

**Independent Auditors' Review Report and Condensed Interim
Financial Information**



PAIR Investment Company Limited

For the six months period ended June 30, 2013



Anjum Asim Shahid Rahman
Chartered Accountants



**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, 2013 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, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2013.

Karachi
Date: August 28, 2013


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited) (Restated)
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		23,131	43,999
Balances with other banks		79,400	106,586
Lendings to financial institutions	5	298,658	-
Investments - net	6	10,867,837	10,841,572
Advances - net	7	4,380,104	4,325,337
Operating fixed assets	8	51,572	56,047
Deferred tax assets - net		119,352	110,656
Other assets		285,133	253,291
		16,105,187	15,737,488
LIABILITIES			
Bills payable		-	-
Borrowings	9	6,690,142	6,721,178
Deposits and other accounts	10	725,080	545,080
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		279,299	273,658
		7,694,521	7,539,916
NET ASSETS		8,410,666	8,197,572
REPRESENTED BY			
Share capital	11	6,000,000	6,000,000
Reserves		467,105	415,747
Unappropriated profit		1,816,491	1,611,058
		8,283,596	8,026,805
Surplus on revaluation of assets - net of related deferred tax	12	127,070	170,767
		8,410,666	8,197,572
CONTINGENCIES AND COMMITMENTS	13		

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



 Chairman



 Chief Executive Officer and
 Managing Director

 Director

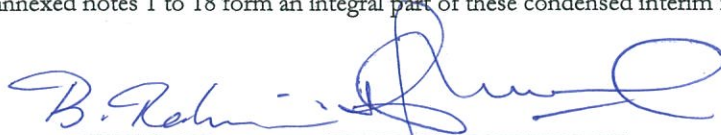


 Director

PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

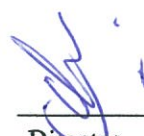
	Six months period ended		Three months period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	661,897	734,036	316,397	389,637
Mark-up / return / interest expensed	308,753	305,581	138,148	175,628
Net mark-up / interest income	353,144	428,455	178,249	214,009
Provision against non-performing loans and advances (Reversal) against diminution in the value of investments	43,750 (4,985)	- (39,845)	43,750 (2,414)	- (32,120)
	38,765	(39,845)	41,336	(32,120)
Net mark-up / interest income after provisions	314,379	468,300	136,913	246,129
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	4,478	10,609	2,650	6,527
Dividend income	15,224	12,467	3,194	1,451
Income from dealing in foreign currencies	103	205	-	205
Gain on sale of securities - net	113,673	23,532	78,193	8,346
Unrealised (loss) / gain on revaluation of investments classified as 'held for trading'	(37)	(147)	3,373	(2,942)
Gain on sale of fixed assets	603	253	288	-
Total non mark-up / interest income	134,044	46,919	87,698	13,587
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	128,632	111,726	70,280	62,874
Other (income) / charges	(51,458)	8,315	(51,458)	4,460
Total non mark-up / interest expenses	77,174	120,041	18,822	67,334
PROFIT BEFORE TAXATION	371,249	395,178	205,789	192,382
Taxation				
- Current	100,933	121,000	47,933	58,000
- Prior years	22,067	-	22,067	-
- Deferred	(8,541)	(3,196)	(8,548)	(3,196)
	114,459	117,804	61,452	54,804
PROFIT AFTER TAXATION	256,790	277,374	144,337	137,578
Earnings per share - Basic and diluted	0.43	0.46	0.24	0.23

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



Chairman

Chief Executive Officer and
Managing Director



Director




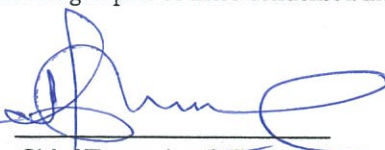
Director


PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013


	June 30, 2013	June 30, 2012
	-----(Rupees in '000)----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	371,249	395,178
Less: Dividend income	(15,224)	(12,467)
	<u>356,025</u>	<u>382,711</u>
Adjustments for:		
Depreciation	10,249	9,293
Amortisation	1,926	1,132
Provision against non-performing loans and advances	43,750	-
(Reversal) against diminution in the value of investments	(4,985)	(39,845)
Gain on sale of fixed assets	(603)	(253)
Unrealised loss on revaluation of 'held for trading' investments	37	147
Provision for gratuity	3,750	-
Provision for government levies	-	8,085
	<u>54,124</u>	<u>(21,441)</u>
	<u>410,149</u>	<u>361,270</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(298,658)	-
Advances	(98,517)	(1,139,044)
Others assets (excluding advance taxation)	(31,505)	(15,975)
	<u>(428,680)</u>	<u>(1,155,019)</u>
Increase / (decrease) in operating liabilities		
Borrowings	(31,036)	1,688,553
Deposits and other accounts	180,000	728,040
Other liabilities (excluding current taxation)	(31,535)	54,329
	<u>117,429</u>	<u>2,470,922</u>
	<u>98,898</u>	<u>1,677,173</u>
Income tax paid - net	(88,862)	(124,133)
Gratuity paid	(867)	-
Net cash generated from operating activities	<u>9,169</u>	<u>1,553,040</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(65,014)	(1,506,699)
Dividend income received	14,887	11,761
Proceeds from disposal of operating fixed assets	1,227	1,555
Investment in operating fixed assets	(8,323)	(34,372)
Net cash (used in) investing activities	<u>(57,223)</u>	<u>(1,527,755)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash flows from financing activities	<u>-</u>	<u>-</u>
(Decrease)/Increase in cash and cash equivalents	<u>(48,054)</u>	<u>25,285</u>
Cash and cash equivalents as on Jan 01, 2013	<u>150,585</u>	<u>29,818</u>
Cash and cash equivalents as on June 30, 2013	<u>102,531</u>	<u>55,103</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information. *AA51*


 Chairman


 Chief Executive Officer and
 Managing Director





 Director


 Director

PAIR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

	Share capital	Statutory reserves	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at January 01, 2012	6,000,000	327,714	1,310,862	7,638,576
Effect of change in accounting policy - note 3.2	-	-	(1,834)	(1,834)
Balance as at January 01, 2012 - restated	6,000,000	327,714	1,309,028	7,636,742
Total comprehensive income for the period				
Profit after tax for the six months period ended June 30, 2012	-	-	277,374	277,374
	-	-	277,374	277,374
Transfer to statutory reserve	-	55,475	(55,475)	-
Balance as at June 30, 2012 - restated	6,000,000	383,189	1,530,927	7,914,116
Total comprehensive Income for the period - restated				
Profit after tax for the six months period ended December 31, 2012 - restated	-	-	162,788	162,788
Effect of change in accounting policy	-	-	(99)	(99)
	-	-	162,689	162,689
Transfer to statutory reserve - restated	-	32,558	(32,558)	-
Cash dividend	-	-	(50,000)	(50,000)
Balance as at December 31, 2012 - restated	6,000,000	415,747	1,611,058	8,026,805
Total comprehensive Income for the period				
Profit after tax for the six months period ended June 30, 2013	-	-	256,790	256,790
	-	-	256,790	256,790
Transfer to statutory reserve	-	51,358	(51,358)	-
Balance as at June 30, 2013	6,000,000	467,105	1,816,491	8,283,596

The annexed notes 1 to 18 form an integral part of these condensed interim financial information. *AAE2*


			
Chairman	Chief Executive Officer and Managing Director	Director	Director

PAİR INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

	Six months period ended		Three months period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----			
Profit after taxation for the period	256,790	277,374	144,337	137,578
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	256,790	277,374	144,337	137,578

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

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



 Chairman



 Chief Executive Officer and
 Managing Director



 Director



 Director

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

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 ICCI 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, 2013 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 and the State Bank of Pakistan. 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, 2012.

The State Bank of Pakistan 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 Pak 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, 2012, except for:

3.2 Changes in accounting policy and disclosure

During the period, the Company has changed its accounting policy in respect of post retirement defined benefits plans as required under International Accounting Standard (IAS) 19, 'Employee Benefits'. According to new policy actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the prior periods financial statements have been summarised below:

	December 31, 2012	December 31, 2011
	-----(Rupees in '000)----	
Increase/ (Decrease) in un-appropriated profit	(39)	(1,834)
Increase in statutory reserve	28	-
(Decrease) / Increase in other liabilities	(60)	2,822
Decrease / (Increase) in deferred tax assets	21	(988)
	For the year ended	
	December 31, 2012	December 31, 2011
	-----(Rupees in '000)----	
Increase in profit before tax	212	-
Decrease in taxation - deferred	(74)	-
Increase in profit after tax	138	-
Increase in other comprehensive income - net of deferred tax	99	-

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, 2012.
- 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, 2012.

		June 30, 2013	December 31, 2012
		(Unaudited)	(Audited)
		-----(Rupees in '000)----	
5. LENDINGS	Note		
Secured			
Repurchase agreement lendings (reverse repo)	5.2	198,658	-
Unsecured			
Clean lendings	5.3	<u>100,000</u>	-
		<u>298,658</u>	-
5.1 Particulars of lendings			
In local currency		298,658	-
In foreign currency		-	-
		<u>298,658</u>	-

5.2 These lendings carry mark-up rate of 8.5% per annum (2012 : Nil). These will mature in July 2013 and are secured against Government Securities as collateral having carrying amount of Rs. 200 million (2012: Nil).

5.3 These lendings carry mark-up rate of 8.25% per annum (2012 : Nil). These will mature in July 2013.

PAIR INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

6. INVESTMENTS - NET

6.1 Investments by types	June 30, 2013 (Unaudited)			December 31, 2012 (Audited)		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
	----- (Rupees in '000) -----					
Held for trading securities						
Fully paid up ordinary shares / certificates / units - Listed	-	-	-	5,476	-	5,476
Market treasury bills	498,688	2,981,604	3,480,292	-	-	-
	498,688	2,981,604	3,480,292	5,476	-	5,476
Available for sale						
Market treasury bills	495,449	1,494,686	1,990,135	547,714	4,654,098	5,201,812
Mutual funds units	1,304,564	-	1,304,564	1,304,564	-	1,304,564
Listed ordinary shares	364,787	-	364,787	424,132	-	424,132
Unlisted ordinary shares	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	341,747	-	341,747	368,655	-	368,655
Term finance certificates - Listed	2,728,995	-	2,728,995	2,841,581	-	2,841,581
Term finance certificates - Unlisted	561,110	-	561,110	660,240	-	660,240
	6,093,512	1,494,686	7,588,198	6,443,746	4,654,098	11,097,844
Held to maturity						
Preference Share	100,000	-	100,000	-	-	-
Investments at cost	6,692,200	4,476,290	11,168,490	6,449,222	4,654,098	11,103,320
Provision for diminution in value of investments	(434,240)	-	(434,240)	(439,225)	-	(439,225)
Investments - net of provisions	6,257,960	4,476,290	10,734,250	6,009,997	4,654,098	10,664,095
Deficit on revaluation of 'held for trading' securities	(61)	(248)	(309)	(271)	-	(271)
Surplus on revaluation of 'available for sale' securities	134,434	(538)	133,896	174,816	2,932	177,748
Total investments at market value	<u>6,392,333</u>	<u>4,475,504</u>	<u>10,867,837</u>	<u>6,184,542</u>	<u>4,657,030</u>	<u>10,841,572</u>

PAIR INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

6.2 Investments by segments	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	-----(Rupees in '000)----	
Federal Government securities	Note	
- Market treasury bills	5,470,427	5,201,812
Mutual funds Units		
- Listed	1,304,564	1,304,564
- Unlisted	-	-
	1,304,564	1,304,564
Fully paid up ordinary shares / certificates / units		
- Listed	364,787	429,608
- Unlisted	296,860	296,860
	661,647	726,468
Preference shares	100,000	-
Term finance certificates		
- Listed	2,728,995	2,841,581
- Unlisted	561,110	660,240
	3,290,105	3,501,821
Sukuk Certificates - Unlisted	341,747	368,655
Total investments at cost	11,168,490	11,103,320
Provision for diminution in value of investments	6.4 (434,240)	(439,225)
	10,734,250	10,664,095
Deficit on revaluation of 'held for trading' securities	(309)	(271)
Surplus on revaluation of 'available for sale' securities	133,896	177,748
Investments (net of provisions)	10,867,837	10,841,572

6.3 This includes an impairment of Rs. 192.959 million which has been recognised against fully paid up ordinary shares of Burj Bank Limited (Unlisted). 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.

6.4 Particulars of provision held against diminution in value of investments	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	-----(Rupees in '000)----	
Opening balance	439,225	419,772
Charge for the period	-	19,453
Reversal due to disposal of shares	(4,985)	-
Closing balance	434,240	439,225

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
7. ADVANCES - NET	Note	----- (Rupees in '000) -----	
Loans in Pakistan		4,518,577	4,420,992
Staff loans		110,290	109,499
Advances - gross		<u>4,628,867</u>	<u>4,530,491</u>
Provision against non-performing advances	7.2	<u>(248,763)</u>	<u>(205,154)</u>
Advances - net of provision		<u><u>4,380,104</u></u>	<u><u>4,325,337</u></u>

7.1 Category of Classification

Category of classification	As at June 30, 2013				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	350,000	-	350,000	131,250	131,250
Loss	389,443	-	389,443	117,513	117,513
	<u>739,443</u>	<u>-</u>	<u>739,443</u>	<u>248,763</u>	<u>248,763</u>

Category of classification	As at December 31, 2012				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	350,000	-	350,000	87,500	87,500
Doubtful	-	-	-	-	-
Loss	391,447	-	391,447	117,654	117,654
	<u>741,447</u>	<u>-</u>	<u>741,447</u>	<u>205,154</u>	<u>205,154</u>

7.2 Particulars of provision against non-performing advances

	June 30, 2013			December 31, 2012		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	205,154	-	205,154	117,654	-	117,654
Charge for the period/year	43,750	-	43,750	87,500	-	87,500
(Write off) for the period/year	(141)	-	(141)	-	-	-
Closing balance	<u>248,763</u>	<u>-</u>	<u>248,763</u>	<u>205,154</u>	<u>-</u>	<u>205,154</u>

7.3 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. 271.930 million (2012: 273.793 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.

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

8. OPERATING FIXED ASSETS

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	Note	----(Rupees in '000)----	
Capital work-in-progress		6,853	-
Property and equipment		38,292	47,695
Intangible asset		6,427	8,352
	8.1 & 8.2	<u>51,572</u>	<u>56,047</u>

8.1 The following additions were made at cost during the period:

	<u>For the six months ended</u>	
	June 30, 2013	June 30, 2012
	----(Rupees in '000)----	
Office furniture, fixtures, equipment and computers	1,476	2,052
Capital Work in Progress	6,853	-
Vehicles	-	20,393
Computer software - intangible assets	-	10,090
	<u>8,329</u>	<u>32,535</u>

8.2 The written down values of fixed assets disposed off during the period were as follows:

Vehicles	624	1,266
Electrical, office and computer equipment	-	36
	<u>624</u>	<u>1,302</u>

9. BORROWINGS

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	Note	----- (Rupees in '000) -----	
In Pakistan (local currency)	9.1	<u>6,690,142</u>	<u>6,721,178</u>

9.1 Details of borrowings secured / unsecured

Secured			
Borrowing from State Bank of Pakistan against refinance scheme	9.2	32,886	36,174
Repurchase agreement borrowings	9.3	4,465,589	4,651,671
Term borrowing	9.4	<u>1,666,667</u>	<u>1,833,333</u>
		<u>6,165,142</u>	<u>6,521,178</u>
Unsecured			
Clean borrowings		<u>525,000</u>	<u>200,000</u>
		<u>6,690,142</u>	<u>6,721,178</u>

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

- 9.2 This borrowing carry mark-up rate of 6.5% per annum (2012 : 6.5% per annum). The borrowing will mature in November 2019.
- 9.3 These carry mark-up at rates ranging from 9.15% to 9.85% per annum (2012: 9.3% to 9.4% per annum) and are secured against Government Securities having carrying amount of Rs. 4,476 million (2012: Rs. 4,654 million). The borrowings will mature in July 2013 (2012: January 2013).
- 9.4 This represent finance obtained from Allied Bank of Pakistan 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 2017.

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
10. DEPOSITS AND OTHER ACCOUNTS	Note	------(Rupees in '000)-----	
Certificates of Investments (COIs)- remunerative (in local currency)			
Financial institutions	10.1	200,000	-
Others	10.2	525,080	545,080
		<u>725,080</u>	<u>545,080</u>

- 10.1 The mark-up rates on these COIs range between 0% to 12% per annum (2012: 0% to 12% per annum). These COIs will mature in March 2014 (2012: July 2013)

11. SHARE CAPITAL

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
11.1 Authorised capital		------(Rupees in '000)-----	
	2013 2012 (Number of shares)		
	<u>1,000,000,000</u> <u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
	Ordinary shares of Rs. 10 each		

11.2 Issued, subscribed and paid-up capital

<u>600,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
	Ordinary shares of Rs. 10 each issued for cash		

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

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

Name of shareholder	2013		2012	
	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.

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	----- (Rupees in '000) -----	
12. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) arising on revaluation of quoted equity shares	4,793	(2,278)
Surplus arising on revaluation of mutual funds	75,217	57,533
(Deficit) / surplus arising on revaluation of T-Bills	(822)	3,510
Surplus arising on revaluation of TFCs	54,708	118,983
	<u>133,896</u>	<u>177,748</u>
Related deferred tax liability	(6,826)	(6,981)
	<u>127,070</u>	<u>170,767</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 The department of inland revenue has re-opened the assessment for the tax years 2009 and 2010 and raised an additional demand in respect of allocation of expenses against exempt capital gains and dividend income subject to tax at reduced rate.

The Company in consultation with the Tax Advisor has filed an appeal and is confident that the ultimate outcome on the matter would be in favor of the Company inter alia on the basis of the advice of the tax consultants.

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	----- (Rupees in '000) -----	
13.2 Commitments in respect of repo transactions		
Repurchase agreements	4,483,107	4,665,784
13.3 Commitments in respect of capital expenditure	<u>160,017</u>	<u>-</u>
13.4 Commitments to extend credit	<u>1,300,668</u>	<u>1,566,668</u>
13.5 Transaction related contingent liabilities		
Guarantees in favor of:		
- Government	-	-
- Financial institutions	-	-
- Others	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

PAIR INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

14. This includes penalty imposed by State Bank of Pakistan amounting to Rs. 13.210 million.

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	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	<u>2,196</u>	<u>259,413</u>	<u>109,640</u>	<u>371,249</u>
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%

	Six months ended June 30, 2012			
	Corporate finance	Trading and sales	Commercial banking	Total
------(Rupees in '000)-----				
Total income	9,478	471,412	339,910	820,800
Total expenses	909	306,317	118,396	425,622
Net income before tax	<u>8,569</u>	<u>165,095</u>	<u>221,514</u>	<u>395,178</u>
Segment assets	-	8,600,992	6,065,117	14,666,109
Segment provision held	-	379,927	117,654	497,581
Segment liabilities	-	4,811,407	1,773,499	6,584,906
Segment return on assets (ROA)(%)	-	1.92%	3.65%	2.69%
Segment cost of funds (%)	-	6.37%	6.68%	6.46%

16. 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:

16.1 The Key Management Personnel / Directors compensation are as follows:

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
------(Rupees in '000)-----		
Loans and advances to key management personnel		
Balance at beginning of the period / year	107,051	18,299
Loans granted during the period / year	5,630	90,677
Repayments during the period / year	(7,506)	(1,925)
Write off during the period	(141)	-
Balance at end of the period / year	<u>105,034</u>	<u>107,051</u>

PAIR INVESTMENT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

	For the six months ended	
	June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----	
Mark-up received on loans	2,758	487
Salaries and benefits	36,108	30,622
16.2 Contribution to defined contribution plan	2,437	2,201
	June 30, 2013	December 31, 2012
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
16.3 Receivable from Iran Foreign Investment Company (net)	883	675

17. CREDIT RATING

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long term entity rating to AA (Double A) and has maintained the short term rating at A1+ (A one plus) of the Company.

18. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information were authorised for issue in the Board of Directors meeting held on 28 AUG 2013 *AMN*

			
Chairman	Chief Executive Officer and Managing Director	Director	Director