

PAÏR Investment Company Limited
Condensed Interim Financial Statements (Un-audited)
For the Period ended 31 March 2013

Condensed Interim Statement of Financial Position

As at March 31, 2013

As at March 31, 2013			
	Note	March 31,	December 31,
		2013	2012
		(Un-audited)	(Audited)
		(Rupees	in '000)
ASSETS			
Cash and balances with treasury banks		29,976	43,999
Balances with other banks		62,108	106,586
Lendings to financial institutions		-	-
Investments	7	10,029,616	10,841,572
Advances	8	4,645,551	4,325,337
Operating fixed assets	9	49,360	56,047
Deferred tax assets		109,682	109,689
Other assets	10	247,965	253,291
		15,174,258	15,736,521
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	11	5,910,635	6,721,178
Deposits and other accounts	12	717,080	545,080
Sub-ordinate loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		263,055	270,896
		6,890,770	7,537,154
NET ASSETS		8,283,488	8,199,367
REPRESENTED BY			
Share capital	13	6,000,000	6,000,000
Reserves		438,210	415,719
Unappropriated profit		1,702,843	1,612,881
		8,141,053	8,028,600
Surplus on revaluation of assets - net of deferred tax	14	142,435	170,767
		8,283,488	8,199,367
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive and Managing Director Director

Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter ended March 31, 2013

To the Quarter chaca March 31, 2013	March 31, 2013	March 31, 2012
		2012
	All accounts of	2012
	(Rupees in	n '000)
Mark up / rature / interest corned	245 500	244 200
Mark-up / return / interest earned	345,500	344,399
Mark-up / return / interest expensed Net mark-up / interest income	170,605 174,895	129,953 214,446
Net mark-up / interest income	174,895	214,446
Provision against non-performing loans and advances	-	-
Reversal against diminution in value of investments	2,571	7,725
Bad debts written-off directly	-	-
	2,571	7,725
Net mark-up / interest income after provisions	177,466	222,171
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	1,828	4,082
Dividend income	12,030	11,016
Income from dealing in foreign currencies	103	-
Gain on sale of securities - net	35,480	15,186
Gain on sale of fixed assets	315	253
Unrealised (loss) / gain on revaluation of 'held		
for trading' securities	(3,410)	2,795
Other income	-	-
Total non mark-up / interest income	46,346	33,332
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	58,352	48,852
Other charges	-	3,855
Total non mark-up / interest expenses	58,352	52,707
Extraordinary / unusual items	-	-
PROFIT BEFORE TAXATION	165,460	202,796
Taxation		
- Current	53,000	63,000
- Prior year	-	-
- Deferred	7	-
	53,007	63,000
PROFIT AFTER TAXATION	112,453	139,796
	(Rupe	as)
	(Rupe	
Basic and diluted earnings per share	0.19	0.23

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chairman

Chief Excutive and Managing Director

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter ended March 31, 2013

	March 31, 2013 (Rupees	March 31, 2012 in '000)
Profit after taxation for the period	112,453	139,796
Other comprehensive income	1-	=
Total comprehensive income for the period	112,453	139,796

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

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chairman

Chief Excutive and Managing Director

Condensed Interim Cash Flow Statement - (Un-audited)

For the Quarter ended March 31, 2013

CASH FLOW FROM OPERATING ACTIVITIES March 31, 2013 March 31, 2013 Profit before taxation 165,460 202,796 Dividend income (12,030) (11,016) Adjustments for: 153,430 191,780 Adjustments for: 5,071 4,093 Provision against non-performing loans and advances - - Reversal against diminution in the value of investments 2,571 (7,725) Gain on sale of fixed assets (315) (253) Unrealised loss / (gain) on revaluation of 'held for trading' securities 3,410 (2,795) Increase) / decrease in operating assets - - Lendings to financial institutions - - Loans and advances (320,214) (739,734) Others assets (320,214) (739,734) Others assets (320,214) (739,734) Others assets (320,214) (739,734) Others assets (320,214) (739,734) Other liabilities (excluding current taxation) (810,543) 1,661,715 Deposits and other accounts 172,00	TOT THE Quarter chaca March 51, 2015		
Rupees in '000	, or the Quarter chaca march 52, 2020	March 31,	March 31,
CASH FLOW FROM OPERATING ACTIVITIES Profit before taxation 165,460 202,796 Dividend income (12,030) (11,016) Adjustments for: 153,430 191,780 Depreciation 5,071 4,093 Amortisation 986 145 Provision against one-performing loans and advances - - Reversal against diminution in the value of investments 2,571 (7,725) Gain on sale of fixed assets (315) (2,795) Unrealised loss / (gain) on revaluation of 'held for trading' securities 3,410 (2,795) Unrealised loss / (gain) on revaluation of 'held for trading' securities 3,410 (2,795) (Increase) / decrease in operating assets 11,723 (6,535) Lendings to financial institutions 3 (320,214) (739,734) Others assets 3(30,627) (843,517) Increase / (decrease) in operating liabilities (810,543) 1,661,715 Borrowings from financial institutions (810,543) 1,661,715 Deposits and other accounts 172,000 5,000		2013	2012
Profit before taxation 165,460 202,796 Dividend income (11,010) (11,016) ((Rupees i	in '000)
Dividend income (12,030)	CASH FLOW FROM OPERATING ACTIVITIES		
Adjustments for: Depreciation	Profit before taxation	165,460	202,796
Adjustments for: Depreciation Amortisation Provision against non-performing loans and advances Reversal against diminution in the value of investments Gian on sale of fixed assets Unrealised loss / (gain) on revaluation of 'held for trading' securities (Increase) / decrease in operating assets Lendings to financial institutions Loans and advances Cother assets (Jaccase) / decrease) in operating liabilities Borrowings from financial institutions Deposits and other accounts Other liabilities (excluding current taxation) Other liabilities (excluding current taxation) Cash FLOW FROM INVESTING ACTIVITIES Net cash flows used in investing activities (Jaccash and cash equivalents Reprosed in cash and cash equivalents (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period (Jaccash and cash equivalents at beginning of the period	Dividend income	(12,030)	(11,016)
Depreciation		153,430	191,780
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Provision against non-performing loans and advances Reversal against diminution in the value of investments Gain on sale of fixed assets Unrealised loss / (gain) on revaluation of 'held for trading' securities Junrealised loss / (gain) on revaluation of 'held for trading' securities Junrealised loss / (gain) on revaluation of 'held for trading' securities Junrealised loss / (gain) on revaluation of 'held for trading' securities Junrealised loss / (gain) on revaluation of 'held for trading' securities Junrealised loss / (gain) on revaluation of 'held Junrealised loss / (gain) on factor of 'held Junrealised loss / (gain) on factor of 'held Junrealise loss / (gain) on factor of 'held Junr	75 CONTENT		
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Gain on sale of fixed assets (315) (253) Unrealised loss / (gain) on revaluation of 'held for trading' securities 3,410 (2,795) 11,723 (6,535) 185,245 (Increase) / decrease in operating assets 165,153 185,245 Lendings to financial institutions - - Loans and advances (320,214) (739,734) Others assets 15,587 (103,783) Cohers assets (304,627) (843,517) Increase / (decrease) in operating liabilities (304,627) (843,517) Borrowings from financial institutions (810,543) 1,661,715 Deposits and other accounts 172,000 5,000 Other liabilities (excluding current taxation) (6,129) (15,282) (644,672) 1,651,433 (784,146) 993,161 Income tax paid (784,146) 993,161 Net cash flows from operating activities (838,857) 923,876 CASH FLOW FROM INVESTING ACTIVITIES 777,643 (911,052) Net cash flows used in investing activities 939 1,555 CASH FLOW FROM FINANCING ACTIVITIES - -		-	- (7.705)
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Net investments Dividend income received Sale proceeds from sale of operating fixed assets Investments in operating fixed assets Net cash flows used in investing activities CASH FLOW FROM FINANCING ACTIVITIES Cash and cash equivalents at beginning of the period 777,643 1,775 7,230 7,230 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,555 1,7101 1,775 1,7230 1,723			
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Net cash flows used in investing activities780,357(916,775)CASH FLOW FROM FINANCING ACTIVITIES(Decrease) / increase in cash and cash equivalents(58,500)7,101Cash and cash equivalents at beginning of the period150,58529,818		939	The second Second Second
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Cash and cash equivalents at beginning of the period 29,818	CASH TEOW THOM THANGING ACTIVITIES		
Cash and cash equivalents at beginning of the period 29,818	(Decrease) / increase in cash and cash equivalents	(58.500)	7,101

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive and Managing Director Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the Quarter ended March 31, 2013

	Share capital	Total		
Balance as at January 1, 2012	6,000,000	327,714	1,310,862	7,638,576
Total comprehensive income for the period ended March 31, 2012	E		139,796	139,796
Transfer to statutory reserve	-	27,959	(27,959)	-
Balance as at March 31, 2012	6,000,000	355,673	1,422,699	7,778,372
Total comprehensive income for the period ended December 31, 2012	-	-	300,228	300,228
Transfer to statutory reserve	=	60,046	(60,046)	(0)
Transactions with owners recognised directly in equity				
Cash dividend	-	-	(50,000)	(50,000)
Balance as at January 1, 2013	6,000,000	415,719	1,612,881	8,028,600
Total comprehensive income for the period ended March 31, 2013	-		112,453	112,453
Transfer to statutory reserve	-	22,491	(22,491)	-
Balance as at March 31, 2013	6,000,000	438,210	1,702,843	8,141,053

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chairman

Chief Excutive and Managing Director

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

For the Quarter ended March 31, 2013

1. STATUS AND NATURE OF BUSINESS

PAIR Investment Company Limited is a Public Limited Company incorporated in Pakistan on January 15, 2007 under the Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution (DFI) by the Ministry of Finance, Government of Pakistan. The Company is a 50: 50 Joint Venture between Government of Pakistan and Iran Foreign Investment Company which is owned by Government of Iran. The Company obtained Certificate of Commencement of Business on May 29, 2007. It is engaged in financing for industrial and commercial projects, capital and money market operations and other investment banking activities. Its registered and principal office is situated at ICCI building, Clifton, Karachi.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

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

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2012.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the purpose of these financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2012.

5. ESTIMATES

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

The significant judgments made by the management in applying the accounting policies and the key sources of estimating uncertainty were the same as those applied to financial statements for the year ended December 31, 2012

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2012.

7.	INVESTMENTS		ľ	March 31, 2013 (Un-audited)		De	ecember 31, 20 (Audited)	12
••	THE STATE OF THE S	-	Held by	Given as	Total	Held by	Given as	Total
7.1	Investments by types	Note	Company	collateral		Company	collateral	
					(Rupe	ees in '000)		
	Held for Trading Units of mutual funds and ordinary shares		100,564	-	100,564	5,476	-	5,476
	Available for sale							
	Market treasury bills		550,750	3,676,894	4,227,644	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		567,135	-	567,135	424,132	-	424,132
	Unlisted ordinary shares Sukuk certificates		296,860	-	296,860	296,860	-	296,860
	Term finance certificates - listed		355,763 2,588,216	-	355,763 2,588,216	368,655 2,841,581	-	368,655
	Term finance certificates - instead		779,788		779,788	660,240		2,841,581 660,240
	Term manee certificates amisted		6,443,076	3,676,894	10,119,970	6,443,746	4,654,098	11,097,844
	Held to maturity			-//		-/::-/:	,,,,,,,,,	,,
	Preference shares		100,000		100,000			
	Investments at cost		6,643,640	3,676,894	10,320,534	6,449,222	4,654,098	11,103,320
	Provision for diminution in value of							
	investments	7.3	(436,654)		(436,654)	(439,225)		(439,225)
	Investments - net of provision		6,206,986	3,676,894	9,883,880	6,009,997	4,654,098	10,664,095
	(Deficit) on revaluation of 'held for trading' securities		(3,681)		(3,681)	(271)		(271)
	Surplus / (deficit) on revaluation of 'available for sale' securities		153,139	(3,722)	149,417	174,816	2,932	177,748
			6,356,444	3,673,172	10,029,616	6,184,542	4,657,030	10,841,572
						_		
7 2	Towards and the same and						March 31,	December 31,
7.2	Investments by segments						2013 (Unaudited)	2012 (Audited)
								in '000)
	Federal Government securities						Colors (Colors and the Colors to Colors II)	
	- Market treasury bills						4,227,644	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						1,304,304	1,304,304
	- Listed						667,699	429,608
	- Unlisted						396,860	296,860
1							1,064,559	726,468
	Term finance certificates							
	- Listed						2,588,216	2,841,581
	- Unlisted						779,788	660,240
							3,368,004	3,501,821
	Sukuk certificates - unlisted						355,763	368,655
	Total investments at cost					-	10,320,534	11,103,320
	Provision for diminution in value of investment	ts					(436,654)	(439,225)
	Investments - net of provisions						9,883,880	10,664,095

(3,681)

149,417

439,225

(2,571)

436,654

10,029,616

(271)

177,748

419,772

19,453

439,225

10,841,572

(Deficit) on revaluation of 'held for trading' securities

Surplus on revaluation of 'available for sale' securities

Reversal / charge during the period / year - net

Particulars of provision for diminution in value of investments

Total investments at market value

Opening balance

Closing balance

7.3

8.	ADVANCES	Note	March 31, 2013 (Un-audited) (Rupees	December 31, 2012 (Audited) in '000)
	Loans, cash credits, running finances, etc. in Pakistan Staff Loans Advances - Gross		4,740,246 110,459 4,850,705	4,420,992 109,499 4,530,491
	Provision for non performing loans and advances Advances - Net of Provision	8.1.1	(205,154) 4,645,551	(205,154) 4,325,337

8.1 Advances include 741.447 million (December 2012: 741.447 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	96	-		-	-
Doubtful	350,000	2	350,000	87,500	87,500
Loss	391,447		391,447	117,654	117,654
	741,447	-	741,447	205,154	205,154

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

		March 31, 2012		De	ecember 31, 2012			
	Specific	General	Total	Specific	General	Total		
	(Rupees in '000)							
Opening balance	205,154	-	205,154	117,654	751	117,654		
Charge for the period	-	-	-	87,500	-	87,500		
Reversals	-	-	-	-	-	-		
	-	-	-	87,500	-	87,500		
Amounts written off			-					
Closing balance	205,154	-	205,154	205,154		205,154		

8.2 State Bank of Pakistan has allowed relaxation under Prudential Regulation R-8 to the extent of provision required against exposure on Gulistan Spinning Mills Limited in its letter no. BPRD/BRD-04/Faysal/2013/1695.

9.	OPERATING FIXED ASSETS	March 31, 2013 (Un-audited) (Rupees	December 31, 2012 (Audited) in '000)
	Operating fixed assets - Book value	49,360	56,047
	Following additions have been made to operating fixed assets during the period: Additions - Cost		23,031
	Transfer from capital work in progress to fixed assets		255
10.	OTHER ASSETS		
	Income / mark-up accrued in local currency Dividend receivable Security deposits Advances, deposits, advance rent and other prepayments	208,698 10,255 7,231 21,781 247,965	230,664 - 6,508 16,119 253,291

			March 31, 2013	December 31, 2012
			(Un-audited)	(Audited)
11.	BORROWINGS FROM FINANCIAL INSTITUTIONS		(Rupees	in '000)
	Secured			
	Borrowing from State Bank of Pakistan against refinance scheme	11.1	32,886	36,174
	Repurchase agreement borrowings	11.2	3,661,082	4,651,671
	Term borrowing	11.3	1,666,667	1,833,333
			5,360,635	6,521,178
	Unsecured			
	Clean borrowings		550,000	200,000
			5,910,635	6,721,178

- 11.1 This borrowing carry mark-up rate of 6.50% per annum (2012 : 6.50%). The borrowing will mature in November 2019.
- 11.2 The mark-up rates on these borrowings range from 9.10% to 9.50% per annum (December 2012: 9.3% to 9.4% per annum) and are due to mature up to April 29, 2013 (December 2012: January 2013).
- 11.3 This represent finance obtained from a commercial bank to finance the regular business operations of the Company. The finance is secured by pledge of 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.

12. DEPOSITS AND OTHER ACCOUNTS

Certificates of Investments (COIs) - remunerative Financial institutions Others

717,080 545,080 717,080 545,080

- 12.1 The mark-up rates on these COIs range between 0% to 12% per annum (2012:0% to 12% per annum). These COIs will mature up to March 2014.
- 13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary Shares of Rs.10 each

March 31,

December 31,

March 31,

December 31,

2013

2012

2013

2012

(Audited)

(Un-audited)

(Un-audited)

(Audited)

(Number of shares)

(Rupees in '000)

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

(Number of shares)

600,000,000	600,000,000	Ordinary shares of Rs. 10 each issued for cash	6,000,000	6,000,000
			1	

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

Deficit arising on revaluation of quoted equity shares	(4,554)	(2,278)
Surplus arising on revaluation of mutual funds	61,768	57,533
(Deficit) / surplus arising on revaluation of T-Bills	(3,722)	3,510
Surplus arising on revaluation of TFCs	95,925	118,983
Deficit arising on revaluation of Sukuk Bonds		-
	149,417	177,748
Related deferred tax liability	(6,982)	(6,981)
	142,435	170,767

15. CONTINGENCIES AND COMMITMENTS

15.1 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 al expenses against exempt capital gains and dividend income subject to tax at reduced rate and Government Levies.

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 Company inter alia on the basis of the advice of the tax consultants.

		March 31,	December 31,
		2013	2012
		(Un-audited)	(Audited)
		(Rupees in '000)	
15.2	Commitments in respect of repo transactions	3,681,004	4,665,784
15.3	Commitments to extend credit	1,012,473	1,566,668
	Transaction related contingent liabilities		
	Guarantees in favor of:		
	- Government	-	4
	- Financial institutions	-	
	- Others	240,755	150,000
		240,755	150,000
15.4	Commitment in respect of civil work	9,535	

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

17. DATE OF AUTHORISATION FOR ISSUE

TO MAY 2013

These condensed interim financial statements were authorized for issue on _

by the Board of Directors.

Chairman

Chief Executive and Managing Director Director