



KPMG Taseer Hadi & Co.  
Chartered Accountants

**PAIR Investment Company Limited**

**Condensed Interim Financial  
Information (Un-audited)  
For the half year ended  
30 June 2017**



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
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## **Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information**

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **PAIR Investment Company Limited** ("the Company") as at 30 June 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "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 this condensed interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with 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 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 for the quarter ended 30 June 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the half year ended 30 June 2016 and for the year ended 31 December 2016 were reviewed and audited respectively by another firm of chartered accountants who had expressed an unmodified conclusion and opinion thereon dated 19 August 2016 and 17 February 2017, respectively.

Date: 04 AUG 2017

Karachi

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Muhammad Taufiq

PAIR Investment Company Limited  
Condensed Interim Statement of Financial Position  
As at 30 June 2017

	Note	30 June 2017 (Un-audited)	31 December 2016 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		38,475	64,205
Balances with other banks		124,903	432,783
Lendings to financial institutions		750,000	-
Investments - net	7	10,906,454	11,842,973
Advances - net	8	5,159,229	5,424,351
Operating fixed assets	9	160,011	176,982
Deferred tax assets - net		275,626	238,128
Other assets	10	505,768	419,049
		<u>17,920,466</u>	<u>18,598,471</u>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	11	7,014,905	6,549,981
Deposits and other accounts	12	986,450	2,079,728
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		701,849	518,803
		<u>8,703,204</u>	<u>9,148,512</u>
<b>NET ASSETS</b>		<u>9,217,262</u>	<u>9,449,959</u>
<b>REPRESENTED BY</b>			
Share capital	13	6,000,000	6,000,000
Reserves		823,243	794,107
Unappropriated profit		2,389,317	2,572,774
		<u>9,212,560</u>	<u>9,366,881</u>
Surplus on revaluation of assets - net of deferred tax	14	4,702	83,078
		<u>9,217,262</u>	<u>9,449,959</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

*Kausep.*

Chief Financial Officer

*H. Atkhar*

Chief Executive Officer /  
Managing Director

*[Signature]*

Chairman

*H. Atkhar*

Chief Executive and  
Managing Director

*S. A. Anghe*

Director

*[Signature]*

Director

PAIR Investment Company Limited  
Condensed Interim Profit and Loss Account (Un-audited)  
For the half year ended 30 June 2017

	Half year ended		Quarter ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Rupees in '000)			
Mark-up / return / interest earned	567,150	635,199	291,841	269,453
Mark-up / return / interest expensed	230,147	282,742	120,611	128,061
Net mark-up / interest income	337,003	352,457	171,230	141,392
Provision against non-performing loans and advances - net	30,211	21,171	30,588	23,990
Provision / (reversal) for diminution in the value of investments	3,245	(14,294)	3,716	(1)
Bad debts written-off directly	-	-	-	-
Net mark-up / interest income after provisions	303,547	345,580	136,926	117,403
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	4,938	7,172	2,027	2,172
Dividend income	10,777	12,829	6,983	6,015
Income from dealing in foreign currencies	(720)	423	(415)	183
Gain on sale / redemption of securities - net	68,764	79,163	24,858	63,813
Gain on sale of fixed assets	-	-	-	-
Unrealised gain on revaluation of investments classified as held for trading securities	840	4	613	68
Other income	-	-	-	-
Total non mark-up / interest income	84,599	99,591	34,066	72,251
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	176,063	169,730	88,102	95,240
Other write offs / provisions	-	-	-	-
Other charges	-	-	-	-
Total non mark-up / interest expenses	176,063	169,730	88,102	95,240
Extra-ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	212,083	275,441	82,890	94,414
Taxation - Current	73,113	93,596	31,792	48,596
- Prior year	-	-	-	-
- Deferred	(6,709)	2,945	4,083	(4,562)
<b>PROFIT AFTER TAXATION</b>	145,679	178,900	47,015	50,380
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	0.24	0.30	0.08	0.08

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

*K. Anand*  
  
Chief Financial Officer

*H. A. Hekharvi*  
  
Chief Executive Officer /  
Managing Director

*[Signature]*  
Chairman

*H. A. Hekharvi*  
  
Chief Executive and  
Managing Director

*S. A. Anaghebi*  
  
Director

*[Signature]*  
Director

PAIR Investment Company Limited  
 Condensed Interim Statement of Comprehensive Income (Un-audited)  
 For the half year ended 30 June 2017

	Half year ended		Quarter ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Rupees in '000)			
Profit after taxation	145,679	178,900	47,015	50,380
Other comprehensive income				
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
Comprehensive income transferred to equity	145,679	178,900	47,015	50,380
Component of comprehensive income not transferred to equity				
(Deficit) / surplus on revaluation of investments - available for sale	(109,165)	252,883	(52,320)	49,726
Deferred tax on revaluation of investments - available for sale	30,789 (78,376)	(58,698) 194,185	18,724 (33,596)	(8,524) 41,202
Total Comprehensive Income	67,303	373,085	13,419	91,582

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

*Kausel*  
 \_\_\_\_\_  
 Chief Financial Officer

*A. Atabkhan*  
 \_\_\_\_\_  
 Chief Executive Officer /  
 Managing Director

*[Signature]*  
 \_\_\_\_\_  
 Chairman

*A. Atabkhan*  
 \_\_\_\_\_  
 Chief Executive and  
 Managing Director

*S.A. Draglich*  
 \_\_\_\_\_  
 Director

*[Signature]*  
 \_\_\_\_\_  
 Director

PAIR Investment Company Limited  
Condensed Interim Cash Flow Statement (Un-audited)  
For the half year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	212,083	275,441
Less: Dividend income	<u>(10,777)</u>	<u>(12,829)</u>
	201,306	262,612
<b>Adjustments for:</b>		
Depreciation	5,487	7,645
Amortisation of intangible assets	183	143
Provision against non-performing loans and advances	30,211	21,171
Provision / (reversal) against diminution in the value of investments	3,245	(14,294)
Gain on sale of fixed assets	-	-
Charge for defined benefit plan	4,045	5,000
Unrealised (gain) on revaluation of investments classified as 'held for trading' securities	<u>(840)</u>	<u>(4)</u>
	42,331	19,661
	243,637	282,273
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	(750,000)	(450,000)
Advances - net	234,911	(919,525)
Others assets	<u>(87,144)</u>	<u>67,050</u>
	(602,233)	(1,302,475)
<b>Increase / (decrease) in operating liabilities</b>		
Borrowings	464,924	(4,324,456)
Deposits and other accounts	(1,093,278)	42,137
Other liabilities (excluding provision for taxation)	66,096	(50,438)
	<u>(562,258)</u>	<u>(4,332,757)</u>
	(920,854)	(5,352,959)
Income tax paid	(135,567)	(87,151)
Defined benefits paid	<u>(5,430)</u>	<u>(5,000)</u>
<b>Net cash (used in) operating activities</b>	(1,061,851)	(5,445,110)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net proceeds from available-for-sale securities	855,738	5,885,189
Dividend income received	11,202	12,070
Investments in operating fixed assets	(710)	(718)
Sale proceeds on sale of fixed assets disposed off	12,011	-
<b>Net cash flows from investing activities</b>	878,241	5,896,541
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(150,000)	(150,000)
<b>Net cash outflows from financing activities</b>	(150,000)	(150,000)
(Decrease) / increase in cash and cash equivalents	(333,610)	301,431
Cash and cash equivalents at beginning of the period	496,988	261,540
Cash and cash equivalents at end of the period	<u>163,378</u>	<u>562,971</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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*Kausel*

Chief Financial Officer

*H. H. Khan*

Chief Executive Officer /  
Managing Director

*[Signature]*

Chairman

*H. H. Khan*

Chief Executive and  
Managing Director

*S. A. Anghel*

Director

*[Signature]*

Director

PAIR Investment Company Limited  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the half year ended 30 June 2017

	Share capital	Statutory reserves	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 1 January 2016	6,000,000	673,449	2,390,166	9,063,615
<b>Total comprehensive income</b>				
Net profit after tax for the half year ended 30 June 2016	-	-	178,900	178,900
Other comprehensive income	-	-	-	-
	-	-	178,900	178,900
Transfer to statutory reserve	-	35,780	(35,780)	-
<i>Transactions with owners recognised directly in equity</i>				
Dividend for the year ended 31 December 2015 (Re. 0.50 per share)	-	-	(300,000)	(300,000)
<b>Balance as at 30 June 2016</b>	<b>6,000,000</b>	<b>709,229</b>	<b>2,233,286</b>	<b>8,942,515</b>
<b>Total comprehensive income</b>				
Net profit after tax for the half year ended 31 December 2016	-	-	424,391	424,391
Other comprehensive income	-	-	(25)	(25)
	-	-	424,366	424,366
Transfer to statutory reserve	-	84,878	(84,878)	-
<i>Transactions with owners recognised directly in equity</i>				
	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>6,000,000</b>	<b>794,107</b>	<b>2,572,774</b>	<b>9,366,881</b>
<b>Total comprehensive income for the period</b>				
Net profit after tax for the half year ended 30 June 2017	-	-	145,679	145,679
Other comprehensive income	-	-	-	-
	-	-	145,679	145,679
Transfer to statutory reserve	-	29,136	(29,136)	-
<i>Transactions with owners recognised directly in equity</i>				
Dividend for the year ended 31 December 2016 (Re. 0.50 per share)	-	-	(300,000)	(300,000)
<b>Balance as at 30 June 2017</b>	<b>6,000,000</b>	<b>823,243</b>	<b>2,389,317</b>	<b>9,212,560</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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*Kausa*

Chief Financial Officer

*[Signature]*

Chairman

*H. Attkhari*

Chief Executive and  
Managing Director

*H. Attkhari*

Chief Executive Officer /  
Managing Director

*S. A. Anghel*

Director

*[Signature]*

Director

# PAIR Investment Company Limited

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

For the half year ended 30 June 2017

### 1. STATUS AND NATURE OF BUSINESS

PAIR 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 Ordinance, 1984, 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 2016.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

### 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 Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives 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.

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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

- 4.1 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 31 December 2016.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year / period closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

#### 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 5.1 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 31 December 2016.

#### 6. FINANCIAL RISK MANAGEMENT

- 6.1 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 2016.

7. INVESTMENTS - net	30 June 2017 (Un-audited)			31 December 2016 (Audited)		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
7.1 Investments by types	(Rupees in '000)					
<b>Held-for-trading securities</b>						
Pakistan investment bonds	412,141	836,178	1,248,319	322,815	-	322,815
Listed ordinary shares	16,081	-	16,081	4,215	-	4,215
	428,222	836,178	1,264,400	327,030	-	327,030
<b>Available-for-sale securities</b>						
Market treasury bills (T-Bills)	1,343,737	2,630,890	3,974,627	1,744,779	3,696,579	5,441,358
Pakistan investment bonds	-	1,701,350	1,701,350	463,663	1,568,555	2,032,218
Units of mutual funds	208,000	-	208,000	800,000	-	800,000
Listed ordinary shares	340,597	10,747	351,344	250,022	10,822	260,844
Unlisted ordinary shares	-	-	-	-	-	-
Sukuk bonds	295,497	-	295,497	255,468	-	255,468
Term finance certificates - listed	559,640	499,400	1,059,040	339,371	659,869	999,240
Term finance certificates - unlisted	1,901,310	160,333	2,061,643	1,626,609	-	1,626,609
	4,648,781	5,002,720	9,651,501	5,479,912	5,935,825	11,415,737
Investments at cost	5,077,003	5,838,898	10,915,901	5,806,942	5,935,825	11,742,767
Provision for diminution in the value of investments	7.3 (15,816)	-	(15,816)	(12,571)	-	(12,571)
Investments - net of provision	5,061,187	5,838,898	10,900,085	5,794,371	5,935,825	11,730,196
Surplus / (deficit) on revaluation of held for trading securities	837	-	837	(1,920)	-	(1,920)
Surplus on revaluation of available for sale securities	2,573	2,959	5,532	48,191	66,506	114,697
	5,064,597	5,841,857	10,906,454	5,840,642	6,002,331	11,842,973

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7.2 Investments by segments

	30 June 2017 (Un-audited)	31 December 2016 (Audited)
	(Rupees in '000)	
<b>Federal Government securities</b>		
- Market treasury bills	3,974,627	5,441,358
- Pakistan investment bonds	2,949,669	2,355,033
	6,924,296	7,796,391
<b>Units of mutual funds</b>		
- Listed	208,000	800,000
<b>Fully paid up ordinary shares</b>		
- Listed	367,425	265,059
<b>Term finance certificates</b>		
- Listed	1,059,040	999,240
- Unlisted	2,061,643	1,626,609
	3,120,683	2,625,849
<b>Sukuk bonds</b>		
- Unlisted	295,497	255,468
<b>Total investments at cost</b>	10,915,901	11,742,767
Provision for diminution in the value of investments	(15,816)	(12,571)
<b>Investments - net of provisions</b>	10,900,085	11,730,196
Surplus / (deficit) on revaluation of held for trading securities	837	(1,920)
Surplus on revaluation of available for sale securities	5,532	114,697
<b>Total investments at market value</b>	10,906,454	11,842,973

7.3 Particulars of provision for diminution in value of investments

Opening balance	12,571	378,780
Charge / (reversals) during the period / year - net	3,245	(366,209)
Closing balance	15,816	12,571

8. ADVANCES - net

In Pakistan

Loans, cash credits, running finances, etc.	5,650,497	6,127,766
Net investment in finance lease	362,192	129,748
	6,012,689	6,257,514
Bills discounted and purchased (excluding treasury bills)	34,632	24,718
<b>Advances - Gross</b>	6,047,321	6,282,232
Provision against non-performing loans and advances	(888,092)	(857,881)
<b>Advances - net of provision</b>	5,159,229	5,424,351

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8.1 Advances include Rs. 1,157,148 million (31 December 2016: Rs. 1,168,338 million) which have been placed under non-performing status as detailed below:

8.2 Category of classification

Category of classification	As at 30 June 2017 (Un-audited)				
	Non-performing advances			Provision required	Provision held
	Domestic	Overseas	Total		
(Rupees in '000)					
Other assets especially mentioned	-	-	-	-	-
Substandard	198,898	-	198,898	33,846	33,846
Doubtful	-	-	-	-	-
Loss	958,250	-	958,250	854,246	854,246
	<u>1,157,148</u>	<u>-</u>	<u>1,157,148</u>	<u>888,092</u>	<u>888,092</u>

Category of classification	As at 31 December 2016 (Audited)				
	Non-performing advances			Provision required	Provision held
	Domestic	Overseas	Total		
(Rupees in '000)					
Other assets especially mentioned	-	-	-	-	-
Substandard	204,672	-	204,672	35,289	35,289
Doubtful	-	-	-	-	-
Loss	963,666	-	963,666	822,592	822,592
	<u>1,168,338</u>	<u>-</u>	<u>1,168,338</u>	<u>857,881</u>	<u>857,881</u>

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

	30 June 2017 (Un-audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	857,881	-	857,881	907,528	-	907,528
Charge for the period	37,071	-	37,071	58,235	-	58,235
Reversals for the period	(6,860)	-	(6,860)	(107,882)	-	(107,882)
	30,211	-	30,211	(49,647)	-	(49,647)
Amounts written off	-	-	-	-	-	-
Closing balance	<u>888,092</u>	<u>-</u>	<u>888,092</u>	<u>857,881</u>	<u>-</u>	<u>857,881</u>

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. 119.8 million (31 December 2016: Rs. 156.95 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

	30 June	31 December
	2017	2016
	(Un-audited)	(Audited)
(Rupees in '000)		
Capital work-in-progress	9.2	154,343
Property and equipment	5,307	22,365
Intangible assets	361	274
	<u>160,011</u>	<u>176,982</u>

9.1 Following additions and disposals were made to operating fixed assets during the period:

During the period additions to operating fixed assets were as follows:

	30 June	30 June
	2017	2016
	(Un-audited)	(Un-audited)
Computer equipment	441	479
Software license	270	51
Furniture and fixtures	-	153
	<u>711</u>	<u>683</u>

During the period WDV of disposals from operating fixed assets were as follows:

	30 June	30 June
	2017	2016
	(Un-audited)	(Un-audited)
Vehicles	11,127	-
Office equipment	865	-
Computer equipment	19	-
	<u>12,011</u>	<u>-</u>

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

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10. OTHER ASSETS		30 June 2017 (Un-audited)	31 December 2016 (Audited)
----- (Rupees in '000) -----			
Income / mark-up accrued in local currency		295,974	281,187
Advances, deposits, advance rent and other prepayments		71,172	23,141
Dividend receivable		629	1,054
Security deposits		7,231	7,231
Receivable from defined benefit plan		25,312	986
Non-banking asset acquired in satisfaction of claims		105,450	105,450
		<u>505,768</u>	<u>419,049</u>
<b>11. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan:			
- Financing Facility for Storage of Agricultural Produce (FFSAP)	11.1	6,582	9,870
- Imported & Locally Manufactured Plant & Machinery (LTFF)	11.2	661,306	273,150
Repurchase agreement borrowings	11.3	5,072,017	5,187,461
Term borrowing	11.4	375,000	562,500
		<u>6,114,905</u>	<u>6,032,981</u>
<b>Unsecured</b>			
Clean borrowings	11.5	900,000	517,000
		<u>7,014,905</u>	<u>6,549,981</u>
11.1	The Company has entered into agreement with the SBP for extending Financing Facility for Storage of Agricultural Produce (FFSAP). The borrowing carries mark-up rate of 4.5% per annum (31 December 2016: 4.5% per annum). The borrowing will mature in November 2019.		
11.2	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 (31 December 2016: 2.0% per annum). The borrowing will mature in May 2024.		
11.3	These carry mark-up at the rates ranging from 5.95% to 6.15% per annum (31, December 2016: 5.9% to 6.2% per annum). These borrowings will mature up to August 2017 (31 December 2016: January 2017).		
11.4	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 TFCs. 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 May 2019.		
11.5	These carry mark-up at the rates of 6.25% per annum (31 December 2016: 5.9% to 6.25% per annum). These borrowings will mature up to July 2017 (31 December 2016: March 2017).		
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		<b>30 June 2017 (Un-audited)</b>	<b>31 December 2016 (Audited)</b>
<b>(Rupees in '000)</b>			
<b>Customers</b>			
Term Deposits - Remunerative	12.1	976,190	1,254,468
Term Deposits - Non - Remunerative	12.2	260	260
<b>Financial Institutions</b>			
Term Deposits - Remunerative	12.3	10,000	825,000
		<u>986,450</u>	<u>2,079,728</u>

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- 12.1 The mark-up rates on these certificate of investments (COI) range between 6.25% to 6.60% per annum (31 December 2016: 6.2% to 7% per annum). These COIs will mature up to April 2018 (31 December 2016: December 2017).
- 12.2 These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to May 2018 (31 December 2016: December 2017).
- 12.3 The mark-up rate on these certificate of investments (COI) is 6.70% per annum (31 December 2016: 6.25% to 6.4% per annum). These COIs will mature up to October 2017 (31 December 2016: December 2017).

### 13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

#### 13.1 Authorised capital

30 June 2017 (Un-audited) (Number of shares)	31 December 2016 (Audited) (Number of shares)		30 June 2017 (Un-audited) (Rupees in '000)	31 December 2016 (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	30 June 2017 (Un-audited)		31 December 2016 (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

	30 June 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited) (Rupees in '000)
Federal Government Securities		
- Pakistan investment bonds	39,917	76,127
- Treasury bills (T-Bills)	(739)	(2,355)
Shares - listed	(47,083)	18,232
Units of mutual funds	(16,758)	3,048
Term finance certificates - listed	<u>30,195</u>	<u>19,645</u>
	5,532	114,697
Related deferred tax liability	<u>(830)</u>	<u>(31,619)</u>
	<u>4,702</u>	<u>83,078</u>

### 15. CONTINGENCIES AND COMMITMENTS

The income tax department has amended the assessments for the tax years 2009 to 2015, which resulted in additional liability of Rs. 194.01 million in respect of Workers' Welfare Fund (WWF), allocation of Interest expenses against capital gains which are exempt and dividend income which is subject to tax at reduced rate etc. Whereas, WWF is disputed on constitutional grounds.

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16.2 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:

30 June 2017 (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)									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Market treasury bills	3,973,888	-	-	-	3,973,888	-	3,973,888	-	3,973,888
Pakistan investment bonds	1,250,130	1,741,267	-	-	2,991,397	-	2,991,397	-	2,991,397
Units of mutual funds	-	191,242	-	-	191,242	191,242	-	-	191,242
Shares in listed companies	15,107	304,261	-	-	319,368	319,368	-	-	319,368
Term finance certificates - listed	-	1,089,235	-	-	1,089,235	-	1,089,235	-	1,089,235
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	38,475	-	38,475	-	-	-	-
Balances with other banks	-	-	124,903	-	124,903	-	-	-	-
<b>Investments</b>									
Shares in unlisted companies	-	-	-	-	-	-	-	-	-
Sukuk bonds	-	295,497	-	-	295,497	-	-	-	-
Term finance certificates - unlisted	-	2,061,643	-	-	2,061,643	-	-	-	-
Lendings to financial institutions	-	-	750,000	-	750,000	-	-	-	-
Advances	-	-	5,159,229	-	5,159,229	-	-	-	-
Other assets	-	-	400,318	-	400,318	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	(7,014,905)	(7,014,905)	-	-	-	-
Deposits and other accounts	-	-	-	(986,450)	(986,450)	-	-	-	-
Other liabilities	-	-	-	(701,849)	(701,849)	-	-	-	-
<b>1,265,237</b>	<b>9,657,033</b>	<b>-</b>	<b>6,472,925</b>	<b>(8,703,204)</b>	<b>8,691,991</b>	<b>510,610</b>	<b>8,054,520</b>	<b>-</b>	<b>8,565,130</b>

31 December 2016 (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)									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Market treasury bills	5,439,003	-	-	-	5,439,003	-	5,439,003	-	5,439,003
Pakistan investment bonds	320,897	2,108,345	-	-	2,429,242	-	2,429,242	-	2,429,242
Units of mutual funds	-	803,048	-	-	803,048	803,048	-	-	803,048
Shares in listed companies	4,213	279,076	-	-	283,289	301,519	-	-	301,519
Term finance certificates - listed	-	1,018,885	-	-	1,018,885	-	1,018,885	-	1,018,885
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	64,205	-	64,205	-	-	-	-
Balances with other banks	-	-	432,783	-	432,783	-	-	-	-
<b>Investments</b>									
Shares in unlisted companies	-	-	-	-	-	-	-	-	-
Sukuk bonds	-	255,468	-	-	255,468	-	-	-	-
Term finance certificates - unlisted	-	1,626,609	-	-	1,626,609	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-
Advances	-	-	5,424,351	-	5,424,351	-	-	-	-
Other assets	-	-	313,599	-	313,599	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	(6,549,981)	(6,549,981)	-	-	-	-
Deposits and other accounts	-	-	-	(2,079,728)	(2,079,728)	-	-	-	-
Other liabilities	-	-	-	(518,803)	(518,803)	-	-	-	-
<b>325,110</b>	<b>11,530,434</b>	<b>-</b>	<b>6,234,938</b>	<b>(9,148,512)</b>	<b>8,941,970</b>	<b>1,104,567</b>	<b>8,887,130</b>	<b>-</b>	<b>9,991,697</b>

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).

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17. SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES

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

	30 June 2017 (Un-audited)				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
	(Rupees in '000)				
Total income - Gross	279,985	325,244	35,215	11,305	651,749
Total markup / return / interest expense	43,248	186,899	-	-	230,147
Segment provision / (reversal) / impairment	29,740	-	3,716	-	33,456
	72,988	186,899	3,716	-	263,603
Net operating income	206,997	138,345	31,499	11,305	388,146
Administrative expenses and other charges					176,063
Profit before taxation					212,083
Segment assets	7,865,515	8,842,522	243,085	969,344	17,920,466
Segment impaired assets / non performing loans	1,211,484	-	11,613	-	1,223,097
Segment provision required and held	(900,192)	-	(3,716)	-	(903,908)
Segment liabilities	1,987,391	6,147,434	1,315	567,065	8,703,204
Segment return on assets - % *	7.66%	7.22%	23.51%		7.36%
Segment cost of funds - % *	5.32%	6.06%			5.53%

	30 June 2016 (Un-audited)				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
	(Rupees in '000)				
Total income - Gross	195,711	532,647	795	5,637	734,790
Total markup / return / interest expense	36,216	242,998	3,528	-	282,742
Segment provision / (reversal) / impairment	18,927	-	(12,050)	-	6,877
	55,143	242,998	(8,522)	-	289,619
Net operating income	140,568	289,649	9,317	5,637	445,171
Administrative expenses and other charges					169,730
Profit before taxation					275,441

	31 December 2016 (Audited)				
Segment assets	7,373,918	9,870,133	261,401	1,093,019	18,598,471
Segment impaired assets / non performing loans	1,222,674	-	-	-	1,222,674
Segment provision required and held	870,452	-	-	-	870,452
Segment liabilities	1,534,734	7,094,975	-	518,803	9,148,512
Segment return on assets -% *	7.79%	8.88%	0.34%		8.30%
Segment cost of funds -% *	5.89%	6.39%			6.79%

\* These are based on average balances of assets and liabilities during the period ended 30 June 2017.

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

18. 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.

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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:

	30 June 2017 (Un-audited)	31 December 2016 (Audited)
	(Rupees in '000)	
<b>18.1</b>		
Loans and advances to key management personnel		
Balance at beginning of the period / year	26,626	29,818
Loans granted during the period / year	1,000	1,369
Repayments during the period / year	(4,042)	(4,561)
Balance at end of the period / year	<u>23,584</u>	<u>26,626</u>
<b>18.2</b>		
Deposits from the key management personnel		
Balance at beginning of the period / year	120	60
Deposits received during the period / year	-	360
Deposits redeemed during the period / year	(20)	(300)
Balance at end of the period / year	<u>100</u>	<u>120</u>
<b>18.3</b>		
Receivable from Iran Foreign Investment Company (net)	<u>1,936</u>	<u>2,664</u>
<b>18.4</b>		
Dividend payable to Iran Foreign Investment Company	<u>450,000</u>	<u>300,000</u>
<b>18.5</b>		
Deposit from PAIR Investment Co. Ltd. Employees Gratuity Fund	<u>5,900</u>	<u>3,400</u>
<b>18.6</b>		
Deposit from Pak Iran Joint Inv. Co. Ltd. Staff Provident Fund	<u>16,200</u>	<u>12,500</u>
<b>18.7</b>		
Receivable from PAIR Investment Employee Gratuity Funds	<u>7,971</u>	<u>986</u>
<b>18.8</b>		
Receivable from PAIR Investment Staff Provident Funds	<u>17,341</u>	<u>-</u>
<b>18.9</b>		
The Key Management Personnel / Directors' compensation are as follows:	30 June 2017 (Un-audited)	30 June 2016 (Un-audited)
	(Rupees in '000)	
Disposal of Fixed Assets to Key Management Personnel **	<u>12,011</u>	<u>-</u>
Mark-up earned on loans and advances	<u>620</u>	<u>683</u>
Salaries & Benefits	<u>82,266</u>	<u>93,956</u>
Contribution to defined contribution plan	<u>2,363</u>	<u>3,341</u>
Non-executive directors' remuneration *	<u>1,240</u>	<u>1,180</u>
<b>18.10</b>		
Amount transferred to provident fund	<u>7,695</u>	<u>9,423</u>
<b>18.11</b>		
Amount transferred to gratuity fund	<u>4,800</u>	<u>5,000</u>
<b>18.12</b>		
Dividend paid to Ministry of Finance - Govt. of Pakistan	<u>150,000</u>	<u>150,000</u>

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

\*\* The amount represents sale of fixed assets to ex Managing Director of the Company as per employment contract.

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19. 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).

20. GENERAL

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

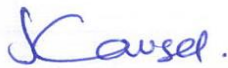
20.2 Figures have been rounded off to the nearest thousand rupees.

21. DATE OF AUTHORISATION FOR ISSUE

04 AUG 2017

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

16/8/17



Chief Financial Officer



Chief Executive Officer /  
Managing Director



Chairman



Chief Executive and  
Managing Director



Director



Director

