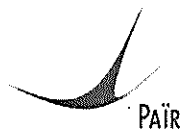


**Independent Auditor's Review Report and Condensed
Interim Financial Information**



PAiR Investment Company Limited
For the period ended June 30, 2015



Grant Thornton

An instinct for growth™

Grant Thornton Anjum Rahman

Chartered Accountants





Grant Thornton

An instinct for growth™

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF PAIR INVESTMENT COMPANY LIMITED

GRANT THORNTON ANJUM RAHMAN

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Beaumont Road,
Karachi 75530

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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, 2015 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

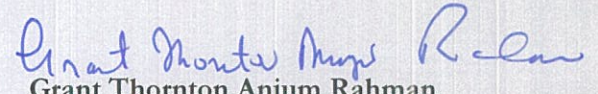
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended June 30, 2015 is not prepared in all material respects, in accordance with approved accounting standards as applicable 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2015.

Date: August 06, 2015

Karachi


Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman
Engagement Partner

PAİR INVESTMENT COMPANY LIMITED
DIRECTORS' REPORT FOR THE PERIOD ENDED JUNE 30, 2015

On behalf of the Board of Directors, I am pleased to present the Financial Statements of PAİR Investment Company Limited (PAİR) for the period ended June 30, 2015. These Financial Statements have been prepared in compliance with the requirements of BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'.

Economic Review

GDP growth in FY15 at 4.2 percent was slightly higher than that of FY14, it remained lower than the target. In particular, industrial sector missed the target due to lower growth in Large-scale Manufacturing (LSM) and electricity generation; however, the activities in construction and mining and quarrying remained buoyant. Agriculture sector despite some losses to major crops from untimely and heavy rains did manage to record some improvement. Noticeable increase in growth, as in the previous few years, came in the services sector.

Inflation has maintained its downward trajectory with the significantly lower 1H 2015 CPI average of 3.0%. The fiscal position remains a concern as revenue generation remains challenging whilst expenditures continue to escalate.

FX reserves at new all-time high of US\$18.7 bn (4.5-months of import cover). This was as a result of a surplus in the balance of payments position, receipt of two loans from World Bank and scheduled disbursements under the Extended Fund Facility (EFF) from the IMF.

SBP slashed the discount rate to a historic 42-yr low to 7% bringing the total cut in policy rate to 300bps since July 2014. Furthermore, SBP, in line with the requirements of IMF have introduced "Target rate" which is 50bps below the ceiling rate at 6.5%. The SBP has indicated that OMO rates will be close to the target rate which in turn will affect the KIBOR rates going forward. SBP also reduced the width of Interest rate corridor by 50bps to 200bps, which has kept floor rate (repo rate) of the corridor at 5.0%. The savings floor rate remains at 50bps below the repo rate, thus maintaining the overall pressure on banking sector margins.

Compared to FY14, the uptake of Private Sector Credit (PSC) has indeed slowed down in FY15. PSC has increased by Rs194.5 billion during FY15 which is almost half of the amount availed during FY14. Although lower POL prices and monetary easing provided some support to the industry, various other factors such as muted domestic demand as indicated by lower LSM and GDP growth, lackluster export performance, higher real interest rates amid rapidly falling inflation, increased government borrowing from commercial banks, falling commodity prices and continued energy shortages along with buildup of receivables by corporates have kept credit growth in check.

The growth in the local stock market remained modest during 1st HY 2015 with the KSE-100 index appreciating by 7.1% amid a bearish trend triggered by foreign selling. However, in Q2FY15, improving macroeconomic indicators resulted in strong gains with enhanced foreign participation. Overall during 1H 2015 foreigners remained net sellers with US\$ 75 million net outflow.

Despite these positive developments, due to structural bottlenecks, sluggish global demand, and lower commodity prices, exports contracted by 3.7 percent in FY15. Moreover, net Foreign Direct Investment (FDI) declined to 0.3 percent of GDP in FY15. More work therefore needs to be done in the coming years to attract investments.

Performance General Overview

Profit & Loss Account				Statement of Financial Position			
For the Half Year ended 30 June 2015	June 30, 2015	June 30, 2014	Change %	As at 30 June 2015	June 30, 2015	December 31, 2014	Change %
----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Mark-up / Return / Interest earned	733,763	555,952	32%	Investments - net	14,992,555	14,114,871	6%
Mark-up / Return / Interest expensed	294,858	239,890	23%	Advances - net	4,153,957	3,592,178	16%
Net mark-up / Interest income	438,905	316,062	39%	Total Assets	20,356,172	18,744,217	9%
Non mark-up / Interest income	267,300	228,367	17%	Total Liabilities	11,373,333	9,951,472	14%
Total Income	706,205	544,429	30%	Share capital	6,000,000	6,000,000	0%
Non mark-up / interest expenses	147,233	139,752	5%	Reserves	622,758	553,966	12%
Profit before Provisions	558,972	404,677	38%	Unappropriated profit	2,187,909	2,062,742	6%
Provisions / (Reversals)	24,582	295,846	-92%				
Profit before taxation	534,390	108,831	391%				
Taxation	190,431	3,325	5627%				
Profit after taxation	343,959	105,506	226%				
Earnings per share - (Rupees)	0.57	0.18	226%				

PAiR has reported a profit after tax of Rs. 343.9 million for the six months period ended June 30, 2015 which is 226% more than the corresponding period. In Budget 2014-15, the government changed the holding period requirement for capital gain tax on sale of listed securities and in the Budget 2015-16 the government has imposed one time Super Tax of 3% on all sources of income. These changes have resulted in higher taxation for the half year in comparison with corresponding period last year. Furthermore, to minimize the negative impact of this change, PAiR had realigned its revenue streams. Net mark-up Income showed a positive growth of 39% and non-markup income showed a positive growth of 17%. The earnings per share for the six months period are reported at Rs. 0.57 per share as against Rs. 0.18 per share in the corresponding period last year.

PAiR's asset base has increased to Rs. 20.3 billion as at June 30, 2015 as compared to Rs. 18.7 billion as at December 31, 2014. Net investments increased by 6% and Loans and Advances portfolio increased by 16%.

Credit Rating

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

Future Outlook

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

Appreciation and Acknowledgement

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

On Behalf of the Board of Director



Chairman

Pakistan: August 06, 2015



PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2015

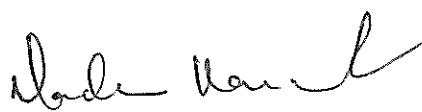
		June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		57,990	33,303
Balances with other banks		221,059	261,059
Lendings to financial institutions		-	-
Investments - net	5	14,992,555	14,114,871
Advances - net	6	4,153,957	3,592,178
Operating fixed assets	7	200,719	210,352
Deferred tax assets - net		277,369	272,920
Other assets		452,523	259,534
		<u>20,356,172</u>	<u>18,744,217</u>
LIABILITIES			
Bills payable		-	-
Borrowings	8	8,994,930	9,221,225
Deposits and other accounts	9	1,950,087	386,060
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		428,316	344,187
		<u>11,373,333</u>	<u>9,951,472</u>
NET ASSETS		<u><u>8,982,838</u></u>	<u><u>8,792,745</u></u>
REPRESENTED BY			
Share capital	10	6,000,000	6,000,000
Reserves		622,758	553,966
Unappropriated profit		2,187,909	2,062,742
		<u>8,810,667</u>	<u>8,616,708</u>
Surplus on revaluation of assets - net of deferred tax	11	172,171	176,037
		<u><u>8,982,838</u></u>	<u><u>8,792,745</u></u>
CONTINGENCIES AND COMMITMENTS	12		

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

QIAR



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, 2015

	Six month period ended		Three month period ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	----- (Rupees in '000) -----			
Mark-up / Return / Interest earned	733,763	555,952	365,850	308,309
Mark-up / Return / Interest expensed	294,858	239,890	151,978	148,593
Net mark-up / Interest income	438,905	316,062	213,872	159,716
Provision against non-performing loans and advances	24,600	290,567	24,600	290,567
(Reversal) / Provision against diminution in the value of investments	(18)	5,279	(1,182)	8,582
	24,582	295,846	23,418	299,149
Net mark-up / Interest income/(Expense) after provisions	414,323	20,216	190,454	(139,433)

NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	8,210	11,782	5,595	7,779
Dividend income	21,031	14,391	8,131	5,895
Income from dealing in foreign currencies	50	(702)	50	(159)
Gain on sale of securities - net	222,892	204,018	176,655	118,786
Unrealised loss on revaluation of investments classified as 'held for trading'	14,322	(3,009)	14,419	(714)
Gain on sale of fixed assets	795	1,887	145	108
Total non mark-up / Interest income	267,300	228,367	204,995	131,695

NON MARK-UP / INTEREST EXPENSES

Administrative expenses	147,233	142,995	73,877	81,109
Other charges/(Income)	-	(3,243)	-	(3,243)
Total non mark-up / interest expenses	147,233	139,752	73,877	77,866
PROFIT/(LOSS) BEFORE TAXATION	534,390	108,831	321,572	(85,604)


Taxation

- current	190,011	101,500	133,511	57,500
- prior years	-	-	-	-
- deferred	420	(98,175)	1,690	(98,111)
	190,431	3,325	135,201	(40,611)

PROFIT/(LOSS) AFTER TAXATION

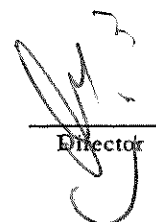
	343,959	105,506	186,371	(44,993)
Earnings per share - Basic and diluted (Rupees)	0.57	0.18	0.31	(0.07)

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


 Chairman


 Chief Executive Officer


 Director


 Director

PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Six month period ended		Three month period ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
----- (Rupees in '000) -----				
Profit/(Loss) after taxation for the period	343,959	105,506	186,371	(44,993)
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	343,959	105,506	186,371	(44,993)
Surplus / (deficit) on revaluation of investments				
- available for sale	211,887	99,159	(9,742)	145,124
Deferred tax on revaluation of investments				
- available for sale	(39,716)	(9,830)	22,321	(21,201)
	172,171	89,329	12,579	123,923
Total Comprehensive Income for the period	516,130	194,835	198,950	78,930

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

PAIR



Chairman



Chief Executive Officer



Director



Director

PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
	-----(Rupees in '000)----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	534,390	108,831
Less: Dividend income	(21,031)	(14,391)
	<u>513,359</u>	<u>94,440</u>
Adjustments for:		
Depreciation	10,758	9,425
Amortisation	957	1,925
Gain on sale of fixed assets	(796)	290,567
Unrealised loss on revaluation of 'held for trading' investments	(14,322)	5,279
Provision for gratuity	4,800	(1,887)
Provision against non-performing loans and advances	24,600	3,009
(Reversal) against/provision for diminution in the value of investments	(18)	3,750
	<u>25,979</u>	<u>312,068</u>
	<u>539,338</u>	<u>406,508</u>
(Increase) / Decrease in operating assets		
Lendings to financial institutions	-	-
Advances	(586,378)	(571,508)
Others assets (excluding advance taxation) - net	(192,705)	(53,457)
	<u>(779,083)</u>	<u>(624,965)</u>
Increase / (Decrease) in operating liabilities		
Borrowings	(226,295)	722,247
Deposits and other accounts	1,564,027	-
Other liabilities (excluding current taxation)	(17,016)	58,557
	<u>1,320,716</u>	<u>780,804</u>
	<u>1,080,971</u>	<u>562,347</u>
Income tax paid - net	(173,196)	(140,666)
Gratuity paid	(338)	(10,138)
Net cash generated from operating activities	<u>907,437</u>	<u>411,543</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(867,211)	(419,092)
Dividend income received	20,747	13,791
Proceeds from disposal of operating fixed assets	845	4,246
Investment in operating fixed assets	(2,131)	(2,240)
Net cash used in investing activities	<u>(847,750)</u>	<u>(403,295)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(75,000)	-
Net cash flows from financing activities	<u>(75,000)</u>	<u>-</u>
Increase/(Decrease) in cash and cash equivalents	<u>(15,313)</u>	<u>8,248</u>
Cash and cash equivalents at beginning of the period	<u>294,362</u>	<u>186,246</u>
Cash and cash equivalents at end of the period	<u><u>279,049</u></u>	<u><u>194,494</u></u>

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

H. H. H. H.
Chairman

J. K. K. K.
Chief Executive Officer

J. K. K. K.
Director

J. K. K. K.
Director

PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Share capital	Statutory reserves	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at January 01, 2014	6,000,000	483,592	1,781,247	8,264,839
Total comprehensive Income for the period				
Profit after tax for the six months period ended June 30, 2014	-	-	105,506	105,506
Other comprehensive income	-	-	-	-
Total Comprehensive income	-	-	105,506	105,506
Transfer to statutory reserve	-	30,100	(30,100)	-
Balance as at June 30, 2014	6,000,000	513,692	1,856,653	8,370,345

Total comprehensive income for the period

Profit after tax for the six months period ended December 31, 2014	-	-	246,363	246,363
Other comprehensive income	-	-	-	-
Total Comprehensive income	-	-	246,363	246,363
Transfer to statutory reserve	-	40,274	(40,274)	-
Balance as at December 31, 2014	6,000,000	553,966	2,062,742	8,616,708

Total comprehensive income for the period

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
Final dividend for the year ended December 31, 2014	-	-	(150,000)	(150,000)
Transfer to statutory reserve	-	68,792	(68,792)	-
Balance as at June 30, 2015	6,000,000	622,758	2,187,909	8,810,667

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

H. Hekman
 Chairman

QIAR
Nadeem Khan
 Chief Executive Officer

[Signature]
 Director

[Signature]
 Director

PAİR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

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 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 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 This condensed interim financial information of the Company for the six months period ended June 30, 2015 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, 2014.

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, 2014.

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, 2014.

PAIR INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 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, 2014.

5. INVESTMENTS - NET

	June 30, 2015 (Unaudited)			December 31, 2014 (Audited)		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
----- (Rupees in '000) -----						
5.1 Investments by types						
Held for trading securities						
Listed ordinary shares	178,415	-	178,415	71,495	-	71,495
Pakistan investment bonds	254,237	-	254,237	-	-	-
Market treasury bills	981,918	3,633,212	4,615,130	173,977	5,503,919	5,677,896
	1,414,570	3,633,212	5,047,782	245,472	5,503,919	5,749,391
Available for sale securities						
Market treasury bills	969,601	-	969,601	484,458	-	484,458
Mutual funds units	300,000	-	300,000	300,000	-	300,000
Listed ordinary shares	788,836	-	788,836	851,149	-	851,149
Unlisted ordinary shares	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	261,330	-	261,330	276,142	-	276,142
Pakistan investment bonds	756,032	4,179,707	4,935,739	1,572,176	1,479,758	3,051,934
Term finance certificates - Listed	1,562,588	-	1,562,588	1,822,388	-	1,822,388
Term finance certificates - Unlisted	878,061	-	878,061	1,333,116	-	1,333,116
	5,813,308	4,179,707	9,993,015	6,936,289	1,479,758	8,416,047
Held to maturity securities						
Preference shares	134,560	-	134,560	125,930	-	125,930
Investments at cost	7,362,438	7,812,919	15,175,357	7,307,691	6,983,677	14,291,368
Provision for diminution in value of investments	(398,060)	-	(398,060)	(398,078)	-	(398,078)
Investments - net of provisions	6,964,378	7,812,919	14,777,297	6,909,613	6,983,677	13,893,290
Surplus / (Deficit) on revaluation of 'held for trading' securities	3,371	-	3,371	942	16	958
Surplus / (Deficit) on revaluation of 'available for sale' securities	128,143	83,744	211,887	164,725	55,898	220,623
Total investments at market value	7,095,892	7,896,663	14,992,555	7,075,280	7,039,591	14,114,871

PAİR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

5.2 Investments by segments	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Note	-----(Rupees in '000)----	
Federal Government securities		
- Market treasury bills	5,584,731	6,162,354
- Pakistan investment bonds	5,189,976	3,051,934
Mutual funds units		
- Listed	300,000	300,000
Fully paid up ordinary shares		
- Listed companies	967,251	922,644
- Unlisted companies	296,860	296,860
	1,264,111	1,219,504
Preference shares	134,560	125,930
Term finance certificates		
- Listed	1,562,588	1,822,388
- Unlisted	878,061	1,333,116
	2,440,649	3,155,504
Sukuk bonds	261,330	276,142
Total investments at cost	15,175,357	14,291,368
Provision for diminution in value of investments	5.3 (398,060)	(398,078)
	14,777,297	13,893,290
Surplus on revaluation of 'held for trading' securities	3,371	958
Surplus on revaluation of 'available for sale' securities	211,887	220,623
Investments - net of provisions	14,992,555	14,114,871
5.3 Particulars of provision held against diminution in value of investments		
Opening balance	398,078	372,743
Charge for the period	1,679	25,335
Reversals	(1,697)	-
	(18)	25,335
Closing balance	398,060	398,078

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

6. ADVANCES - NET	Note	June 30,	December 31,
		2015 (Unaudited)	2014 (Audited)
		----- (Rupees in '000) -----	
In Pakistan			
Loans		5,018,063	4,428,538
Staff loans		31,775	34,921
Advances - gross		5,049,838	4,463,459
Provision against non-performing loans and advances	6.2	(895,881)	(871,281)
Advances - net of provision		<u>4,153,957</u>	<u>3,592,178</u>

6.1 Category of Classification

Category of classification	As at June 30, 2015 - Unaudited				
	Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----					
Other assets especially mentioned	-	-	-	-	-
Substandard	231,481	-	231,481	21,141	21,141
Doubtful	18,230	-	18,230	9,115	9,115
Loss	1,060,693	-	1,060,693	865,625	865,625
	<u>1,310,404</u>	<u>-</u>	<u>1,310,404</u>	<u>895,881</u>	<u>895,881</u>
Category of classification	As at December 31, 2014 - Audited				
	Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----					
Other assets especially mentioned	-	-	-	-	-
Substandard	366,064	-	366,064	29,475	29,475
Doubtful	75,000	-	75,000	-	-
Loss	889,443	-	889,443	841,806	841,806
	<u>1,330,507</u>	<u>-</u>	<u>1,330,507</u>	<u>871,281</u>	<u>871,281</u>

6.2 Particulars of provision against non-performing advances

	June 30, 2015 - Unaudited			December 31, 2014 - Audited		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	871,281	-	871,281	546,057	-	546,057
Charge for the period/year	24,600	-	24,600	325,224	-	325,224
Write off for the period/year	-	-	-	-	-	-
	<u>24,600</u>	<u>-</u>	<u>24,600</u>	<u>325,224</u>	<u>-</u>	<u>325,224</u>
Closing balance	<u>895,881</u>	<u>-</u>	<u>895,881</u>	<u>871,281</u>	<u>-</u>	<u>871,281</u>

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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.231.797 million (December 31,2014: 490.566 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.

		June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		----(Rupees in '000)----	
7. OPERATING FIXED ASSETS	Note		
Capital work-in-progress	7.1	154,343	154,343
Tangible fixed assets		45,850	54,527
Intangible assets		526	1,482
		<u>200,719</u>	<u>210,352</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.

		June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		----(Rupees in '000)----	
8. BORROWINGS			
In Pakistan- local currency	8.1	<u>8,994,930</u>	<u>9,221,225</u>
8.1 Details of borrowings secured / unsecured			
Secured			
Borrowing from State Bank of Pakistan- FFSAP	8.2	19,734	23,022
Repurchase agreement borrowings	8.3	7,850,196	7,281,536
Term borrowings	8.4	<u>1,125,000</u>	<u>1,416,667</u>
		<u>8,994,930</u>	<u>8,721,225</u>
Unsecured			
Clean borrowings		-	500,000
		<u>8,994,930</u>	<u>9,221,225</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 carry mark-up rate of 6.5% per annum (December 31,2014: 6.5% per annum). The borrowing will mature in November 2019.

8.3 These carry mark-up at rates ranging from 5.50% to 10% per annum (December 31,2014: 9.65% to 10.25% per annum) and are secured against Government Securities having carrying amount of Rs. 8,012 million (December 31,2014: Rs. 7,516 million). The borrowings will mature up to July 27, 2015 (December 31,2014: February 28 ,2014).

8.4 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 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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9. DEPOSITS AND OTHER ACCOUNTS	Note	June 30,	December 31,
		2015 (Unaudited)	2014 (Audited)
		----- (Rupees in '000) -----	
Certificates of investments (COIs)- remunerative (in local currency)			
Financial institutions	9.1	1,885,000	250,000
Corporate	9.2	50,567	136,000
Others	9.3	14,520	60
		<u>1,950,087</u>	<u>386,060</u>

9.1 The mark-up rates on these COIs range between 8.1% to 8.5% per annum (December 31, 2014: 0% to 10.3% per annum). These COIs will mature up to April 2016 (December 31, 2014: October 2015).

9.2 The mark-up rates on these COIs range between 7.1% to 8.5% per annum (December 31, 2014: 9.75% to 10.3% per annum). These COIs will mature up to April 2016 (December 31, 2014: March 2015).

9.3 This includes non-markup COIs issued to employees and other individuals carrying mark-up rates ranging from 0% to 8.5% (December 31, 2014: 0% to 9.4%) maturing up to April 2016 (December 31, 2014: October 2015).

10. SHARE CAPITAL

10.1 Authorised capital

June 30,	December 31,	June 30,	December 31,
2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)
		----- (Rupees in '000) -----	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Ordinary shares of Rs. 10 each.			

10.2 Issued, subscribed and paid-up capital

<u>600,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Ordinary shares of Rs. 10 each fully paid in cash.			

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

Name of shareholder	30, June 2015 - Unaudited		December 31, 2014 - 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.

11. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	June 30,	December 31,
	2015 (Unaudited)	2014 (Audited)
----- (Rupees in '000) -----		
Surplus arising on revaluation of quoted equity shares	13,174	51,998
Surplus arising on revaluation of mutual funds	-	3,539
Surplus arising on revaluation of market treasury bills	2,906	529
Surplus arising on revaluation of term finance certificates	17,629	12,990
Surplus on Pakistan investment bonds	178,178	151,567
	<u>211,887</u>	<u>220,623</u>
Related deferred tax liability	<u>(39,716)</u>	<u>(44,586)</u>
	<u>172,171</u>	<u>176,037</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 The department of inland revenue has re-opened the assessment for the tax years 2009, 2010, 2011, 2012 and 2013 and raised an additional demand of Rs 61.6 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), against which the Company has made adequate provision.

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.

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	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
	----- (Rupees in '000) -----	
12.2 Commitments in respect of repo transactions		
Repurchase agreement borrowings	7,872,611	8,325,636
12.3 Credit extension	255,940	293,068

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Six months ended June 30, 2015			Total
	Corporate finance	Trading and sales	Commercial banking	
	----- (Rupees in '000) -----			
Allocated income	8,210	707,141	285,712	1,001,063
Less: allocated 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	1,930,338	1,931,414
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%
	Six months ended June 30, 2014			
	Corporate finance	Trading and sales	Commercial banking	Total
	----- (Rupees in '000) -----			
Total income	11,782	374,233	102,872	488,473
Less: total expenses	3,368	239,607	136,667	379,642
Net income before tax	8,414	134,626	(33,795)	108,831
Segment assets	-	9,972,306	8,064,846	18,037,152
Segment provision held	-	1,689	1,212,957	1,214,646
Segment liabilities	-	7,412,418	2,135,060	9,547,478
Segment return on assets (ROA)(%)	-	1.35%	-0.42%	0.60%
Segment cost of funds (%)	-	3.23%	6.40%	3.98%

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.

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, 2015 (Unaudited)	December 31, 2014 (Audited)
	----- (Rupees in '000) -----	
14.1 Loans and advances to Key Management Personnel / Directors		
are as follows:		
Loans and advances to key management personnel		
Balance at beginning of the period / year	17,228	101,212
Loans granted during the period / year	-	2,000
Repayments during the period / year	(6,804)	(85,984)
Write off during the period / year	-	-
Balance at end of the period / year	10,424	17,228
Mark-up earned on loans and advances to key management personnel	245	770
Non-Executive Director's remuneration	-	2,126
Salaries and benefits	66,093	76,607

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	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
	----- (Rupees in '000) -----	
Contribution to defined contribution plan	2,204	3,158
Disposal of fixed assets to key personnel	-	21,165
Contribution to defined contribution plan	2,635	4,681
Receivable from Iran Foreign Investment Company- net	1,773	5,870
Dividend payable	150,000	75,000

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	Rupees '000
	Investments	Other assets	
Interest accrued on Pakistan Investment Bonds			240,791



18. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was approved and authorised for issue on 10 6 AUG 2015 by the Board of Directors of the Company.

ETAC

 Chairman


 Chief Executive Officer


 Director



 Director