members and retirement benefit funds.

Transactions with related parties are executed substantially on the same terms, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.



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The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	June 30, 2016 (Unaudited) ----- (Rupees in '000) -----	December 31, 2015 (Audited)
<b>14.1 The Key Management Personnel / Directors compensation is as follows</b>		
<b>Loans and advances to key management personnel</b>		
Balance at beginning of the period / year	29,818	17,228
Loans granted during the period / year	369	22,169
Repayments during the period / year	(2,267)	(9,579)
Balance at end of the period / year	<u>27,920</u>	<u>29,818</u>
<b>Deposits from the key management personnel</b>		
Balance at beginning of the period / year	60	20
Deposits received during the period / year	60	60
Deposits redeemed during the period / year	-	(20)
Balance at end of the period / year	<u>120</u>	<u>60</u>
Receivable from Iran Foreign Investment Company (net)	<u>2,664</u>	<u>2,218</u>
Dividend payable to Iran Foreign Investment Company	<u>300,000</u>	<u>150,000</u>
Deposit from PAIR Investment Co. Ltd. Employees Gratuity Fund	<u>1,400</u>	-
Deposit from Pak Iran Joint Inv. Co. Ltd. Staff Provident Fund	<u>1,500</u>	-
	June 30, 2016 (Unaudited) ----- (Rupees in '000) -----	June 30, 2015 (Unaudited)
Mark-up earned on loans and advances to key management personnel	<u>683</u>	<u>245</u>
Non-Executive Director's remuneration	<u>1,180</u>	<u>917</u>
Salaries and benefits	<u>93,956</u>	<u>66,093</u>
Contribution to defined contribution plan	<u>3,341</u>	<u>2,635</u>
Amount transferred to provident fund	<u>9,423</u>	<u>5,257</u>
Amount transferred to gratuity fund	<u>5,000</u>	<u>1,600</u>
Dividend paid to Ministry of Finance - Govt. of Pakistan	<u>150,000</u>	<u>75,000</u>

\*Directors are also given travelling allowance of Euro 5,000/- per meeting for attending the board meetings held during the period.

**15. CREDIT RATING**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained long term rating at "AA" (Double A) and has maintained the short term rating at "A1+" (A one plus) of the Company.

**16. GENERAL**

Figures have been rounded-off to the nearest thousand rupees unless otherwise stated.

**17. RECLASSIFICATION**

For the better presentation of interim financial information, the figures have been reclassified as follows:

From	To	Rs in '000
Investments	Other assets	<u>264,363</u>



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18. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was approved and authorised for issue on 19-Aug-2016 by the Board of Directors of the Company.

ETAR

Kausel.

Chief Financial Officer

Nadeer Khanani

Chief Executive Officer /  
Managing Director

S. A. Bhatia

Chairman

Nadeer Khanani

Chief Executive Officer

H. Hekhari

Director

[Signature]

Director