



PAIR Investment Company Limited
Condensed Interim Financial Statements (Un-audited)
For the Period ended 31 March 2017

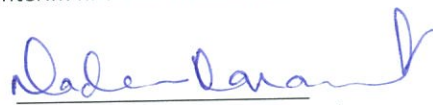
PAiR Investment Company Limited
Condensed Interim Statement of Financial Position
As at March 31, 2017

| | Note | March 31, 2017 (Un-audited) (Rupees in '000) | December 31, 2016 (Audited) |
|--|------|---|-----------------------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 37,919 | 64,205 |
| Balances with other banks | | 136,098 | 432,783 |
| Lendings to financial institutions | | 450,000 | - |
| Investments | 7 | 11,748,422 | 11,842,973 |
| Advances | 8 | 4,795,026 | 5,424,351 |
| Operating fixed assets | 9 | 173,901 | 176,982 |
| Deferred tax assets | | 260,985 | 238,128 |
| Other assets | 10 | 401,865 | 419,049 |
| | | 18,004,216 | 18,598,471 |
| LIABILITIES | | | |
| Bills payable | | - | - |
| Borrowings from financial institutions | 11 | 6,787,910 | 6,549,981 |
| Deposits and other accounts | 12 | 1,365,919 | 2,079,728 |
| Sub-ordinate loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities | | - | - |
| Other liabilities | | 646,544 | 518,803 |
| | | 8,800,373 | 9,148,512 |
| NET ASSETS | | 9,203,843 | 9,449,959 |
| REPRESENTED BY | | | |
| Share capital | 13 | 6,000,000 | 6,000,000 |
| Reserves | | 813,840 | 794,107 |
| Unappropriated profit | | 2,351,705 | 2,572,774 |
| | | 9,165,545 | 9,366,881 |
| Surplus on revaluation of assets - net of deferred tax | 14 | 38,298 | 83,078 |
| | | 9,203,843 | 9,449,959 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | | |


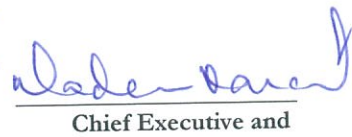
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer /
Managing Director

Chairman

Chief Executive and
Managing Director



Director



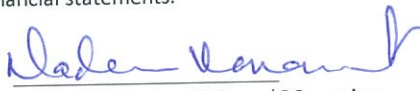
Director

PAiR Investment Company Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter ended March 31, 2017


| | March 31, 2017 | March 31, 2016 |
|--|-------------------|-------------------|
| | (Rupees in '000) | |
| Mark-up / return / interest earned | 275,309 | 365,746 |
| Mark-up / return / interest expensed | 109,536 | 154,681 |
| Net mark-up / interest income | 165,773 | 211,065 |
| (Reversal)/Provision for non-performing loans and advances | (377) | (2,819) |
| (Reversal) / Provision for diminution in value of investments | (471) | (14,293) |
| Bad debts written-off directly | - | - |
| | (848) | (17,112) |
| Net mark-up / interest income after provisions | 166,621 | 228,177 |
| NON MARK-UP / INTEREST INCOME | | |
| Fee, commission and brokerage income | 2,911 | 5,000 |
| Dividend income | 3,794 | 6,814 |
| Income from dealing in foreign currencies | (305) | 240 |
| Gain on sale of securities - net | 43,906 | 15,350 |
| Gain on sale of fixed assets | - | - |
| Unrealised (loss) / gain on revaluation of 'held for trading' securities | 227 | (64) |
| Other income | - | - |
| Total non mark-up / interest income | 50,533 | 27,340 |
| NON MARK-UP / INTEREST EXPENSES | | |
| Administrative expenses | 87,961 | 74,490 |
| Other charges | - | - |
| Total non mark-up / interest expenses | 87,961 | 74,490 |
| Extraordinary / unusual items | - | - |
| PROFIT BEFORE TAXATION | 129,193 | 181,027 |
| Taxation | | |
| - Current | 41,321 | 45,000 |
| - Prior year | - | - |
| - Deferred | (10,792) | 7,507 |
| | 30,529 | 52,507 |
| PROFIT AFTER TAXATION | 98,664 | 128,520 |
| | (Rupees) | |
| Basic and diluted earnings per share | 0.16 | 0.21 |

The annexed notes 1 to 20 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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter ended March 31, 2017

| | March 31, 2017 | March 31, 2016 |
|--|-------------------|-------------------|
| | (Rupees in '000) | |
| Profit after taxation for the period | 98,664 | 128,520 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | 98,664 | 128,520 |

Surplus / deficit on revaluation of "Available-for-Sale" securities is presented under a separate account below equity as "surplus / deficit on revaluation of assets" in accordance with the requirements specified by the Companies Ordinance, 1984 and the directive of State Bank of Pakistan vide its BSD Circular Letter No. 07, dated April 20, 2010.

The annexed notes 1 to 20 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

PAiR Investment Company Limited
Condensed Interim Cash Flow Statement - (Un-audited)
For the Quarter ended March 31, 2017

| | March 31, 2017 | March 31, 2016 |
|--|-----------------------|-----------------------|
| | (Rupees in '000) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 129,193 | 181,027 |
| Less: Dividend income | <u>(3,794)</u> | <u>(6,814)</u> |
| | 125,399 | 174,213 |
| Adjustments for: | | |
| Depreciation | 3,504 | 3,876 |
| Amortisation | 88 | 70 |
| Reversal against non-performing loans and advances | (377) | (2,819) |
| Reversal against diminution in the value of investments | (471) | (14,293) |
| Gain on sale of fixed assets | - | - |
| Unrealised loss / (gain) on revaluation of 'held for trading' securities | <u>(227)</u> | <u>64</u> |
| | 2,517 | (13,102) |
| | <u>127,916</u> | <u>161,111</u> |
| Decrease / (Increase) in operating assets | | |
| Lendings to financial institutions | (450,000) | - |
| Loans and advances | 629,702 | (2,937) |
| Others assets - net | <u>20,299</u> | <u>(15,774)</u> |
| | 200,001 | (18,711) |
| Increase / (decrease) in operating liabilities | | |
| Borrowings from financial institutions | 237,929 | (4,924,632) |
| Deposits and other accounts | (713,809) | (1,051,741) |
| Other liabilities (excluding current taxation) | <u>(22,097)</u> | <u>(108,894)</u> |
| | (497,977) | (6,085,267) |
| | <u>(170,060)</u> | <u>(5,942,867)</u> |
| Income taxes paid | <u>(53,548)</u> | <u>(44,484)</u> |
| Net cash outflows from operating activities | <u>(223,608)</u> | <u>(5,987,351)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net disposal of securities | 50,469 | 6,095,974 |
| Dividend income received | 679 | 10 |
| Investments in operating fixed assets | (511) | - |
| Sale proceed from sale of operating fixed assets | - | (523) |
| Net cash inflows from investing activities | <u>50,637</u> | <u>6,095,461</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | <u>(150,000)</u> | <u>(150,000)</u> |
| Net cash outflows from financing activities | <u>(150,000)</u> | <u>(150,000)</u> |
| (Decrease) / increase in cash and cash equivalents | <u>(322,971)</u> | <u>(41,890)</u> |
| Cash and cash equivalents at beginning of the period | <u>496,988</u> | <u>261,540</u> |
| Cash and cash equivalents at end of the period | <u><u>174,017</u></u> | <u><u>219,650</u></u> |

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Chief Executive Officer /
 Managing Director


 Chairman


 Chief Executive Officer /
 Managing Director


 Director



 Director


PAiR Investment Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the Quarter ended March 31, 2017

| | Share capital | Statutory reserves | Unappropriated profit | Total |
|---|-----------------------------|--------------------|-----------------------|------------------|
| | ------(Rupees in '000)----- | | | |
| Balance as at January 1, 2016 | 6,000,000 | 673,449 | 2,390,166 | 9,063,615 |
| Total comprehensive income for the period ended March 31, 2016 | - | - | 128,520 | 128,520 |
| Transfer to statutory reserve | - | 25,704 | (25,704) | - |
| Transactions with owners recognised directly in equity | | | | |
| Final cash dividend - December 31, 2015 declared subsequent to the year end | | | (300,000) | (300,000) |
| Balance as at March 31, 2016 | 6,000,000 | 699,153 | 2,192,982 | 8,892,135 |
| Total comprehensive income for the period ended December 31, 2016 | - | - | 474,746 | 474,746 |
| Transfer to statutory reserve | - | 94,954 | (94,954) | - |
| Transactions with owners recognised directly in equity | | | | |
| | - | - | - | - |
| Balance as at December 31, 2016 | 6,000,000 | 794,107 | 2,572,774 | 9,366,881 |
| Total comprehensive income for the period ended March 31, 2017 | - | - | 98,664 | 98,664 |
| Transfer to statutory reserve | - | 19,733 | (19,733) | - |
| Transactions with owners recognised directly in equity | | | | |
| Final cash dividend - December 31, 2016 declared subsequent to the year end | - | - | (300,000) | (300,000) |
| Balance as at March 31, 2017 | 6,000,000 | 813,840 | 2,351,705 | 9,165,545 |

The annexed notes 1 to 20 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 Statements (Un-audited)

For the Quarter ended March 31, 2017

1. STATUS AND NATURE OF BUSINESS

PAİR Investment Company Limited is a 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 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 and principal office is situated at ICCI building, Clifton, Karachi.

2. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments have been stated at revalued amounts in accordance with the directives of the State Bank of Pakistan.

3. STATEMENT OF COMPLIANCE

These financial statements are unaudited and are presented in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the purpose of these financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2016.

5. ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimating uncertainty were the same as those applied to financial statements for the year ended December 31, 2016.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2016.

| 7. INVESTMENTS | March 31, 2017 (Un-audited) | | | December 31, 2016 (Audited) | | |
|---|---|------------------------|-------------------|--------------------------------|------------------------|-------------------|
| | Held by Company | Given as collateral | Total | Held by Company | Given as collateral | Total |
| 7.1 Investments by types | ------(Rupees in '000)----- | | | | | |
| Held for Trading | | | | | | |
| Pakistan Investment Bonds | 102,629 | 1,245,464 | 1,348,093 | 322,815 | - | 322,815 |
| Listed ordinary shares | 2,441 | - | 2,441 | 4,215 | - | 4,215 |
| | 105,070 | 1,245,464 | 1,350,534 | 327,030 | - | 327,030 |
| Available for sale | | | | | | |
| Market treasury bills | 822,318 | 3,095,080 | 3,917,398 | 1,744,779 | 3,696,579 | 5,441,358 |
| Pakistan investment bonds | - | 1,706,861 | 1,706,861 | 463,663 | 1,568,555 | 2,032,218 |
| Mutual funds units | 865,000 | - | 865,000 | 800,000 | - | 800,000 |
| Listed ordinary shares | 293,702 | 10,834 | 304,536 | 250,022 | 10,822 | 260,844 |
| Sukuk certificates | 316,763 | - | 316,763 | 255,468 | - | 255,468 |
| Term finance certificates - listed | 499,660 | 499,500 | 999,160 | 339,371 | 659,869 | 999,240 |
| Term finance certificates - unlisted | 2,080,910 | 161,281 | 2,242,191 | 1,626,609 | - | 1,626,609 |
| | 4,878,353 | 5,473,556 | 10,351,909 | 5,479,912 | 5,935,825 | 11,415,737 |
| Investments at cost | 4,983,423 | 6,719,020 | 11,702,443 | 5,806,942 | 5,935,825 | 11,742,767 |
| Provision for diminution in value of investments | 7.3 (12,100) | - | (12,100) | (12,571) | - | (12,571) |
| Investments - net of provision | 4,971,323 | 6,719,020 | 11,690,343 | 5,794,371 | 5,935,825 | 11,730,196 |
| (Deficit) on revaluation of 'held for trading' securities | 227 | - | 227 | (1,920) | - | (1,920) |
| Surplus on revaluation of 'available for sale' securities | 502 | 57,350 | 57,852 | 48,191 | 66,506 | 114,697 |
| | <u>4,972,052</u> | <u>6,776,370</u> | <u>11,748,422</u> | <u>5,840,642</u> | <u>6,002,331</u> | <u>11,842,973</u> |
| 7.2 Investments by segments | March 31, 2017 (Unaudited) / December 31, 2016 (Audited) (Rupees in '000) | | | | | |
| Federal Government securities | | | | | | |
| - Market treasury bills | | | | 3,917,398 | 5,441,358 | |
| - Pakistan investment bonds | | | | 3,054,954 | 2,355,033 | |
| | | | | 6,972,352 | 7,796,391 | |
| Mutual funds Units - Listed | | | | | | |
| Fully paid up ordinary shares - Listed | | | | 865,000 | 800,000 | |
| Term finance certificates - Listed | | | | 306,977 | 265,059 | |
| - Unlisted | | | | 999,160 | 999,240 | |
| | | | | 2,242,191 | 1,626,609 | |
| | | | | 3,241,351 | 2,625,849 | |
| Sukuk certificates - unlisted | | | | | | |
| | | | | 316,763 | 255,468 | |
| Total investments at cost | | | | 11,702,443 | 11,742,767 | |
| Provision for diminution in value of investments | | | | (12,100) | (12,571) | |
| Investments - net of provisions | | | | 11,690,343 | 11,730,196 | |
| Surplus / (Deficit) on revaluation of 'held for trading' securities | | | | 227 | (1,920) | |
| Surplus on revaluation of 'available for sale' securities | | | | 57,852 | 114,697 | |
| Total investments at market value | | | | <u>11,748,422</u> | <u>11,842,973</u> | |
| 7.3 Particulars of provision for diminution in value of investments | | | | | | |
| Opening balance | | | | 12,571 | 378,780 | |
| Reversal during the period / year - net | | | | (471) | (366,209) | |
| Closing balance | | | | <u>12,100</u> | <u>12,571</u> | |

| | Note | March 31, 2017 (Un-audited) ----- (Rupees in '000) ----- | December 31, 2016 (Audited) |
|---|-------|---|-----------------------------------|
| 8. ADVANCES | | | |
| Loans, cash credits, running finances, etc. in Pakistan | | 5,461,972 | 6,127,766 |
| Net investment in finance lease | | 166,109 | 129,748 |
| | | 5,628,081 | 6,257,514 |
| Bills discounted and purchased (excluding treasury bills) | | 24,449 | 24,718 |
| Advances - Gross | | 5,652,530 | 6,282,232 |
| Provision for non performing loans and advances | 8.1.1 | (857,504) | (857,881) |
| Advances - Net of Provision | | 4,795,026 | 5,424,351 |

8.1 Advances include 1,162.922 million (December 2016: 1,168.338 million) which have been placed under non-performing status as detailed below:

| Category of classification | As at 31 March 2017 | | | Provision required | Provision held required |
|----------------------------|------------------------------|----------|-----------|-----------------------|----------------------------|
| | Non-performing advances | | | | |
| | Domestic | Overseas | Total | | |
| | ----- (Rupees in '000) ----- | | | | |
| Substandard | 204,672 | - | 204,672 | 35,289 | 35,289 |
| Doubtful | - | - | - | - | - |
| Loss | 958,250 | - | 958,250 | 822,215 | 822,215 |
| | 1,162,922 | - | 1,162,922 | 857,504 | 857,504 |
| | ----- | | | | |
| Category of classification | As at 31 December 2016 | | | Provision required | Provision held required |
| | Non-performing advances | | | | |
| | Domestic | Overseas | Total | | |
| | ----- (Rupees in '000) ----- | | | | |
| Substandard | 204,672 | - | 204,672 | 35,289 | 35,289 |
| Doubtful | - | - | - | - | - |
| Loss | 963,666 | - | 963,666 | 822,592 | 822,592 |
| | 1,168,338 | - | 1,168,338 | 857,881 | 857,881 |
| | ----- | | | | |

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

| | March 31, 2017 | | | December 31, 2016 | | |
|-----------------------|------------------------------|---------|---------|-------------------|---------|-----------|
| | Specific | General | Total | Specific | General | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Opening balance | 857,881 | - | 857,881 | 907,528 | - | 907,528 |
| Charge for the period | 5,040 | - | 5,040 | 58,235 | - | 58,235 |
| Reversals | (5,417) | - | (5,417) | (107,882) | - | (107,882) |
| | (377) | - | (377) | (49,647) | - | (49,647) |
| Amounts written off | - | - | - | - | - | - |
| Closing balance | 857,504 | - | 857,504 | 857,881 | - | 857,881 |
| | ----- | | | ----- | | |

| | | March 31, 2017 (Un-audited) ----- (Rupees in '000) ----- | December 31, 2016 (Audited) |
|---|-----|---|-----------------------------------|
| 9. OPERATING FIXED ASSETS | | | |
| Capital Work In- Progress | 9.2 | 154,343 | 154,343 |
| Property and equipment | | 19,102 | 22,365 |
| Intangible Assets | | 456 | 274 |
| Operating fixed assets - Book value | | 173,901 | 176,982 |
| 9.1 Following additions have been made to operating fixed assets during the period: | | | |
| Additions - Cost | | 511 | 1,000 |
| 9.2 This represents office premises situated at Ocean Mall, Clifton, Karachi, purchased by the Company for the purpose of utilizing as its registered & principal office. | | | |

| | March 31, 2017 (Un-audited) | December 31, 2016 (Audited) |
|--|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 10. OTHER ASSETS | | |
| Income / mark-up accrued in local currency | 277,073 | 281,187 |
| Dividend receivable | 4,169 | 1,054 |
| Security deposits | 7,231 | 7,231 |
| Receivable from defined benefit plan | - | 986 |
| Non-banking asset acquired in satisfaction of claims | 105,450 | 105,450 |
| Advances, deposits, advance rent and other prepayments | 7,942 | 23,141 |
| | <u>401,865</u> | <u>419,049</u> |

| | March 31, 2017 (Un-audited) | December 31, 2016 (Audited) |
|--|-----------------------------------|-----------------------------------|
| | (Rupees in '000) | |
| 11. BORROWINGS FROM FINANCIAL INSTITUTIONS | | |
| Secured | | |
| 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) | 11.2 273,150 | 273,150 |
| Repurchase agreement borrowings | 11.3 5,923,678 | 5,187,461 |
| Term borrowing | 11.4 437,500 | 562,500 |
| | <u>6,640,910</u> | <u>6,032,981</u> |
| Unsecured | | |
| Clean borrowings | 147,000 | 517,000 |
| | <u>6,787,910</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% (December 31, 2016: 4.5%). 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 3.5% per annum (December 31, 2016: 3.5%). The borrowing will mature in November 2023.
- 11.3 These carry mark-up at the rates ranging from 5.95% to 6.10% per annum (December 31, 2016: 5.9% to 6.2%). These borrowings will mature up to May 2017 (December 31, 2016: January 2017).
- 11.4 This represent finance obtained from a commercial bank 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.

| | March 31, 2017 (Un-audited) | December 31, 2016 (Audited) |
|--|-----------------------------------|-----------------------------------|
| | (Rupees in '000) | |
| 12. DEPOSITS AND OTHER ACCOUNTS | | |
| Customers | | |
| Term Deposits - Remunerative | 12.1 1,230,659 | 1,254,468 |
| Term Deposits - Non - Remunerative | 12.2 260 | 260 |
| Financial Institutions | | |
| Term Deposits - Remunerative | 12.3 135,000 | 825,000 |
| | <u>1,365,919</u> | <u>2,079,728</u> |

- 12.1 The mark-up rates on these certificate of investments (COI) range between 5.95% to 6.10% per annum (December 31, 2016: 6.2% to 7% per annum). These COIs will mature up to March 2018 (December 31, 2016: December 2017).
- 12.2 These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to January 2018 (December 31, 2016: December 2017).
- 12.3 The mark-up rates on these certificate of investments (COI) range between 6.35% to 6.70% per annum (December 31, 2016: 6.25% to 6.4% per annum). These COIs will mature up to October 2017 (December 31, 2016: December 2017).

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| Ordinary Shares of Rs.10 each | | | March 31, 2017 (Un-audited) | December 31, 2016 (Audited) |
|---|-----------------------------------|--|-----------------------------------|-----------------------------------|
| March 31, 2016 (Un-audited) | December 31, 2016 (Audited) | | (Rupees in '000) | |
| (Number of shares) | | | | |
| <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> |
| Issued, subscribed and paid-up capital | | | | |
| Ordinary Shares of Rs.10 each (Number of shares) | | | | |
| <u>600,000,000</u> | <u>600,000,000</u> | Ordinary shares of Rs. 10 each issued for cash | <u>6,000,000</u> | <u>6,000,000</u> |

| 14. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX | | March 31, 2017 (Un-audited) | December 31, 2016 (Audited) |
|--|--|-----------------------------------|-----------------------------------|
| | | (Rupees in '000) | |
| (Deficit) / surplus on revaluation of quoted equity shares | | (20,831) | 18,232 |
| Surplus on revaluation of mutual funds | | 5,362 | 3,048 |
| (Deficit) arising on revaluation of T-Bills | | (1,819) | (2,355) |
| Surplus on revaluation of TFCs | | 22,600 | 19,645 |
| Surplus on revaluation of PIBs | | <u>52,540</u> | <u>76,127</u> |
| | | 57,852 | 114,697 |
| Related deferred tax liability | | <u>(19,554)</u> | <u>(31,619)</u> |
| | | <u>38,298</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 194.698 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.

For tax years 2009 to 2013, the Company has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders passed by Commissioner Inland Revenue and confirmed by Commissioner (Appeals), which are pending for hearing. The management of the Company is confident that outcome of the appeals will be in favor of the Company.

The ATIR has passed the orders for Tax Year 2014 and 2015 in which it has deleted the demand raised on account 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 the Supreme Court's order. Further ATIR has also remanded back certain issues for re-adjudication. However, the income tax department may file reference before High Court on the orders passed by ATIR.

| | | March 31, 2017 (Un-audited) | December 31, 2016 (Audited) |
|------|------------------------------|-----------------------------------|-----------------------------------|
| | | (Rupees in '000) | |
| 15.1 | Direct Credit Substitutes | <u>321,675</u> | <u>222,392</u> |
| 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.

16. SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | March 31, 2017 | | | | |
|--|--|---|-----------------|-----------|------------|
| | 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 |
| Segment assets | 7,620,414 | 9,200,864 | 261,907 | 921,031 | 18,004,216 |
| Segment impaired assets / non performing loans | 1,217,259 | - | - | - | 1,217,259 |
| Segment provision required and held | 869,604 | - | - | - | 869,604 |
| Segment liabilities | 1,388,208 | 6,723,402 | - | 688,763 | 8,800,373 |
| Segment return on assets -% * | 7.59% | 7.45% | 27.25% | | 7.36% |
| Segment cost of funds -% * | 5.72% | 5.99% | | | 5.26% |
| | March 31, 2016 | | | | |
| | Corporate Finance & Commercial Banking | Trading & Sales (other than Capital Market) | Capital Markets | Others | Total |
| | (Rupees in '000) | | | | |
| Total income - Gross | 98,917 | 302,546 | (8,627) | 250 | 393,086 |
| Total markup / return / interest expense | 18,717 | 134,628 | 1,336 | - | 154,681 |
| Segment provision / (reversal) / impairment | (5,062) | - | (12,050) | - | (17,112) |
| | 13,655 | 134,628 | (10,714) | - | 137,569 |
| Net operating income | 85,262 | 167,918 | 2,087 | 250 | 255,517 |
| Administrative expenses and other charges | | | | | 74,490 |
| Profit before taxation | | | | | 181,027 |
| | December 31, 2016 | | | | |
| 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 -% * | 8.16% | 9.17% | -9.58% | | 8.48% |
| Segment cost of funds -% * | 6.04% | 6.49% | | | 6.62% |

* These are based on average balances of assets and liabilities during the period.

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

17. 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 employees 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:

| | March 31, 2017 | December 31, 2016 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 17.1 Loans and advances to key management personnel | | |
| Balance at beginning of the period / year | 26,626 | 29,818 |
| Loans granted during the period / year | - | 1,369 |
| Repayments during the period / year | (2,066) | (4,561) |
| Balance at end of the period / year | <u>24,560</u> | <u>26,626</u> |
| 17.2 Deposits from the key management personal | | |
| Balance at beginning of the period / year | 120 | 60 |
| Deposits received during the period / year | - | 360 |
| Deposits redemed during the period / year | - | (300) |
| Balance at end of the period / year | <u>120</u> | <u>120</u> |
| 17.3 Receivable from Iran Foreign Investment Company (net) | <u>2,355</u> | <u>2,317</u> |
| 17.4 Dividend payable to Iran Foreign Investment Company | <u>450,000</u> | <u>300,000</u> |
| 17.5 Deposit from PAIR Investment Co. Ltd. Employees Gratuity Fund | <u>7,300</u> | <u>3,400</u> |
| 17.5.1 The mark-up rates on these certificate of investments (COI) range between 6.6% to 6.75% per annum (December 31, 2016: 6.6% to 6.75% per annum). These COIs will mature up to March 2018 (December 31, 2016: December 2017). | | |
| 17.6 Deposit from Pak Iran Joint Inv. Co. Ltd. Staff Provident Fund | <u>17,700</u> | <u>12,500</u> |
| 17.6.1 The mark-up rates on these certificate of investments (COI) range between 6.6% to 6.75% per annum (December 31, 2016: 6.6% to 6.75% per annum). These COIs will mature up to March 2018 (December 31, 2016: December 2017). | | |
| 17.7 Receivable from PAIR Investment Employee Gratuity Funds | <u>-</u> | <u>986</u> |
| | March 31, 2017 | March 31, 2016 |
| | ----- (Rupees in '000) ----- | |
| 17.8 The Key Management Personnel / Directors' compensation are as follows: | | |
| Mark-up earned on loans and advances | <u>301</u> | <u>348</u> |
| Salaries & Benefits | <u>58,012</u> | <u>61,562</u> |
| Contribution to defined contribution plan | <u>1,418</u> | <u>1,871</u> |
| Non-executive directors' remuneration * | <u>644</u> | <u>529</u> |
| 17.8 Amount transferred to provident fund | <u>4,171</u> | <u>5,100</u> |
| 17.9 Amount transferred to gratuity fund | <u>2,400</u> | <u>-</u> |
| 17.10 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.

18. 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).

19. GENERAL

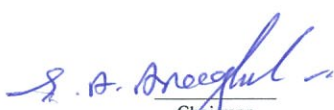
Figures have been rounded off to the nearest thousand rupees.

20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 28, 2017 by the Board of Directors.



Chief Financial Officer


Chief Executive Officer /
Managing Director


Chairman


Chief Executive and
Managing Director


Director


Director