



PAIR Investment Company Limited
Condensed Interim Financial Statements (Un-audited)
For the period ended 31 Mar 2018

PAIR Investment Company Limited
Condensed Interim Statement of Financial Position
As at 31 March 2018



	Note	31 March 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		36,839	37,870
Balances with other banks		56,634	91,727
Lendings to financial institutions	6	500,000	970,000
Investments - net	7	11,222,032	11,044,799
Advances - net	8	4,479,277	4,652,932
Operating fixed assets	9	196,935	198,003
Deferred tax assets - net		262,166	260,554
Other assets	10	293,509	430,280
		17,047,392	17,685,665
LIABILITIES			
Bills payable		-	-
Borrowings	11	6,277,603	6,370,738
Deposits and other accounts	12	1,205,558	1,314,001
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		247,001	245,594
		7,730,162	8,430,333
NET ASSETS		9,317,230	9,255,332
REPRESENTED BY			
Share capital	13	6,000,000	6,000,000
Reserves		842,906	840,066
Unappropriated profit		2,463,911	2,452,552
		9,306,817	9,292,618
Surplus on revaluation of assets - net of deferred tax	14	10,413	(37,286)
		9,317,230	9,255,332

CONTINGENCIES AND COMMITMENTS

15

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

K. Ansel.

Chief Financial Officer

H. Alekharri

Chief Executive Officer /
Managing Director

Airashan

Chairman

H. Alekharri

Chief Executive and
Managing Director

[Signature]

Director

[Signature]

Director

PAIR Investment Company Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter period ended 31 March 2018



Note

	Three month period ended	
	31 March 2018	31 March 2017
	------(Rupees in '000)-----	
Mark-up / return / interest earned	142,604	275,309
Mark-up / return / interest expensed	104,984	109,536
Net mark-up / interest income	37,620	165,773
Provision / (reversal) against non-performing loans and advances - net	8,21	21,652
Provision / (reversal) for diminution in the value of investments	7,3	(377)
Bad debts written-off directly	-	(471)
	22,142	-
Net mark-up / interest income after provisions	15,478	(848)
	15,478	166,621
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	2,324	2,911
Dividend income	4,483	3,794
Income from dealing in foreign currencies	6	(305)
Gain on sale / redemption of securities - net	54,222	43,906
Gain on sale of fixed assets	-	-
Unrealised (loss) / gain on revaluation of investments classified as held for trading securities	(1,395)	227
Other income	59,640	50,533
Total non mark-up / interest income	59,640	50,533
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	63,526	87,961
Other charges	-	-
Total non mark-up / interest expenses	63,526	87,961
Extra-ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	11,592	129,193
Taxation - Current	2,231	41,321
- Prior year	-	-
- Deferred	(4,838)	(10,792)
	(2,607)	30,529
PROFIT AFTER TAXATION	14,199	98,664
	(Rupees)	
Basic and diluted earnings per share	0.02	0.16

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Kausar

Chief Financial Officer

H Alekbari

Chief Executive Officer /
Managing Director

Aijaz Khan

Chairman

H Alekbari

Chief Executive Officer /
Managing Director

[Signature]

Director

[Signature]

Director

PAIR Investment Company Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter period ended 31 March 2018



	Three month period ended	
	31 March 2018	31 March 2017
	(Rupees in '000)	
Profit after taxation	14,199	98,664
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss account	-	-
Comprehensive income transferred to equity	14,199	98,664
Component of comprehensive income not transferred to equity		
(Deficit) / surplus on revaluation of investments - available for sale	50,925	252,883
Deferred tax on revaluation of investments - available for sale	(43,276)	(58,698)
	47,699	194,185
Total Comprehensive Income	61,898	292,849

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer /
Managing Director



Director



Chief Executive Officer /
Managing Director



Director



Director

PAIR Investment Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter period ended 31 March 2018



	Share capital	Statutory reserves	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at 1 January 2017	6,000,000	794,107	2,572,774	9,366,881
Total comprehensive income				
Net profit after tax for the three month period ended 31 March 2017	-	-	98,664	98,664
Other comprehensive income	-	-	-	-
	-	-	98,664	98,664
Transfer to statutory reserve	-	19,733	(19,733)	-
<i>Transactions with owners recognised directly in equity</i>				
Final cash dividend - December 31, 2016 declared subsequent to the year end	-	-	(300,000)	(300,000)
Balance as at 31 March 2017	6,000,000	813,840	2,351,705	9,165,545
Total comprehensive income				
Net profit after tax for the nine month period ended 31 December 2017	-	-	131,131	131,131
Other comprehensive income	-	-	(4,058)	(4,058)
	-	-	127,073	127,073
Transfer to statutory reserve	-	26,226	(26,226)	-
<i>Transactions with owners recognised directly in equity</i>				
	-	-	-	-
Balance as at 31 December 2017	6,000,000	840,066	2,452,552	9,292,618
Total comprehensive income for the period				
Net profit after tax for the three month period ended 31 March 2018	-	-	14,199	14,199
Other comprehensive income	-	-	-	-
	-	-	14,199	14,199
Transfer to statutory reserve	-	2,840	(2,840)	-
<i>Transactions with owners recognised directly in equity</i>				
	-	-	-	-
Balance as at 31 March 2018	6,000,000	842,906	2,463,911	9,306,817

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Kausef

Chief Financial Officer

Aijaban

Chairman

H. Lekhar

Chief Executive and
Managing Director

H. Lekhar

Chief Executive Officer /
Managing Director

[Signature]

Director

[Signature]

Director

PAIR Investment Company Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the quarter period ended 31 March 2018



	31 March 2018	31 March 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,592	129,193
Less: Dividend income	(4,483)	(3,794)
	7,109	125,399
Adjustments for:		
Depreciation	2,489	3,504
Amortisation of intangible assets	54	88
Provision against non-performing loans and advances	21,652	(377)
Provision (reversal) against diminution in the value of investments	490	(471)
Gain on sale of fixed assets	-	-
Charge for defined benefit plan	1,631	2,400
Unrealised loss (gain) on revaluation of investments classified as 'held for trading' securities	1,395	(227)
	27,711	4,917
	34,820	130,316
Decrease / (increase) in operating assets		
Lendings to financial institutions	470,000	(450,000)
Advances - net	152,003	629,702
Others assets	137,394	20,299
	759,397	200,001
Increase / (decrease) in operating liabilities		
Borrowings	(93,135)	217,929
Deposits and other accounts	(608,443)	(713,809)
Other liabilities (excluding provision for taxation)	56,831	(22,097)
	(644,747)	(497,977)
	149,470	(167,660)
Income tax paid	(54,429)	(53,548)
Defined benefits paid	(1,632)	(2,400)
Net cash (used in) operating activities	93,409	(223,608)
CASH FLOW FROM INVESTING ACTIVITIES		
Net proceeds from available-for-sale securities	(131,919)	50,469
Dividend income received	2,542	679
Investments in operating fixed assets	(156)	(511)
Sale proceeds on sale of fixed assets disposed off	-	-
Net cash flows from investing activities	(129,533)	50,637
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(150,000)
Net cash outflows from financing activities	-	(150,000)
(Decrease) / increase in cash and cash equivalents	(36,124)	(322,971)
Cash and cash equivalents at beginning of the period	129,597	496,988
Cash and cash equivalents at end of the period	93,473	174,017

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer /
Managing Director


Chairman


Chief Executive and
Managing Director


Director


Director

PAİR Investment Company Limited

Notes to the Condensed Interim Financial Information (Un-Audited)

For the quarter period ended 31 March 2018



1. STATUS AND NATURE OF BUSINESS

PAİR Investment Company Limited, "the Company" is an unlisted Public Limited Company incorporated in Pakistan on 15 January 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 50 : 50 Joint Venture 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 29 May 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

These condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004, IAS 34, 'Interim Financial Reporting', provisions of the Companies Act, 2017, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017.

3. STATEMENT OF COMPLIANCE

These condensed interim financial information of the Company have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – Interim Financial Reporting, provisions of the Companies Act, 2017, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where the provisions of the Companies Act, 2017 and the said directives differ, the later shall prevail.

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 26 August 2002. Further, according to the notification of SECP dated 28 April 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.

These 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.

This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 31 December 2017.

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 31 December 2017.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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 31 December 2017.

6. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	31 March 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees in '000)			
Call money lendings	6.2	-	170,000
Certificate of Investment	6.3	500,000	800,000
		<u>500,000</u>	<u>970,000</u>
6.1 Particulars of lendings			
In local currency		<u>500,000</u>	<u>970,000</u>

6.2 This carry mark-up rate of Nil (31 December 2017: nil) per annum, with maturity at Nil (31 December 2017: 02 January 2018).

6.3 These carry mark-up rates ranging 6.85% to 7.30% (31 December 2017: 7.80%) per annum, with maturity upto 23 May 2018 (31 December 2017: 23 May 2018).

7. INVESTMENTS - net		31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Note	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
------(Rupees in '000)-----							
Held-for-trading securities							
Listed ordinary shares		81,189	-	81,189	155,754	-	155,754
		81,189	-	81,189	155,754	-	155,754
Available-for-sale securities							
Market treasury bills (T-Bills)		1,483,763	3,479,506	4,963,269	1,489,208	3,445,717	4,934,925
Pakistan investment bonds		-	830,917	830,917	-	836,532	836,532
Units of mutual funds		274,120	-	274,120	274,119	-	274,119
Listed ordinary shares		442,855	-	442,855	645,047	-	645,047
Sukuk bonds		484,889	-	484,889	373,171	-	373,171
Term finance certificates - listed		886,082	160,178	1,046,260	1,334,272	160,369	1,494,641
Term finance certificates - unlisted		2,521,030	499,300	3,020,330	1,794,531	499,500	2,294,031
		6,092,739	4,969,901	11,062,640	5,910,348	4,942,118	10,852,466
Held to maturity							
Commercial Paper		155,824	-	155,824	153,060	-	153,060
		155,824	-	155,824	153,060	-	153,060
Investments at cost		6,329,752	4,969,901	11,299,653	6,219,162	4,942,118	11,161,280
Provision for diminution in the value of investments	7.3	(83,287)	-	(83,287)	(82,797)	-	(82,797)
Investments - net of provision		6,246,465	4,969,901	11,216,366	6,136,365	4,942,118	11,078,483
(Deficit) / surplus on revaluation of held for trading securities		(1,395)	-	(1,395)	9,680	-	9,680
Surplus / (Deficit) on revaluation of available for sale securities		(9,427)	16,488	7,061	(73,087)	29,223	(43,864)
		6,235,643	4,986,389	11,222,032	6,072,958	4,971,341	11,044,299

7.2 Investments by segments

	31 March 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in '000)	
Federal Government securities		
- Market treasury bills	4,963,269	4,934,925
- Pakistan investment bonds	830,917	836,532
	5,794,186	5,771,457
Units of mutual funds		
- Listed	274,120	274,119
Fully paid up ordinary shares		
- Listed	574,044	800,801
Term finance certificates		
- Listed	1,046,260	1,494,641
- Unlisted	3,020,330	2,294,031
	4,066,590	3,788,672
Sukuk bonds		
- Unlisted	484,889	373,171
Commercial Paper		
- Unlisted	155,824	153,060
Total investments at cost	11,299,653	11,161,280
Provision for diminution in the value of investments	(83,287)	(82,797)
Investments - net of provisions	11,216,366	11,078,483
(Deficit) / surplus on revaluation of held for trading securities	(1,395)	9,680
Surplus /(deficit) on revaluation of available for sale securities	7,061	(43,864)
Total investments at market value	11,222,032	11,044,299

7.3 Particulars of provision for diminution in value of investments

Opening balance	82,797	12,571
Charge during the period	1,145	70,697
Reversals during the period	(655)	(471)
	490	70,226
Closing balance	83,287	82,797

8. ADVANCES - net

In Pakistan		
Loans, cash credits, running finances, etc.	4,881,810	5,057,393
Net investment in finance lease	438,365	414,785
	5,320,175	5,472,178
Bills discounted and purchased (excluding treasury bills)	35,000	35,000
Advances - Gross	5,355,175	5,507,178
Provision against non-performing loans and advances	(875,898)	(854,246)
Advances - net of provision	4,479,277	4,652,932

- 8.1 Advances include Rs. 1,352,142 million (31 December 2017: Rs. 958.25 million) which have been placed under non-performing status as detailed below:

8.2 Category of classification

Category of classification	As at 31 March 2018 (Un-audited)				
	Non-performing advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other assets especially mentioned	41,515	-	41,515	-	-
Substandard	352,377	-	352,377	21,652	21,652
Doubtful	-	-	-	-	-
Loss	958,250	-	958,250	854,246	854,246
	1,352,142	-	1,352,142	875,898	875,898

Category of classification	As at 31 December 2017 (Audited)			Provision required	Provision held
	Non-performing advances				
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	958,250	-	958,250	854,246	854,246
	958,250	-	958,250	854,246	854,246

8.2.1 Particulars of provision against non-performing advances in local currency

	31 Mar 2018 (Un-audited)			31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	854,246	-	854,246	857,881	-	857,881
Charge for the period	21,652	-	21,652	42,362	-	42,362
Reversals for the period	-	-	-	(45,997)	-	(45,997)
	21,652	-	21,652	(3,635)	-	(3,635)
Amounts written off	-	-	-	-	-	-
Closing balance	875,898	-	875,898	854,246	-	854,246

- 8.3 In accordance with BSD Circular No. 1 dated 21 October 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. 170.445 million (31 December 2017: Rs. 104 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.

9. OPERATING FIXED ASSETS

	31 March 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in '000)	
Capital work-in-progress	9.1	183,091
Property and equipment	13,492	14,507
Intangible assets	352	405
	196,935	198,003

- 9.1 This represents office building at the Ocean Mall, Clifton, Karachi purchased by the Company to transfer its registered and principal office.

9.2 Following additions were made to operating fixed assets during the period:

	31 March 2018 (Un-audited)	31 March 2017 (Un-audited)
Additions	156	511

10. OTHER ASSETS

		31 March 2018 (Un-audited)	31 December 2017 (Audited)
		----- (Rupees in '000) -----	
Income / mark-up accrued in local currency		171,513	254,543
Advances, deposits, advance rent and other prepayments		12,436	66,300
Dividend receivable		3,470	1,529
Security deposits		7,231	-
Receivable from defined benefit plan		-	7,731
Non-banking asset acquired in satisfaction of claims		98,859	100,177
		<u>293,509</u>	<u>430,280</u>

11. BORROWINGS

Secured

Borrowings from State Bank of Pakistan:

- Financing Facility for Storage of Agricultural Produce (FFSAP)		-	3,294
- Imported & Locally Manufactured Plant & Machinery (LTFF)	11.1	714,219	694,163
Repurchase agreement borrowings	11.2	4,275,884	4,235,781
Term borrowing	11.3	1,187,500	1,187,500
		<u>6,177,603</u>	<u>6,120,738</u>

Unsecured

Clean borrowings	11.4	100,000	250,000
		<u>6,277,603</u>	<u>6,370,738</u>

- 11.1 The Company has entered into agreement with the SBP for extending Long Term Financing Facility (LTFF) for Imported & Locally Manufactured Plant & Machinery. The borrowing carries mark-up rate of 2.0% per annum (2017: 2.0%). The borrowing will mature in April 2027.
- 11.2 These carry mark-up at the rates ranging from 6.00% to 6.2% per annum (31 December 2017: 6.00% to 6.05%) and are secured against government securities having carrying amount of Rs. 4.798 billion (31 December 2017: Rs. 4.282 billion). These borrowings will mature up to April 2018 (31 December 2017: February 2018).
- 11.3 These represent finances obtained from Allied Bank Limited to finance regular business operations of the Company. These finances are secured by pledge of listed and unlisted Term finance certificates. These carry mark up at the rate of 6 months KIBOR + (0.25% to 0.5%) per annum. These are repayable in semi annual installments and shall be repaid by 2021.
- 11.4 These carry mark-up at the rates of 6.22% per annum (31 December 2017: 6.1% to 6.16% per annum). These borrowings will mature up to April 2018 (31 December 2017: February 2018).

12. DEPOSITS AND OTHER ACCOUNTS

DEPOSITS AND OTHER ACCOUNTS		31 March 2018 (Un-audited)	31 December 2017 (Audited)
		(Rupees in '000)	
Customers			
Term Deposits - Remunerative	12.1	765,600	1,079,932
Term Deposits - Non - Remunerative	12.2	180	260
		<hr/> 765,780	<hr/> 1,080,192
Financial Institutions			
Term Deposits - Remunerative	12.3	439,778	733,809
		<hr/> 1,205,558	<hr/> 1,814,001

- 12.1 The mark-up rates on these certificate of investments (COI) range between 6.2% to 6.65% per annum (31 December 2017: 6.15% to 6.6% per annum). These COIs will mature up to January 2019 (31 December 2017: December 2018).
- 12.2 These include non-interest bearing certificate of investments issued to employees of the Company maturing up to January 2019 (31 December 2017: November 2018).
- 12.3 The mark-up rates on these certificate of investments (COI) is 6.35% per annum (31 Dec 2017: 6.2% per annum). These COIs will mature in June 2018 (31 Dec 2017: March 2018).

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

13.1 Authorised capital

31 March 2018 (Un-audited) (Number of shares)	31 December 2017 (Audited) (Number of shares)		31 March 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited) (Rupees in '000)
<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>

13.2 Issued, subscribed and paid-up capital (Number of shares)

<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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13.3 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	31 March 2018 (Un-audited)		31 December 2017 (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.

14. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

	31 March 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited) (Rupees in '000)
Federal Government Securities		
- Pakistan investment bonds	13,745	22,358
- Treasury bills (T-Bills)	(892)	(695)
Shares - listed	14,709	(16,727)
Units of mutual funds	(31,556)	(57,836)
Sukuks	798	1,364
Term finance certificates	10,257	7,672
	<u>7,061</u>	<u>(43,864)</u>
Related deferred tax liability	3,352	6,578
	<u>10,413</u>	<u>(37,286)</u>

15. CONTINGENCIES AND COMMITMENTS

The income years 2013 to 2015 are under scrutiny. For Tax year 2013, the income tax department has amended the assessments, the company has paid the additional demand created by the department under protest. While making amended assessment certain errors were made in the revised order with the effect amounting to PKR 5.5 million. The company has filed a rectification application for the same in addition to filing an appeal before ATIR against the amended order issued by CIRA which is pending for hearing.

In respect of tax years 2014 & 2015 ATIR deleted the demand on ground of allocation of mark-up expenses to capital gain and dividend income and directed the department to work out the liability of WWF in the light of Supreme Court's order. It has also remanded back the issue of taxing amortization of TFCs and preference shares and taxing of capital gain on sale of TFCs and T-bills under the head business income instead of capital gain for re-adjudication. The department may file reference before High Court on allocation of expenses, where any adverse decision may increase the liability of the company by approximately PKR 54.71 Million & PKR 93.93 million respectively.

For tax years 2016, The ACIR has passed order under section 122(5A) dated 15 March 2018. The company has admitted tax imposed on commission income amounting to Rs. 1.032 million which has also been paid. On remaining grounds, appeal before CIR(A) has been filed alongwith application for stay of demand. The CIR(A) vide order 11 April 2018 has allowed stay against the remaining demand of Rs. 51.018 million upto 6 May 2018.

For tax years 2017, Return filed under Universal Self-Assessment Scheme (USAS) is treated as deemed assessment under section 120 of the Income Tax Ordinance, 2001.

		31 March 2018 (Un-audited)	31 December 2017 (Audited)
		(Rupees in '000)	
15.1	Direct credit substitutes	120,796	148,310
15.2	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.		
15.3	Future Contract Sale		
	Future sell against Ready Buy	15.3.1 73,614	-
15.3.1	The market value of these contracts is Rs. 71.822 million.		

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Government securities	PKRV rates (Reuters page)
Term finance certificates & Mutual fund units (other than government)	MUFAP rates
Listed securities	Market rates

In the opinion of the management, the fair value of the remaining financial assets and liabilities is not significantly different from their carrying values.

16.1 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measured is categorised.

On-balance sheet financial instruments:

31 March 2018 (Un-audited)									
Carrying value						Fair value			
Held for trading	Available for sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments									
Market treasury bills	4,962,377	-	-	-	4,962,377	-	4,961,485	-	4,961,485
Pakistan investment bonds	844,662	-	-	-	844,662	-	858,407	-	858,407
Units of mutual funds	242,564	-	-	-	242,564	-	211,008	-	211,008
Shares in listed companies	527,894	-	-	-	527,894	624,030	-	-	624,030
Term finance certificates - listed	1,046,260	-	-	-	1,046,260	1,053,000	-	-	1,053,000
Term finance certificates - unlisted	1,800,319	-	-	-	1,800,319	1,803,836	-	-	1,803,836
Sukuk bonds	199,036	-	-	-	199,036	199,834	-	-	199,834
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	36,839	-	36,839	-	-	-	-
Balances with other banks	-	-	56,634	-	56,634	-	-	-	-
Lendings to financial institutions	-	-	500,000	-	500,000	-	-	-	-
Investments									
Shares in unlisted companies	-	-	-	-	-	-	-	-	-
Sukuk bonds	285,853	-	-	-	285,853	-	-	-	-
Term finance certificates - unlisted	1,220,011	-	-	-	1,220,011	-	-	-	-
Commercial Papers	-	-	500,000	-	500,000	-	-	-	-
Advances	-	-	4,479,277	-	4,479,277	-	-	-	-
Other assets	-	-	194,650	-	194,650	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(6,377,693)	(6,377,693)	-	-	-	-
Deposits and other accounts	-	-	-	(1,203,550)	(1,203,550)	-	-	-	-
Other liabilities	-	-	-	(1,47,001)	(1,47,001)	-	-	-	-
61,427	11,116,276	-	5,76,689	(7,720,482)	9,247,601	-	-	-	-
31 December 2017 (Audited)									
Carrying value						Fair value			
Held for trading	Available for sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments									
Market treasury bills	4,934,925	-	-	-	4,934,925	-	4,934,230	-	4,934,230
Pakistan investment bonds	836,532	-	-	-	836,532	-	858,500	-	858,500
Units of mutual funds	274,119	-	-	-	274,119	-	216,283	-	216,283
Shares in listed companies	575,206	-	-	-	575,206	723,912	-	-	723,912
Term finance certificates - listed	1,494,641	-	-	-	1,494,641	1,503,842	-	-	1,503,842
Term finance certificates - Unlisted	1,248,342	-	-	-	1,248,342	1,246,814	-	-	1,246,814
Sukuk bonds	199,036	-	-	-	199,036	200,000	-	-	200,000
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	37,870	-	37,870	-	-	-	-
Balances with other banks	-	-	91,727	-	91,727	-	-	-	-
Lendings to financial institutions	-	-	970,000	-	970,000	-	-	-	-
Investments									
Shares in unlisted companies	-	-	-	-	-	-	-	-	-
Sukuk bonds	172,424	-	-	-	172,424	-	-	-	-
Term finance certificates - unlisted	1,034,444	-	-	-	1,034,444	-	-	-	-
Commercial Papers	-	153,060	-	-	153,060	-	-	-	-
Advances	-	-	4,652,932	-	4,652,932	-	-	-	-
Other assets	-	-	330,103	-	330,103	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(6,370,738)	(6,370,738)	-	-	-	-
Deposits and other accounts	-	-	-	(1,814,001)	(1,814,001)	-	-	-	-
Other liabilities	-	-	-	(245,594)	(245,594)	-	-	-	-
155,754	10,769,669	153,060	6,082,632	(8,430,333)	8,750,782	-	-	-	-

The Company measures fair values using the following 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 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 asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

17. RISK MANAGEMENT

	31 March 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in '000)	
17.1 Liquidity Coverage Ratio		
High quality liquid assets	2,297,920	2,051,268
Net cash outflows	647,013	785,842
Liquidity Coverage ratio (%)	3.55	2.61
17.2 Net Stable Funding Ratio		
Available stable funding	11,761,378	11,859,065
Required stable funding	8,549,770	8,581,747
Net Stable Funding Ratio (%)	138%	138%

18. SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	31 March 2018 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Total income - Gross	22,318	121,701	57,194	1,031	202,244
Total markup / return / interest expense	30,483	74,501	-	-	104,984
Segment provision / (reversal) / impairment	22,778	-	(636)	-	22,142
	83,261	74,501	(636)	-	127,126
Net operating income	(30,943)	47,200	57,830	1,031	75,118
Administrative expenses and other charges					6,546
Profit before taxation					11,592
Segment assets	7,789,950	8,458,596	402,730	396,116	17,047,392
Segment impaired assets / non performing loans	1,432,953	-	203,325	-	1,636,278
Segment provision required and held	(898,528)	-	(60,657)	-	(959,185)
Segment liabilities	1,910,569	5,739,801	-	79,792	7,730,162
Segment return on assets - % *	1.16%	5.70%	77.61%		4.93%
Segment cost of funds - % *	5.62%	5.60%			5.77%

	31 March 2017 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Total income - Gross	131,464	169,166	19,642	5,570	325,842
Total markup / return / interest expense	24,480	84,025	1,031	-	109,536
Segment provision / (reversal) / impairment	(848)	-	-	-	(848)
	23,632	84,025	1,031	-	108,688
Net operating income	107,832	85,141	18,611	5,570	217,154
Administrative expenses and other charges					87,961
Profit before taxation					129,193

	31 December 2017 (Audited)				
Segment assets	7,796,323	8,742,530	649,347	497,465	17,685,665
Segment impaired assets / non performing loans	1,039,061	-	207,994	-	1,247,055
Segment provision required and held	(875,748)	-	(61,293)	-	(937,041)
Segment liabilities	1,875,966	6,428,528	-	125,839	8,430,333
Segment return on assets - % *	7.46%	7.04%	19.96%		7.07%
Segment cost of funds - % *	5.10%	8.41%			5.28%

* These are based on daily average balances of assets and liabilities during the period ended 31 March 2018 and 31 March 2017

18.1 Under the Company's policy capital market department assets are financed through equity funds.

19. 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 key management personnel as per the terms of employment and transactions with other 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.

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

	31 March 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in '000)	
19.1 Loans and advances to key management personnel		
Balance at beginning of the year	29,611	26,626
Loans granted during the year	1,903	1,939
Repayments during the year	(2,374)	(6,006)
Balance at end of the year	<u>29,140</u>	<u>22,559</u>
19.2 Deposits from the key management personal		
Balance at beginning of the year	100	120
Deposits received during the year	-	-
Deposits redeemed during the year	(20)	(40)
Balance at end of the year	<u>80</u>	<u>80</u>
19.3 Receivable from Iran Foreign Investment Company (nex)	<u>1,772</u>	<u>1,865</u>
19.4 Deposit from PAIR Investment Co. Ltd. Employees Gratuity Fund	<u>9,779</u>	<u>6,624</u>
19.5 Deposit from Pak Iran Joint Inv. Co. Ltd. Staff Provident Fund	<u>49,697</u>	<u>16,855</u>
19.6 Certificate of Investment issued to Iran Foreign Investment Company **	<u>439,778</u>	<u>433,809</u>
19.7 Interest Accrued on Certificate of Investment issued to Iran Foreign Investment Company	<u>230</u>	<u>221</u>
	31 March 2018 (Un-audited)	31 March 2017 (Un-audited)
	(Rupees in '000)	
19.8 The Key Management Personnel / Directors' compensation are as follows:		
Mark-up earned on loans and advances	<u>352</u>	<u>301</u>
Salaries and benefits	<u>24,207</u>	<u>58,012</u>
Contribution to defined contribution plan	<u>1,366</u>	<u>1,418</u>
Non-executive directors' remuneration	<u>721</u>	<u>644</u>
19.9 Amount transferred to provident fund	<u>4,996</u>	<u>4,171</u>
19.10 Amount transferred to gratuity fund	<u>2,400</u>	<u>2,400</u>
19.11 Dividend paid to Ministry of Finance - Govt. of Pakistan	<u>-</u>	<u>150,000</u>
19.12 Dividend paid to Iran Foreign Investment Company	<u>-</u>	<u>450,000</u>
19.13 Markup expensed on deposit from Iran Foreign Investment Company	<u>6,640</u>	<u>-</u>

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

** The deposit carries markup at the rate 6.35% (31 Dec 2017: 6.2%) and will mature on June 29, 2018 (31 Dec 2017: March 29, 2018).

20. 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) of the Company.

21. GENERAL

21.1 Certain corresponding figures have been re-arranged / reclassified to reflect more appropriate presentation that are not material in nature.

21.2 Figures have been rounded off to the nearest thousand rupees.

22. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on ----- by the Board of Directors.



Chief Financial Officer



Chief Executive Officer /
Managing Director



Chairman



Chief Executive and
Managing Director



Director



Director