

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



PAIR Investment Company Limited

For the period ended June 30, 2014



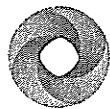
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Anjum Asim Shahid Rahman

Chartered Accountants





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

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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, 2014 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.

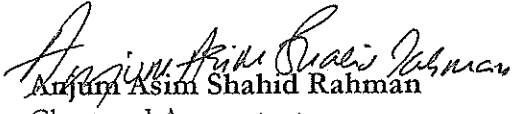
Conclusion

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, 2014 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2014.

Karachi
Date: September 12, 2014


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

PAİR Investment Company Limited

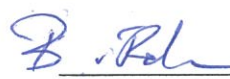
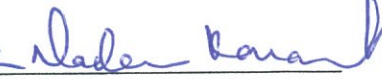


Condensed Interim Financial Information
For the period ended June 30, 2014



PAIR INVESTMENT COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
 AS AT JUNE 30, 2014

		June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		27,841	27,829
Balances with other banks		166,653	158,417
Lendings to financial institutions		-	-
Investments - net	5	13,069,597	12,745,355
Advances - net	6	3,959,147	3,678,206
Operating fixed assets	7	184,732	196,201
Deferred tax assets - net		304,343	204,896
Other assets		324,839	270,782
		18,037,152	17,281,686
LIABILITIES			
Bills payable		-	-
Borrowings	8	9,211,418	8,489,171
Deposits and other accounts	9	25,080	25,080
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		340,980	326,705
		9,577,478	8,840,956
NET ASSETS		8,459,674	8,440,730
REPRESENTED BY			
Share capital	10	6,000,000	6,000,000
Reserves		513,692	483,592
Unappropriated profit		1,856,653	1,781,247
		8,370,345	8,264,839
Surplus on revaluation of assets - net of deferred tax	11	89,329	175,891
		8,459,674	8,440,730
CONTINGENCIES AND COMMITMENTS	12		

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 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014

	Six month period ended		Three month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Note	----- (Rupees in '000) -----			
Mark-up / Return / Interest earned	555,952	661,897	308,309	316,397
Mark-up / Return / Interest expensed	239,890	308,753	148,593	138,148
Net mark-up / Interest income	316,062	353,144	159,716	178,249
Provision against non-performing loans and advances	290,567	43,750	290,567	43,750
Provision / (Reversal) against diminution in the value of investments	5,279	(4,985)	8,582	(2,414)
Net mark-up / Interest income/(Expense) after provisions	20,216	314,379	(139,433)	136,913
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	11,782	4,478	7,779	2,650
Dividend income	14,391	15,224	5,895	3,194
Income from dealing in foreign currencies	(702)	103	(159)	-
Gain on sale of securities - net	204,018	113,673	118,786	78,193
Unrealised loss on revaluation of investments classified as 'held for trading'	(3,009)	(37)	(714)	3,373
Gain on sale of fixed assets	1,887	603	108	288
Total non mark-up / Interest income	228,367	134,044	131,695	87,698
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	142,995	128,632	81,109	70,280
Other charges/(Income)	(3,243)	(51,458)	(3,243)	(51,458)
Total non mark-up / interest expenses	139,752	77,174	77,866	18,822
PROFIT/(LOSS) BEFORE TAXATION	108,831	371,249	(85,604)	205,789
Taxation				
- current	101,500	100,933	57,500	47,933
- prior years	-	22,067	-	22,067
- deferred	(98,175)	(8,541)	(98,111)	(8,548)
PROFIT/(LOSS) AFTER TAXATION	3,325	114,459	(40,611)	61,452
Earnings per share - Basic and diluted (Rupees)	0.18	0.43	(0.07)	0.24

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 MONTH PERIOD ENDED JUNE 30, 2014

	Six month period ended		Three month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- (Rupees in '000) -----			
Profit/(Loss) after taxation for the period	105,506	256,790	(44,993)	144,337
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	105,506	256,790	(44,993)	144,337

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 CASH FLOW STATEMENT (UNAUDITED)
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	108,831	371,249
Less: Dividend income	(14,391)	(15,224)
	<u>94,440</u>	<u>356,025</u>
Adjustments for:		
Depreciation	9,425	10,249
Amortisation	1,925	1,926
Provision against non-performing loans and advances	290,567	43,750
Provision/(Reversal) for diminution in the value of investments	5,279	(4,985)
Gain on sale of fixed assets	(1,887)	(603)
Unrealised loss on revaluation of 'held for trading' investments	3,009	37
Provision for gratuity	3,750	3,750
	<u>312,068</u>	<u>54,124</u>
	406,508	410,149
(Increase) / Decrease in operating assets		
Lendings to financial institutions	-	(298,658)
Advances	(571,508)	(98,517)
Others assets (excluding advance taxation) - net	(53,457)	(31,505)
	<u>(624,965)</u>	<u>(428,680)</u>
Increase / (Decrease) in operating liabilities		
Borrowings	722,247	(31,036)
Deposits and other accounts	-	180,000
Other liabilities (excluding current taxation)	58,557	(31,535)
	<u>780,804</u>	<u>117,429</u>
	562,347	98,898
Income tax paid - net	(140,666)	(88,862)
Gratuity paid	(10,138)	(867)
Net cash generated from operating activities	<u>411,543</u>	<u>9,169</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(419,092)	(65,014)
Dividend income received	13,791	14,887
Proceeds from disposal of operating fixed assets	4,246	1,227
Investment in operating fixed assets	(2,240)	(8,323)
Net cash used in investing activities	<u>(403,295)</u>	<u>(57,223)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash flows from financing activities	-	-
Increase/(Decrease) in cash and cash equivalents	8,248	(48,054)
Cash and cash equivalents at beginning of the period	186,246	150,585
Cash and cash equivalents at end of the period	<u>194,494</u>	<u>102,531</u>

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

 Chairman	 Chief Executive Officer	 Director	 Director
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PAIR INVESTMENT COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014

	Share capital	Statutory reserves	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2013 - restated	6,000,000	415,746	1,611,197	8,026,943
Total comprehensive Income for the period				
Profit after tax for the six month period ended June 30, 2013	-	-	256,790	256,790
Transfer to statutory reserve	-	51,358	(51,358)	-
Balance as at June 30, 2013	6,000,000	467,104	1,816,629	8,283,733
Total comprehensive income for the period				
Profit after tax for the six month period ended December 31, 2013	-	-	82,440	82,440
Remeasurement of defined benefit liability - net of tax	-	-	(1,334)	(1,334)
Transfer to statutory reserve	-	16,488	(16,488)	-
Cash dividend	-	16,488	64,618	81,106
	-	-	(100,000)	(100,000)
Balance as at December 31, 2013	6,000,000	483,592	1,781,247	8,264,839
Total comprehensive income for the period				
Profit after tax for the six month period ended June 30, 2014	-	-	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

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


 Chairman


 Chief Executive Officer


 Director


 Director

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

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 These condensed interim financial information of the Company for the six months period ended June 30, 2014 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, 2013.

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, 2013.

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, 2013.
- 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, 2013.

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

5. INVESTMENTS - NET

	June 30, 2014 (Unaudited)			December 31, 2013 (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	85,512	-	85,512	1,686	-	1,686
Market treasury bills	-	5,088,537	5,088,537	79,482	5,874,844	5,954,326
	85,512	5,088,537	5,174,049	81,168	5,874,844	5,956,012
Available for sale securities						
Market treasury bills	495,021	-	495,021	493,407	-	493,407
Mutual funds units	703,821	-	703,821	2,200,000	-	2,200,000
Listed ordinary shares	657,643	-	657,643	733,043	-	733,043
Unlisted ordinary shares	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	289,208	-	289,208	307,465	-	307,465
Pakistan investment bonds	900,000	1,259,450	2,159,450	-	-	-
Term finance certificates - Listed	2,394,977	-	2,394,977	1,420,686	-	1,420,686
Term finance certificates - Unlisted	1,062,218	-	1,062,218	1,380,690	-	1,380,690
	6,799,748	1,259,450	8,059,198	6,832,151	-	6,832,151
Held to maturity securities						
Commercial papers	-	-	-	36,636	-	36,636
Preference shares	118,222	-	118,222	110,639	-	110,639
	118,222	-	118,222	147,275	-	147,275
Investments at cost	7,003,482	6,347,987	13,351,469	7,060,594	5,874,844	12,935,438
Provision for diminution in value of investments	(378,022)	-	(378,022)	(372,743)	-	(372,743)
Investments - net of provisions	6,625,460	6,347,987	12,973,447	6,687,851	5,874,844	12,562,695
Surplus / (Deficit) on revaluation of 'held for trading' securities	(2,761)	(248)	(3,009)	3	(4,337)	(4,334)
Surplus/ (Deficit) on revaluation of 'available for sale' securities	99,342	(183)	99,159	186,994	-	186,994
Total investments at market value	6,722,041	6,347,556	13,069,597	6,874,848	5,870,507	12,745,355

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

5.2 Investments by segments		June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
	Note	-----(Rupees in '000)----	
Federal Government securities			
- Market treasury bills		5,583,558	6,447,733
Mutual funds units			
- Listed		703,821	2,200,000
Fully paid up ordinary shares			
- Listed		743,155	734,729
- Unlisted		296,860	296,860
		1,040,015	1,031,589
Preference shares		118,222	110,639
Term finance certificates			
- Listed		2,394,977	1,420,686
- Unlisted		1,062,218	1,380,690
		3,457,195	2,801,376
Pakistan investment bonds		2,159,450	-
Commercial papers		-	36,636
Sukuk bonds		289,208	307,465
Total investments at cost		13,351,469	12,935,438
Provision for diminution in value of investments	5.4	(378,022)	(372,743)
		12,973,447	12,562,695
Deficit on revaluation of 'held for trading' securities		(3,009)	(4,334)
Surplus on revaluation of 'available for sale' securities		99,159	186,994
Investments - net of provisions		13,069,597	12,745,355

5.3 This includes an impairment of Rs. 192.959 million (December 31, 2013: Rs. 192.959 million) which has been recognised against unlisted fully paid up ordinary shares of Burj Bank Limited. The Company considers that breakup value of the investee company is not representative of its recoverable amount, accordingly impairment testing was conducted which resulted in a charge of Rs. 192.959 million.

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

		June 30, 2014	December 31, 2013
		(Unaudited)	(Audited)
	Note	----- (Rupees in '000) -----	
5.4 Particulars of provision held against diminution in value of investments			
Opening balance		372,743	439,225
Charge for the period		8,581	6,022
Reversals		(3,302)	(72,504)
		5,279	(66,482)
Closing balance		<u>378,022</u>	<u>372,743</u>
6. ADVANCES - NET			
In Pakistan			
Loans		4,691,022	4,114,569
Staff loans		104,749	109,694
Advances - gross		<u>4,795,771</u>	<u>4,224,263</u>
Provision against non-performing loans and advances	6.2	(836,624)	(546,057)
Advances - net of provision		<u>3,959,147</u>	<u>3,678,206</u>

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

6.1 Category of Classification

Category of classification	As at June 30, 2014 - Unaudited				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	306,481	-	306,481	18,646	18,646
Doubtful	-	-	-	-	-
Loss	889,443	-	889,443	817,989	817,989
	<u>1,195,924</u>	<u>-</u>	<u>1,195,924</u>	<u>836,635</u>	<u>836,635</u>

Category of classification	As at December 31, 2013 - Audited				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	889,443	-	889,443	546,057	546,057
	<u>889,443</u>	<u>-</u>	<u>889,443</u>	<u>546,057</u>	<u>546,057</u>

6.2 Particulars of provision against non-performing advances

	June 30, 2014 - Unaudited			December 31, 2013 - Audited		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	546,057	-	546,057	205,154	-	205,154
Charge for the period/year	290,567	-	290,567	341,044	-	341,044
Write off for the period/year	-	-	-	(141)	-	(141)
	<u>290,567</u>	<u>-</u>	<u>290,567</u>	<u>340,903</u>	<u>-</u>	<u>340,903</u>
Closing balance	<u>836,624</u>	<u>-</u>	<u>836,624</u>	<u>546,057</u>	<u>-</u>	<u>546,057</u>

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. 129.428 million (December 31, 2013: 343.386 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.

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

		June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
		----(Rupees in '000)----	
7. OPERATING FIXED ASSETS	Note		
Capital work-in-progress		154,343	154,343
Tangible fixed assets		27,861	37,405
Intangible assets		2,528	4,453
		<u>184,732</u>	<u>196,201</u>
8. BORROWINGS			
In Pakistan- local currency	8.1	<u>9,211,418</u>	<u>8,489,171</u>
8.1 Details of borrowings secured / unsecured			
Secured			
Borrowing from State Bank of Pakistan- FFSAP	8.2	26,310	29,598
Repurchase agreement borrowings	8.3	6,249,535	5,859,573
Term borrowings	8.4	<u>1,708,333</u>	<u>1,500,000</u>
		7,984,178	7,389,171
Unsecured			
Clean borrowings		755,000	1,100,000
Commercial Paper		472,240	-
		<u>9,211,418</u>	<u>8,489,171</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 31,2013: 6.5% per annum). The borrowing will mature in November 2019.			
8.3			
These carry mark-up at rates ranging from 9.90% to 10.30% per annum (December 31,2013: 9.55% to 10.05% per annum) and are secured against Government Securities having carrying amount of Rs. 6,348 million (December 31,2013: Rs. 5,875 million). The borrowings will mature up to August 8, 2014 (December 31,2013: January 31,2014).			
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.			
9. DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
		----- (Rupees in '000) -----	
Certificates of investments (COIs)- remunerative (in local currency)			
Financial institutions		-	-
Customers	9.1	<u>25,080</u>	<u>25,080</u>
		<u>25,080</u>	<u>25,080</u>

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

		June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
		-----(Rupees in '000)----	
7. OPERATING FIXED ASSETS	Note		
Capital work-in-progress		154,343	154,343
Tangible fixed assets		27,861	37,405
Intangible assets		2,528	4,453
		<u>184,732</u>	<u>196,201</u>
8. BORROWINGS			
In Pakistan- local currency	8.1	<u>9,211,418</u>	<u>8,489,171</u>
8.1 Details of borrowings secured / unsecured			
Secured			
Borrowing from State Bank of Pakistan- FFSAP	8.2	26,310	29,598
Repurchase agreement borrowings	8.3	6,721,775	5,859,573
Term borrowings	8.4	1,708,333	1,500,000
		<u>8,456,418</u>	<u>7,389,171</u>
Unsecured			
Clean borrowings		<u>755,000</u>	<u>1,100,000</u>
		<u>9,211,418</u>	<u>8,489,171</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 31,2013: 6.5% per annum). The borrowing will mature in November 2019.			
8.3			
These carry mark-up at rates ranging from 9.90% to 10.30% per annum (December 31,2013: 9.55% to 10.05% per annum) and are secured against Government Securities having carrying amount of Rs. 6,348 million (December 31,2013: Rs. 5,875 million). The borrowings will mature up to August 8, 2014 (December 31,2013: January 31,2014).			
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.			
9. DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
		------(Rupees in '000)-----	
Certificates of investments (COIs)- remunerative (in local currency)			
Financial institutions		-	-
Customers	9.1	25,080	25,080
		<u>25,080</u>	<u>25,080</u>

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9.1 The mark-up rates on these COIs range between 0% to 9.65% per annum (December 31, 2013: 0% to 9.15% per annum). These COIs will mature up to October 2014 (December 31, 2013: October 2014).

10. SHARE CAPITAL

10.1 Authorised capital

June 30, 2014 (Unaudited) (Number of shares)	December 31, 2013 (Audited)		June 30, 2014 (Unaudited) ----- (Rupees in '000) -----	December 31, 2013 (Audited)
<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>

10.2 Issued, subscribed and paid-up capital

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

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

Name of shareholder	30, June 2014 - Unaudited		December 31, 2013 - 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, 2014 (Unaudited) ----- (Rupees in '000) -----	December 31, 2013 (Audited)
Surplus arising on revaluation of quoted equity shares	43,813	79,657
Surplus arising on revaluation of mutual funds	45,220	63,858
Deficit arising on revaluation of market treasury bills	(183)	(485)
Surplus arising on revaluation of term finance certificates	15,216	43,964
Deficit on Pakistan investment bonds	<u>(4,907)</u>	<u>-</u>
	99,159	186,994
Related deferred tax liability	<u>(9,830)</u>	<u>(11,103)</u>
	<u>89,329</u>	<u>175,891</u>

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12. CONTINGENCIES AND COMMITMENTS

- 12.1 The department of inland revenue has re-opened the assessment for the tax years 2009, 2010, 2011. These are pending at different appellate forums.

Additional Commissioner Inland Revenue (ACIR) issued notice under sections 122 (5A)/122(9) . The matter in this respect is currently in progress and an estimate of any additional taxes or penalties, which may become payable, cannot be ascertained at this point in time with reasonable certainty.

The ACIR passed an amended assessment order and raised demand of Rs. 17.75 million pertaining to levy of Workers Welfare Fund (WWF). The Company has filed a Constitution Petition before the Honourable High Court challenging the levy. The Honourable High Court considered the petition and granted the stay against recovery of WWF. Further, WWF amounting to Rs. 9.3 million has been added by assessing officer while passing order for tax year 2009. The Company has filed appeal before CIR (Appeals), appeal in this matter has been heard, however, order is pending.

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
	------(Rupees in '000)-----	
12.2 Commitments in respect of repo transactions		
Repurchase agreement borrowings	<u>6,283,583</u>	<u>5,879,655</u>
12.3 Credit extension	<u>514,722</u>	<u>1,739,194</u>
12.4 Sale of shares in future contracts	<u>-</u>	<u>216,214</u>
12.5 Transaction related contingent liabilities		
Guarantees in favor of:		
- Government	-	-
- Financial institutions	-	-
- Others	<u>100,000</u>	<u>289,360</u>
	<u>100,000</u>	<u>289,360</u>

13. This comprises of reversal of penalty imposed by SBP on account of time and demand liabilities. Furthermore, SBP has also imposed a penalty amounting to Rs. 0.357 million (December 31, 2013 Rs. 13.210 million).

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14. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	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
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	8,064,845	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%

	Six months ended June 30, 2013			
	Corporate finance	Trading and sales	Commercial banking	Total
	------(Rupees in '000)-----			
Total income	4,478	529,083	223,615	757,176
Total expenses	2,282	269,670	113,975	385,927
Net income before tax	2,196	259,413	109,640	371,249
Segment assets	-	10,528,817	5,576,370	16,105,187
Segment provision held	-	16,539	666,465	683,004
Segment liabilities	-	5,670,469	2,024,052	7,694,521
Segment return on assets (ROA)(%)	-	2.46%	1.97%	2.31%
Segment cost of funds (%)	-	4.76%	5.63%	5.02%

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:

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	June 30, 2014 (Unaudited) ----- (Rupees in '000) -----	December 31, 2013 (Audited)
15.1 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	101,212	107,051
Loans granted during the period / year	1,615	4,195
Repayments during the period / year	(6,560)	(10,034)
Write off during the period/ year	-	-
Balance at end of the period / year	<u>96,267</u>	<u>101,212</u>
Mark-up earned on loans and advances to key management personnel	<u>1,254</u>	<u>5,294</u>
Non-Executive Director's remuneration	<u>2,229</u>	<u>1,940</u>
Salaries and benefits	<u>27,107</u>	<u>105,719</u>
Disposal of fixed assets to key personnel	<u>2,358</u>	<u>3,869</u>
15.2 Contribution to defined contribution plan	<u>1,997</u>	<u>5,187</u>
15.3 Receivable from Iran Foreign Investment Company- net	<u>798</u>	<u>1,217</u>
15.4 Dividend payable	<u>75,000</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 unless otherwise stated.

18 DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue on _____ by the Board of Directors of the Company.



 Chairman



 Chief Executive Officer



 Director



 Director