

**PAiR Investment Company Limited**  
**Condensed Interim Financial Statements (Un-audited)**  
**For the Nine Months Period Ended September 30, 2015**

**PAİR INVESTMENT COMPANY LIMITED**  
**DIRECTORS' REPORT FOR THE PERIOD ENDED September 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 September 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**

Year-on-Year CPI inflation of 1.32% for September 2015 has been the lowest since 2003. International commodity prices have been subdued, and are expected to remain weak in the near future due to slowdown in Chinese economy and weak growth prospects in other large economies of the world. These trends suggest that inflation is likely to remain low in near future.

The low inflation and improvement in foreign exchange reserves, the State Bank of Pakistan (SBP) lowered the Policy Rate by 50bps to 6% in the Monetary Policy announced during September 2015. Long-term government bonds i.e. Pakistan Investment Bonds (PIBs) continue to be attractive as the yields on these bonds are still much higher (10Y PIB 9.3% p.a.) than the yields on short-term Treasury Bills (T-bills) (1Y T-Bill 6.5% p.a.). The market had anticipated the cut in MPS and all tenors of long-term PIBs witnessed decline in yields in the auction prior to the MPS announcement.

The Karachi Stock Market remained volatile aimed on-going operation of law enforcement agencies and weakness in global markets. Expectations about Federal Reserve's decision to hike interest rate in upcoming MPS and regional market performance will continue to dictate the local market performance in the near term. Any corrections in the stock market should therefore be viewed by long-term investors as opportunities to build stock market exposure.

**Financial Overview**

	September 30, 2015	September 30, 2014	Change
	-----PKR in 000-----		%
Net revenue from funds	657,276	509,758	29%
Other Income	301,085	272,853	10%
Total Income	958,362	782,611	22%
Admin expenses	(215,922)	(206,494)	5%
<b>Profit before provisions</b>	<b>742,440</b>	<b>576,117</b>	<b>29%</b>
Provisions	(37,748)	(429,622)	-91%
Profit before tax	704,692	146,495	381%
Taxation	(267,158)	(28,390)	841%
<b>Profit after Tax</b>	<b>437,534</b>	<b>118,105</b>	<b>270%</b>
<b>EPS - (Rupees)</b>	<b>0.73</b>	<b>0.20</b>	<b>270%</b>

Taking on the advantage of the rate cuts with the improved profitability versus the same period last year PAİR continued to augment the balance sheet footing closing the total assets at PKR 20.325 billion (December 2014: PKR 18.744 billion) which comes to increase of 8.44%. The funding resources were diversified and efforts were materialized in raising deposits. With an increment of PKR 1.238 billion the deposits stood at PKR 1.624 billion (December 2014: 0.386). Cautious approach was followed with respect to advances portfolio and despite the repayments, additions were made in private sector development projects, energy sector and in agri business, maintaining the overall portfolio on healthy footing. There were no new additions during the year in the non-performing loans. P&L charge in respect of non-performing loan was also kept in control. An expense charge of PKR 36.057million pertaining to non-performing loans was taken for the nine months ended September 2015 as compared to PKR 409.578 same period last year. Higher operating revenue with controlled expenses augmented by prudent investments gave boost to earnings after tax by 270% over the same period last year.

#### **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**

PAİR Investment prime focus will remain in providing services and financing to projects which provide sustainable long term economic growth and infrastructure. PAİR 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 PAİR.

On Behalf of the Board of Director

Pakistan: October 29, 2015

Chairman



**PAiR Investment Company Limited**  
**Condensed Interim Statement of Financial Position**  
**As at September 30, 2015**

	Note	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		32,520	33,303
Balances with other banks		176,394	261,059
Lendings to financial institutions		-	-
Investments - net	5	15,976,872	14,114,870
Advances - net	6	3,488,507	3,592,178
Operating fixed assets	7	195,823	210,352
Deferred tax assets-net		238,600	272,920
Other assets - net	8	216,855	259,534
		<b>20,325,571</b>	<b>18,744,216</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	9	9,195,973	9,221,225
Deposits and other accounts	10	1,624,369	386,060
Sub-ordinate loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		425,082	344,186
		<b>11,245,424</b>	<b>9,951,471</b>
<b>NET ASSETS</b>		<b>9,080,147</b>	<b>8,792,745</b>
<b>REPRESENTED BY</b>			
Share capital	11	6,000,000	6,000,000
Reserves		641,519	553,966
Unappropriated profit		2,262,953	2,062,742
		<b>8,904,472</b>	<b>8,616,708</b>
Surplus on revaluation of assets - net of deferred tax	12	175,675	176,037
		<b>9,080,147</b>	<b>8,792,745</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive /  
Managing Director

  
Director

  
Director

**PAiR Investment Company Limited**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the nine months period ended September 30, 2015**

	Nine months period ended		Quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
----- (Rupees in '000) -----				
Mark-up / return / interest earned	1,111,817	873,563	378,054	317,611
Mark-up / return / interest expensed	454,452	363,805	159,594	123,915
<b>Net mark-up / interest income</b>	<b>657,365</b>	<b>509,758</b>	<b>218,460</b>	<b>193,696</b>
Provision against non-performing loans and advances	36,057	409,578	11,457	119,011
Provision for diminution in the value of investments - net	1,690	20,044	1,708	14,765
	37,747	429,622	13,165	133,776
<b>Net mark-up / interest income after provisions</b>	<b>619,618</b>	<b>80,136</b>	<b>205,295</b>	<b>59,920</b>
<b>NON MARK-UP / INTEREST INCOME</b>				
Fees, commission and brokerage income	9,963	13,793	1,753	2,011
Dividend income	24,279	20,146	3,248	5,755
Income / (loss) in dealing in foreign currencies	261	(675)	211	27
Gain on sale of securities - net	267,225	239,746	44,333	35,728
Unrealised (loss) / gain on revaluation of 'held for trading' securities	(1,229)	(2,044)	(15,551)	965
Gain on sale of fixed assets	796	1,887	1	-
<b>Total non mark-up / interest income</b>	<b>301,295</b>	<b>272,853</b>	<b>33,995</b>	<b>44,486</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	215,991	206,494	68,758	63,499
Other charges	-	-	-	3,243
<b>Total non mark-up / interest expenses</b>	<b>215,991</b>	<b>206,494</b>	<b>68,758</b>	<b>66,742</b>
<b>PROFIT BEFORE TAXATION</b>	<b>704,922</b>	<b>146,495</b>	<b>170,532</b>	<b>37,664</b>
Taxation				
- Current	231,846	160,000	41,835	58,500
- Prior years	42,925	-	42,925	-
- Deferred	(7,613)	(131,610)	(8,033)	(33,435)
	267,158	28,390	76,727	25,065
<b>PROFIT AFTER TAXATION</b>	<b>437,764</b>	<b>118,105</b>	<b>93,805</b>	<b>12,599</b>
Earnings per share - basic and diluted - Rupees	<b>0.73</b>	<b>0.20</b>	<b>0.16</b>	<b>0.02</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
 Chairman

  
 Chief Executive /  
 Managing Director

  
 Director

  
 Director

**PAiR Investment Company Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the nine months period ended September 30, 2015**

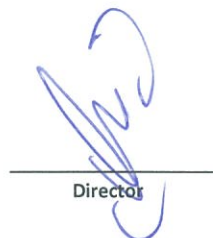
	Nine months period ended		Quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	----- (Rupees in '000) -----			
Profit after taxation for the period	437,764	118,105	93,805	12,599
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><u>437,764</u></u>	<u><u>118,105</u></u>	<u><u>93,805</u></u>	<u><u>12,599</u></u>

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 of the State Bank of Pakistan vide its BSD Circular Letter No. 07, dated April 20, 2010.

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
 Chairman

  
 Chief Executive /  
 Managing Director

  
 Director

  
 Director

**PAiR Investment Company Limited**  
**Condensed Interim Cash Flow Statement - (Un-audited)**  
**For the nine months period ended September 30, 2015**

	September 30, 2015	December 31, 2014
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	704,922	463,997
Less: Dividend income	<u>(24,279)</u>	<u>(27,125)</u>
	680,643	436,872
Adjustments for:		
Depreciation	15,936	18,143
Amortisation	1,026	3,671
Unrealised loss / (gain) on revaluation of 'held for trading' securities	1,229	(958)
Provision for non-performing loans and advances	36,057	325,224
Gain on sale of fixed assets	(796)	(1,969)
Provision for defined benefit plan	7,200	9,585
Reversal against provision for diminution in the value of investments	1,690	25,335
	<u>62,342</u>	<u>379,031</u>
	742,985	815,903
<b>Decrease / (Increase) in operating assets</b>		
Held-for-Trading Securities	-	126,411
Lendings to financial institutions	-	-
Loans and advances	67,614	(239,196)
Others assets - net	42,663	10,930
	<u>110,277</u>	<u>(101,855)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Borrowings	(25,252)	732,054
Deposits and other accounts	1,238,309	360,980
Other liabilities (excluding current taxation)	(4,815)	(1,203)
	<u>1,208,242</u>	<u>1,091,831</u>
	2,061,504	1,805,879
Income tax paid	(267,714)	(192,898)
Defined benefits paid	(3,546)	(11,638)
<b>Net cash flows from operating activities</b>	<u>1,790,244</u>	<u>1,601,343</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments	(1,823,351)	(1,486,674)
Dividend income received	24,296	27,443
Investments in operating fixed assets	(2,481)	(38,518)
Sale proceed from sale of operating fixed assets	844	4,522
<b>Net cash flows from investing activities</b>	<u>(1,800,692)</u>	<u>(1,493,227)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(75,000)	-
<b>Net cash flows used in financing activities</b>	<u>(75,000)</u>	<u>-</u>
(Decrease) / increase in cash and cash equivalents	(85,448)	108,116
Cash and cash equivalents at beginning of the period	294,362	186,246
Cash and cash equivalents at end of the period	<u>208,914</u>	<u>294,362</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive /  
Managing Director

  
Director

  
Director

**PAiR Investment Company Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the nine months period ended September 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
Profit after taxation for the nine months period ended September 30, 2014	-	-	118,105	118,105
Transfer to statutory reserve	-	23,621	(23,621)	-
<b>Balance as at September 30, 2014</b>	<b><u>6,000,000</u></b>	<b><u>507,213</u></b>	<b><u>1,875,731</u></b>	<b><u>8,382,944</u></b>
Profit after taxation for the three months period ended December 31, 2014	-	-	233,764	233,764
Transfer to statutory reserve	-	46,753	(46,753)	-
<b>Balance as at December 31, 2014</b>	<b><u>6,000,000</u></b>	<b><u>553,966</u></b>	<b><u>2,062,742</u></b>	<b><u>8,616,708</u></b>
Profit after taxation for the Nine months period ended September 30, 2015	-	-	437,764	437,764
Final dividend for the year ended December 31, 2014			(150,000)	(150,000)
Transfer to statutory reserve	-	87,553	(87,553)	-
<b>Balance as at September 30, 2015</b>	<b><u>6,000,000</u></b>	<b><u>641,519</u></b>	<b><u>2,262,953</u></b>	<b><u>8,904,472</u></b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
 Chairman

  
 Chief Executive /  
 Managing Director

  
 Director

  
 Director



**PAiR Investment Company Limited**

**Notes to the Condensed Interim Financial Statements (Un-audited)**

**For the nine months period ended September 30, 2015**

**1. STATUS AND NATURE OF BUSINESS**

PAiR 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 These condensed interim financial information of the Company for the nine months period ended September 30, 2015 have 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 these financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

- 2.2 These condensed interim financial information have been prepared under the historical cost convention except that certain investments had been marked to market and are carried at fair value.
- 2.3 These condensed interim financial information are 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 annual 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 these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2014.
- 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	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
5.1. Investments by type	----- (Rupees in '000) -----					
<b>Held for trading securities</b>						
Fully paid up ordinary shares - listed	4,676	-	4,676	71,495	-	71,495
Market treasury bills	881,760	1,360,171	2,241,931	173,977	5,503,919	5,677,896
	<b>886,436</b>	<b>1,360,171</b>	<b>2,246,607</b>	<b>245,472</b>	<b>5,503,919</b>	<b>5,749,391</b>
<b>Available for sale</b>						
Treasury bills	479,434	3,386,718	3,866,152	484,458	-	484,458
Pakistan Investment Bond	3,162,586	2,899,037	6,061,623	1,572,176	1,479,758	3,051,934
Units of mutual funds - listed	300,000	-	300,000	300,000	-	300,000
Fully paid up ordinary shares - listed	487,467	-	487,467	851,149	-	851,149
Fully paid up ordinary shares - unlisted	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	253,561	-	253,561	276,142	-	276,142
Term finance certificates - listed	1,631,595	-	1,631,595	1,822,388	-	1,822,388
Term finance certificates - unlisted	843,815	-	843,815	1,333,116	-	1,333,116
	<b>7,455,318</b>	<b>6,285,755</b>	<b>13,741,073</b>	<b>6,936,289</b>	<b>1,479,758</b>	<b>8,416,047</b>
<b>Held to maturity</b>						
Preference share	138,946	-	138,946	125,930	-	125,930
	<b>138,946</b>	<b>-</b>	<b>138,946</b>	<b>125,930</b>	<b>-</b>	<b>125,930</b>
<b>Investments at cost</b>	<b>8,480,700</b>	<b>7,645,926</b>	<b>16,126,626</b>	<b>7,307,691</b>	<b>6,983,677</b>	<b>14,291,367</b>
Less: Provision for diminution in value of investments	(399,768)	-	(399,768)	(398,078)	-	(398,078)
<b>Investments - net of provision</b>	<b>8,080,932</b>	<b>7,645,926</b>	<b>15,726,858</b>	<b>6,909,613</b>	<b>6,983,677</b>	<b>13,893,290</b>
Surplus / (Deficit) on revaluation of 'held for trading' securities	(14,105)	1,926	(12,179)	942	16	958
Surplus on revaluation of 'available' for sale securities	130,867	131,326	262,193	164,725	55,897	220,622
<b>Total Investments at market value</b>	<b>8,197,694</b>	<b>7,779,178</b>	<b>15,976,872</b>	<b>7,075,280</b>	<b>7,039,590</b>	<b>14,114,870</b>

6. ADVANCES - NET	September 30, 2015 (Un-audited)		December 31, 2014 (Audited)	
	----- (Rupees in '000) -----			
Loans in Pakistan	4,368,468		4,428,538	
Staff loans	27,378		34,921	
Advances - gross	<b>4,395,846</b>		<b>4,463,459</b>	
Provision for non performing loans and advances		6.1		(871,281)
Advances - net of provision	<b>3,488,507</b>		<b>3,592,178</b>	

6.1 Advances include Rs. 1,296.139 million (December 2014 : Rs. 1,330.507 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	231,481	-	231,481	31,749	31,749
Doubtful	-	-	-	-	-
Loss	1,064,658	-	1,064,658	875,590	875,590
	<b>1,296,139</b>	<b>-</b>	<b>1,296,139</b>	<b>907,339</b>	<b>907,339</b>

6.1.1 Particulars of provision against non-performing advances:

	September 30, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	871,282	-	871,282	546,057	-	546,057
Charge for the period	36,057	-	36,057	325,224	-	325,224
Reversal	-	-	-	-	-	-
	36,057	-	36,057	325,224	-	325,224
Amount written off	-	-	-	-	-	-
Closing balance	907,339	-	907,339	871,281	-	871,281

6.1.2 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the State Bank of Pakistan, 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. 215.189 million. Further, this amount arising from availing the benefit of FSV is not available for distribution amongst the shareholders either in the form of cash or stock dividend.

	September 30,	December 31,
	2015	2014
	(Un-audited)	(Audited)
	(Rupees in '000)	
<b>7 OPERATING FIXED ASSETS</b>		
Addition (Cost)	2,476	38518
Deletion/Disposals (WDV)	(48)	(2,553)
<b>8. OTHER ASSETS - NET</b>		
Income / mark-up accrued in local currency	177,594	210,933
Dividend receivable	360	377
Security deposits	7,231	7,232
Advances, deposits, advance rent and other prepayments	31,670	40,992
	216,855	259,534
<b>9. BORROWINGS</b>		
<b>Secured</b>		
Borrowing from State Bank of Pakistan against refinance scheme	9.1 16,446	23,022
Repurchase agreement borrowings	9.2 7,479,527	7,281,536
Term borrowing	9.3 1,000,000	1,416,667
	8,495,973	8,721,225
<b>Unsecured</b>		
Clean borrowings	700,000	500,000
	9,195,973	9,221,225

9.1 This represents Financing Facility for storage of Agricultural Produce (FFSAP) on concessional rates to develop the agricultural produce marketing and enhance storage capacity. The loan availed under the facility shall be repaid in November 2019. This borrowing carries mark-up rate of 5.0% per annum (December 2014 : 6.50%).

9.2 The mark-up rates on these borrowings range from 6.5% to 7.0% per annum (December 2014: 9.65% to 10.25% per annum) and are due to mature up to October 2015 (December 2014: February 2015).

9.3 This represent finance obtained from a commercial bank to finance the regular business operations of the Company. The finance is secured by pledge of securities. 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.

September 30  
2015  
(Un-audited)  
(Rupees in '000)

December 31  
2014  
(Audited)  
(Rupees in '000)

#### 10. DEPOSITS AND OTHER ACCOUNTS

Certificates of Investments (COIs) - remunerative (in local currency)

Financial institutions

Others

10.1	1,500,000	250,000
10.2	124,369	136,060
	1,624,369	386,060

10.1 The mark-up rates on these COIs range between 7.2% to 7.5% per annum (2014 : 0% to 10.3% per annum). These COIs will mature up to March 2016.

10.2 The mark-up rates on these COIs range between 0% to 8.35% per annum (2014 : 0% to 10.3% per annum). These COIs will mature up to September 2016.

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

Ordinary Shares of Rs.10 each

September 30,

2015

(Un-audited)

(Number of shares)

December 31,

2014

(Audited)

September 30,

2015

(Un-audited)

(Rupees in '000)

December 31,

2014

(Audited)

1,000,000,000

1,000,000,000

Ordinary shares of Rs. 10 each

10,000,000

10,000,000

Issued, subscribed and paid-up capital

Ordinary Shares of Rs.10 each

2015

(Number of shares)

600,000,000

2014

600,000,000

Ordinary shares of Rs. 10 each issued for cash

6,000,000

6,000,000

September 30,

2015

(Un-audited)

(Rupees in '000)

December 31,

2014

(Audited)

#### 12. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (Deficit) arising on revaluation of quoted securities

Surplus arising on revaluation of T-Bills

Surplus / (Deficit) arising on revaluation of TFCs

Surplus arising on revaluation of PIB

Surplus arising on revaluation of mutual funds

Related deferred tax asset

(6,557)

51,998

9,108

529

(8,843)

12,990

263,826

151,567

4,659

3,539

262,193

220,623

(86,518)

(44,586)

175,675

176,037

#### 13. CONTINGENCIES AND COMMITMENTS

##### 13.1 Contingencies

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 67.4 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.

##### 13.2 Commitments in respect of repo transactions

Commitments in respect of repo transactions

Commitments to extend credit

September 30,

2015

(Un-audited)

(Rupees in '000)

December 31,

2014

(Audited)

7,479,527

8,325,636

212,547

293,068

#### 14. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Nine months period ended September 30, 2015			
	Corporate finance	Trading and sales	Commercial banking	Total
	----- (Rupees in '000) -----			
Total income - gross	9,963	974,053	429,096	1,413,112
Total markup / return / interest expense	-	302,368	152,084	454,452
Segment provision / (reversal) / impairment/ unrealised losses	-	(1,690)	3,380	1,690
	-	-	36,057	36,057
Net operating income	9,963	300,678	191,521	492,199
Administrative expenses and other charges				215,991
Profit before taxation				704,922
Segment assets	-	11,146,663	9,473,863	20,620,527
Segment impaired assets / non performing loans	-	-	1,856,643	1,856,643
Segment provision required and held	-	-	(1,347,743)	(1,347,743)
Segment liabilities	-	8,132,549	2,905,762	11,038,311
Segment return on assets (ROA)(%)	-	7.03%	2.30%	4.53%
Segment cost of funds(%)	-	2.36%	5.90%	4.04%

	Nine months period ended September 30, 2014			
	Corporate finance	Trading and sales	Commercial banking	Total
	----- (Rupees in '000) -----			
Total income - gross	13,793	628,971	503,652	1,146,416
Total markup / return / interest expense	-	192,331	171,474	363,805
Segment provision / (reversal) / impairment/ unrealised losses	-	(1,690)	431,312	429,622
	-	190,641	602,786	793,427
Net operating income	13,793	438,330	(99,134)	352,989
Administrative expenses and other charges				206,494
Profit before taxation				146,495
Segment assets	-	12,580,041	6,164,175	18,744,216
Segment non performing loans	-	1,076	1,955,500	1,956,576
Segment provision required and held	-	(414)	(1,268,945)	(1,269,359)
Segment liabilities	-	8,060,314	1,891,157	9,951,471
Segment return on assets (ROA)(%)	-	4.40%	2.91%	3.99%
Segment cost of funds(%)	-	4.33%	8.41%	5.11%

#### 15. 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:

15.1 The Key Management Personnel / Directors compensation is as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
	----- (Rupees in '000) -----	
<b>Loans and advances to key management personnel</b>		
Balance at beginning of the period / year	11,203	101,212
Loans granted during the period / year	3,392	2,000
Repayments during the period / year	(1,299)	(92,009)
Balance at end of the period / year	<u>13,296</u>	<u>11,203</u>
Mark-up received on loans	<u>1,629</u>	<u>2,823</u>
Salaries and benefits	<u>92,032</u>	<u>101,345</u>
Contribution to defined contribution plan	<u>4,159</u>	<u>3,813</u>
Disposal of Fixed Assets to Key Management Personnel	<u>-</u>	<u>2,358</u>
Receivable from Iran Foreign Investment Company (net)	<u>1,773</u>	<u>1,773</u>
Dividend payable to Iran Foreign Investment Company	<u>150,000</u>	<u>75,000</u>

16. 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.

17. GENERAL


Figures have been rounded off to the nearest thousand rupees.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 29 OCT 2015 by the Board of Directors.

  
Chairman

  
Chief Executive /  
Managing Director

  
Director

  
Director