

**PAİR Investment
Company Limited**

30 September
2011

Un-Audited Financial Statements for Nine Months ended 30 September 2011

PAİR Investment Company Limited
(Formerly Pak Iran Joint Investment Company Limited)
Condensed Interim Statement of Financial Position (Unaudited)

As at 30 September 2011

Note

**30 September
2011
(Un-audited)**

31 December
2010
(Audited)

(Rupees in '000)

ASSETS

| | | | |
|---------------------------------------|---|-------------------|-------------------|
| Cash and balances with treasury banks | | 40,243 | 10,552 |
| Balances with other banks | | 13,262 | 352,808 |
| Lendings to financial institutions | 5 | 150,000 | 600,000 |
| Investments | 6 | 8,725,790 | 7,160,982 |
| Advances | 7 | 2,138,708 | 2,103,430 |
| Operating fixed assets | 8 | 51,127 | 44,762 |
| Deferred tax asset-net | | 34,380 | 21,661 |
| Other assets | 9 | 220,841 | 176,414 |
| | | 11,374,351 | 10,470,609 |

LIABILITIES

| | | | |
|---|----|------------------|------------------|
| Bills payable | | - | - |
| Borrowings from financial institutions | 10 | 3,692,031 | 2,863,481 |
| Deposits and other accounts | | - | - |
| Sub-ordinate loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities | | - | - |
| Other liabilities | | 99,705 | 172,683 |
| | | 3,791,736 | 3,036,164 |
| NET ASSETS | | 7,582,615 | 7,434,445 |


REPRESENTED BY

| | | | |
|---|----|------------------|------------------|
| Share capital | 11 | 6,000,000 | 6,000,000 |
| Reserves | | 308,841 | 279,204 |
| Unappropriated profit | | 1,235,370 | 1,116,823 |
| | | 7,544,211 | 7,396,027 |
| Surplus on revaluation of assets - net of tax | | 38,404 | 38,418 |
| | | 7,582,615 | 7,434,445 |

CONTINGENCIES AND COMMITMENTS

12

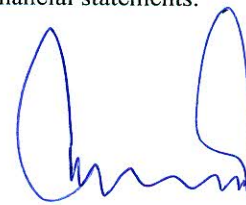
The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.




 Chairman



 Chief Executive /
 Managing Director



 Director

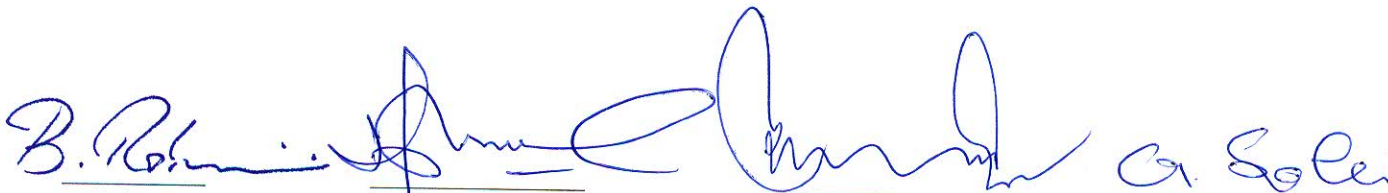


 Director

PAİR Investment Company Limited
(Formerly Pak Iran Joint Investment Company Limited)
Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended 30 September 2011

| | Nine months ended 30 September 2011 | Quarter ended 30 September 2011 | Nine months ended 30 September 2010 | Quarter ended 30 September 2010 |
|---|---|---------------------------------------|---|---------------------------------------|
| ------(Rupees in '000)----- | | | | |
| Mark-up / return / interest earned | 976,082 | 345,498 | 739,673 | 260,725 |
| Mark-up / return / interest expensed | <u>293,102</u> | <u>118,563</u> | <u>131,416</u> | <u>53,661</u> |
| Net mark-up / interest income | 682,980 | 226,935 | 608,257 | 207,064 |
| Provision against / (reversal of) non-performing loans and advances | 42,514 | 8,715 | 182 | - |
| Provision against placements | | | - | - |
| Provision for diminution / impairment in the value of investments | 234,647 | (11,295) | 57,335 | - |
| Bad debts written-off directly | | | - | - |
| | <u>277,161</u> | <u>(2,580)</u> | <u>57,517</u> | <u>-</u> |
| Net mark-up / interest income after provisions | 405,819 | 229,515 | 550,740 | 207,064 |
| NON MARK-UP / INTEREST INCOME | | | | |
| Fees, commission and brokerage income | 5,812 | 191 | 4,842 | 3,899 |
| Dividend income | 17,699 | 998 | 14,080 | 10,151 |
| Gain / (loss) on sale of securities | 5,290 | (60,700) | 77,023 | (1,186) |
| Gain on sale of Fixed Assets | | | 392 | - |
| Income from dealing in government securities | | | - | - |
| Income from dealing in foreign currencies | | | - | - |
| Unrealised (deficit) / gain on revaluation of held for trading securities | (7,828) | 21,321 | (17,535) | (13,205) |
| Other income | - | - | - | - |
| Total non mark-up / interest income | <u>20,973</u> | <u>(38,190)</u> | <u>78,802</u> | <u>(341)</u> |
| NON MARK-UP / INTEREST EXPENSES | | | | |
| Administrative expenses | 92,426 | 33,196 | 100,858 | 31,697 |
| Other charges | 12,627 | 2,754 | 10,422 | - |
| Total non mark-up / interest expenses | <u>105,053</u> | <u>35,950</u> | <u>111,280</u> | <u>31,697</u> |
| PROFIT BEFORE TAXATION | <u>321,739</u> | <u>155,375</u> | <u>518,262</u> | <u>175,026</u> |
| Taxation | | | | |
| - Current | 196,182 | 51,073 | 177,880 | 57,500 |
| - Prior years | - | - | - | - |
| - Deferred | (22,627) | - | (10,571) | - |
| | <u>173,555</u> | <u>51,073</u> | <u>167,309</u> | <u>57,500</u> |
| PROFIT AFTER TAXATION | <u>148,184</u> | <u>104,302</u> | <u>350,953</u> | <u>117,526</u> |
| Earnings per share - basic and diluted | <u>0.25</u> | <u>0.17</u> | <u>0.58</u> | <u>0.20</u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.




Chairman
Chief Executive /
Managing Director
Director
Director

PAIR Investment Company Limited
 (Formerly Pak Iran Joint Investment Company Limited)
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the nine months period ended 30 September 2011

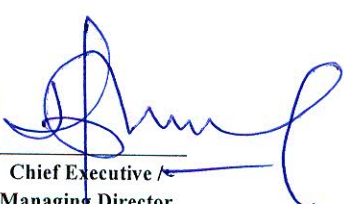
| | Nine months ended 30 September 2011 | Quarter ended 30 September 2011 | Nine months ended 30 September 2010 | Quarter ended 30 September 2010 |
|--|---|---------------------------------------|---|---------------------------------------|
| | ----- (Rupees in '000) ----- | | | |
| Profit after taxation for the period | 148,184 | 104,302 | 350,953 | 117,526 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u><u>148,184</u></u> | <u><u>104,302</u></u> | <u><u>350,953</u></u> | <u><u>117,526</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 14 form an integral part of these condensed interim financial statements.




 Chairman



 Chief Executive /
 Managing Director



 Director



 Director


PAİR Investment Company Limited
 (Formerly Pak Iran Joint Investment Company Limited)
 Condensed Interim Cash Flow Statement - (Un-audited)
 For the nine months period ended 30 September 2011

| | 30 September 2011 | 30 September 2010 |
|--|----------------------|----------------------|
| | (Rupees in '000) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 321,739 | 518,262 |
| Less: Dividend income | (17,699) | (14,080) |
| | <u>304,040</u> | <u>504,182</u> |
| Adjustments for: | | |
| Depreciation | 10,582 | 5,114 |
| Amortisation | 1,365 | 1,515 |
| Unrealised deficit on revaluation of 'held for trading' securities | 7,828 | 17,535 |
| Provision for non-performing loans & advances | 42,514 | 182 |
| Provision against placements | - | - |
| Provision against workers' welfare fund | 11,883 | 10,422 |
| (Gain) / loss on sale of fixed assets | - | (392) |
| Provision for diminution / impairment in the value of investment | 234,647 | 57,335 |
| | <u>308,819</u> | <u>91,711</u> |
| | 612,859 | 595,893 |
| (Increase)/decrease in operating assets | | |
| Lendings to financial institutions | 450,000 | (190,000) |
| Loans and advances | (77,792) | (264,786) |
| Others assets | (48,826) | (20,421) |
| | <u>323,382</u> | <u>(475,207)</u> |
| Increase / (decrease) in operating liabilities | | |
| Borrowings from financial institutions | 828,550 | (1,857,327) |
| Deposits and other accounts | - | - |
| Other liabilities (excluding current taxation) | (48,632) | (27,351) |
| | <u>779,918</u> | <u>(1,884,678)</u> |
| | 1,716,159 | (1,763,992) |
| Income tax paid | (222,502) | (207,017) |
| Net cash flows from operating activities | <u>1,493,657</u> | <u>(1,971,009)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments | (1,807,297) | 170,377 |
| Dividend income received | 22,097 | 5,164 |
| Investments in operating fixed assets | (18,312) | (19,028) |
| Disposal of operating fixed assets | - | 2,324 |
| Net cash flows from investing activities | <u>(1,803,512)</u> | <u>158,837</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of right shares | - | 509,175 |
| (Decrease) in cash and cash equivalents | <u>(309,855)</u> | <u>(1,302,997)</u> |
| Cash and cash equivalents at beginning of the period | <u>363,360</u> | <u>1,312,084</u> |
| Cash and cash equivalents at end of the period | <u><u>53,505</u></u> | <u><u>9,087</u></u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


 Chairman


 Chief Executive /
 Managing Director



 Director



 Director

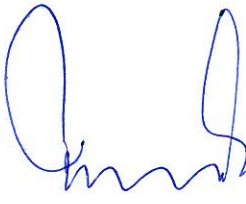
PAİR Investment Company Limited
(Formerly Pak Iran Joint Investment Company Limited)
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended 30 September 2011

| | Share capital | Advance against share capital | Statutory reserves | Unappropriated profit | Total |
|--|------------------------------|-------------------------------|-----------------------|-------------------------|-------------------------|
| | ----- (Rupees in '000) ----- | | | | |
| Balance as at 1st January 2010 | 5,000,000 | 490,825 | 163,533 | 654,137 | 6,308,495 |
| Issue of Right Shares | 1,000,000 | | - | - | 1,000,000 |
| Adv against Issue of Right Shares | | (490,825) | - | - | (490,825) |
| Profit after taxation for the nine months ended 30 September 2010 | - | | - | 350,953 | 350,953 |
| Transfer to statutory reserve | | | 70,191 | (70,191) | - |
| Balance as at 30 September 2010 | <u>6,000,000</u> | <u>-</u> | <u>233,724</u> | <u>934,899</u> | <u>7,168,623</u> |
| Profit after taxation for the three months period ended 31 December 2010 | - | | - | 227,404 | 227,404 |
| Transfer to statutory reserve | | | 45,480 | (45,480) | - |
| Balance as at 01 January 2011 | <u>6,000,000</u> | <u>-</u> | <u>279,204</u> | <u>1,116,823</u> | <u>7,396,027</u> |
| Profit after taxation for the nine months ended 30 September 2011 | - | - | - | 148,184 | 148,184 |
| Transfer to statutory reserve | - | - | 29,637 | (29,637) | - |
| Balance as at 30 September 2011 | <u><u>6,000,000</u></u> | <u><u>-</u></u> | <u><u>308,841</u></u> | <u><u>1,235,370</u></u> | <u><u>7,544,211</u></u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Chairman


Chief Executive /
Managing Director


Director


Director

PAİR Investment Company Limited
(Formerly Pak Iran Joint Investment Company Limited)
Notes to the Condensed Interim Financial Statements
For the nine months period ended 30 September 2011

1. STATUS AND NATURE OF BUSINESS

PAİR Investment Company Limited is a Public Limited Company incorporated in Pakistan on 15 January 2007 under the Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution (DFI) by the Ministry of Finance, Government of Pakistan. The Company is a 50 : 50 Joint Venture between Government of Pakistan and Iran Foreign Investment Company which is owned by Government of Iran. The Company obtained Certificate of Commencement of Business on 29 May 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. STATEMENT OF COMPLIANCE

These financial statements are unaudited and are presented in accordance with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting' and the requirements of the State Bank of Pakistan through its BSD Circular Letter No 02 dated 12 May 2004.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the purpose of these financial statements are the same as those applied in preparation of annual financial statements for the year ended 31 December 2010.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2010.

5. LENDINGS TO FINANCIAL INSTITUTIONS

| | 30 September 2011 (Unaudited) | 31 December 2010 (Audited) |
|--|--|---|
| | (Rupees in '000) | |
| Letters of placement | 150,000 | - |
| Specific provisions against lendings to financial institutions | - | - |
| Lendings to financial institutions - net of provision | <u>150,000</u> | <u>-</u> |

The mark up rate on lending to financial institution is 17.25%. (December 2010: 13.10% to 13.15%), and lending is due to mature in October 2011 (December 31, 2010: February 2011).

| 6. INVESTMENTS | 30 September 2011 (Un-audited) | | | 31 December 2010 (Audited) | | |
|--|-----------------------------------|------------------------|------------------|-------------------------------------|----------------------------------|------------------|
| | Held by Company | Given as collateral | Total | Held by Company | Given as collateral | Total |
| 6.1 Investments by types | ------(Rupees in '000)----- | | | | | |
| Available for sale | | | | | | |
| Treasury bills | 651,629 | 3,206,220 | 3,857,849 | 147,137 | 2,465,000 | 2,612,137 |
| Units of mutual funds - Listed | 953,721 | - | 953,721 | 293,401 | - | 293,401 |
| Fully paid up ordinary shares - Listed | 431,240 | - | 431,240 | 607,970 | - | 607,970 |
| Fully paid up ordinary shares - Unlisted | 296,860 | - | 296,860 | 296,860 | - | 296,860 |
| Sukuk bonds | 424,747 | - | 424,747 | 417,338 | - | 417,338 |
| Term Finance Certificates | 3,068,379 | - | 3,068,379 | 2,718,164 | - | 2,718,164 |
| | 5,826,576 | 3,206,220 | 9,032,796 | 4,480,870 | 2,465,000 | 6,945,870 |
| Held for Trading | | | | | | |
| Units of mutual funds and shares | 2,564 | - | 2,564 | 230,992 | - | 230,992 |
| Held to maturity | | | | | | |
| Commercial paper | - | - | - | 68,937 | - | 68,937 |
| Investments at cost | 5,829,140 | 3,206,220 | 9,035,360 | 4,780,799 | 2,465,000 | 7,245,799 |
| Less: Provision for diminution/impairment in value of investments | 6.3 (372,796) | - | (372,796) | (138,149) | - | (138,149) |
| Investments - net of provision | 5,456,344 | 3,206,220 | 8,662,564 | 4,642,650 | 2,465,000 | 7,107,650 |
| Surplus on revaluation of available for sale securities | 63,883 | (657) | 63,226 | 54,997 | (1,665) | 53,332 |
| | <u>5,520,227</u> | <u>3,205,563</u> | <u>8,725,790</u> | <u>4,697,647</u> | <u>2,463,335</u> | <u>7,160,982</u> |
| 6.2 Investments by segments | | | | 30 September 2011 (Unaudited) | 31 December 2010 (Audited) | |
| | | | | (Rupees in '000) | | |
| Listed securities | | | | | | |
| - Ordinary shares of listed companies | | | | 433,804 | 838,962 | |
| - Units of mutual funds | | | | 953,721 | 293,401 | |
| - Term Finance Certificates | | | | 2,282,905 | 1,974,286 | |
| Unlisted securities | | | | | | |
| - Ordinary shares of unlisted companies | | | | 296,860 | 296,860 | |
| - Sukuk bonds | | | | 424,747 | 417,338 | |
| - Commercial papers | | | | - | 68,937 | |
| - Term Finance Certificates | | | | 785,474 | 743,878 | |
| Government securities | | | | | | |
| - Treasury bills | | | | 3,857,849 | 2,612,137 | |
| Total investments at cost | | | | <u>9,035,360</u> | <u>7,245,799</u> | |
| Provision for diminution / impairment in the value of investments | | | | 6.3 (372,796) | (138,149) | |
| Investments - net of provision | | | | <u>8,662,564</u> | <u>7,107,650</u> | |
| Surplus on revaluation of Investments | | | | 63,226 | 53,332 | |
| Total investments at market value | | | | <u>8,725,790</u> | <u>7,160,982</u> | |
| 6.3 Movements in provision for diminution/impairment in value of investments | | | | | | |
| Opening Balance | | | | (138,149) | (15,004) | |
| Provision during the period / year | | | | (234,647) | (123,145) | |
| Closing Balance | | | | <u>(372,796)</u> | <u>(138,149)</u> | |

| | 30 September 2011 (Un-audited) | 31 December 2010 (Audited) |
|---|--------------------------------------|----------------------------------|
| | (Rupees in '000) | |
| 7. ADVANCES | | |
| Loans, cash credits, running finances, etc. in Pakistan | 2,242,917 | 2,163,938 |
| Staff Loans | 13,445 | 14,632 |
| Advances - Gross | 2,256,362 | 2,178,570 |
| Provision for non performing loans and advances | (117,654) | (75,141) |
| Advances - Net of Provision | <u>2,138,708</u> | <u>2,103,429</u> |

7.1 Advances include Rs. 393 million (December 2010 : Rs. 75 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 | - | - | - | - | - |
| Doubtful | 218,000 | - | 218,000 | 16,799 | 16,799 |
| Loss | 175,141 | - | 175,141 | 100,855 | 100,855 |
| | <u>393,141</u> | <u>-</u> | <u>393,141</u> | <u>117,654</u> | <u>117,654</u> |

7.1.1 Particulars of provision against non-performing advances:

| | 30 September 2011 | | | 31 December 2010 | | |
|------------------------------|-------------------|----------|----------------|------------------|----------|---------------|
| | Specific | General | Total | Specific | General | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| Opening balance | 75,141 | - | 75,141 | 229,491 | - | 229,491 |
| Charge for the period | 42,513 | - | 42,513 | 141 | - | 141 |
| Reversals | - | - | - | (154,491) | - | (154,491) |
| | 42,513 | - | 42,513 | (154,350) | - | (154,350) |
| Amounts written off | - | - | - | - | - | - |
| Closing balance | <u>117,654</u> | <u>-</u> | <u>117,654</u> | <u>75,141</u> | <u>-</u> | <u>75,141</u> |

7.1.2 In accordance with BSD Circular No. 2 dated 27 January 2009, BSD Circular No. 10 dated 20 October 2009 and BSD Circular No. 2 dated 03 June 2010 issued by the State Bank of Pakistan, the DFI has availed the benefit of classification / provisioning requirements in respect of rescheduling / restructuring of classified loans and advances. Had the benefit of classification / provisioning not been availed by the DFI the specific provision against non-performing advances would have been higher and consequently profit before taxation and advances (net of provisions) as at 30 September 2011 would have been lower by approximately Rs. 166.487 million. Increase in profit would not be available for the distribution of cash and stock dividend to the shareholders.

| | 30 September 2011 (Un-audited) | 31 December 2010 (Audited) |
|---|--------------------------------------|----------------------------------|
| | (Rupees in '000) | |
| 8. OPERATING FIXED ASSETS | | |
| Operating fixed assets - Book value | <u>51,127</u> | <u>44,762</u> |
| Following additions have been made to operating fixed assets during the period: | | |
| Additions - Cost | <u>16,279</u> | <u>11,237</u> |
| 9. OTHER ASSETS | | |
| Income / mark-up accrued | 192,040 | 154,751 |
| Dividend receivable | 689 | 5,088 |
| Security deposits | 6,536 | 6,268 |
| Advances, deposits, advance rent and other prepayments | 15,945 | 10,307 |
| Receivable against sale of shares | - | - |
| Other Receivable | 5,631 | - |
| | <u>220,841</u> | <u>176,414</u> |

10. BORROWINGS FROM FINANCIAL INSTITUTIONS

| | |
|--|----------------------------------|
| 30 September 2011 (Un-audited) (Rupees in '000) | 31 December 2010 (Audited) |
|--|----------------------------------|

| | | | |
|------------------------------|------|------------------|------------------|
| In Pakistan (local currency) | 10.1 | <u>3,692,031</u> | <u>2,863,481</u> |
|------------------------------|------|------------------|------------------|

10.1 The mark-up on these borrowings range from 13.30% to 13.90% per annum (December 2010: 12.70% to 13.80% per annum) and are due to mature up to December 2011 (December 2010: January 2011).

11. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary Shares of Rs.10 each

| 30 September 2011 (Un-audited) (Number of shares) | 31 December 2010 (Audited) | | 30 September 2011 (Un-audited) (Rupees in '000) | 31 December 2010 (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> |

Issued, subscribed and paid-up capital
Ordinary Shares of Rs.10 each

| 2011 (Number of shares) | 2010 | | 2011 | 2010 |
|----------------------------|--------------------|--|------------------|------------------|
| <u>600,000,000</u> | <u>600,000,000</u> | Ordinary shares of Rs. 10 each issued for cash | <u>6,000,000</u> | <u>6,000,000</u> |

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The Company has received a show cause notice under section 122(9) for amendment in Tax Return for the Tax Year 2009 & 2010. Income Tax Department has asked the Company to explain with documentary evidence 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 a response and is confident that the ultimate outcome on the matter would be in favor of the Company consultants and the relevant law and the facts.

12.2 Commitments in respect of repo transactions

| | |
|--|----------------------------------|
| 30 September 2011 (Un-audited) (Rupees in '000) | 31 December 2010 (Audited) |
|--|----------------------------------|


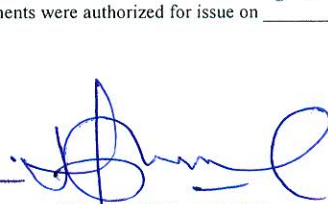
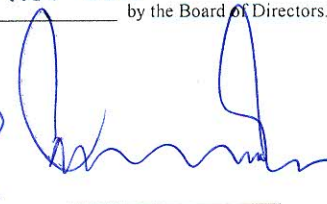

| | | | |
|---|--|------------------|------------------|
| Commitments to extend credit | | <u>299,700</u> | <u>671,770</u> |
| Commitments in respect of repo transactions | | <u>3,704,338</u> | <u>2,423,481</u> |

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 02 NOV 2011 by the Board of Directors.

| | | | |
|---|---|--|---|
|  Chairman |  Chief Executive / Managing Director |  Director |  Director |
|---|---|--|---|