

**PAİR Investment  
Company Limited**

March 31  
**2011**

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Un-Audited Financial Statements for the Quarter ended 31 March 2011

**PAİR Investment Company Limited**  
**Condensed Interim Statement of Financial Position**

As at 31 March 2011

Note

**31 March**                      **31 December**  
**2011**                              **2010**  
**(Un-audited)**                      **(Audited)**

(Rupees in '000)

**ASSETS**

Cash and balances with treasury banks		5,649	10,552
Balances with other banks		18,720	352,808
Lendings to financial institutions	5	-	600,000
Investments	6	8,051,252	7,160,982
Advances	7	2,117,769	2,103,430
Operating fixed assets	8	46,599	44,762
Deferred tax asset-net		21,661	21,661
Other assets	9	208,799	176,414
		<b>10,470,449</b>	<b>10,470,609</b>

**LIABILITIES**

Bills payable		-	-
Borrowings from financial institutions	10	2,661,883	2,863,481
Deposits and other accounts		-	-
Sub-ordinate loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		181,815	172,683
		<b>2,843,698</b>	<b>3,036,164</b>
<b>NET ASSETS</b>		<b>7,626,751</b>	<b>7,434,445</b>

**REPRESENTED BY**

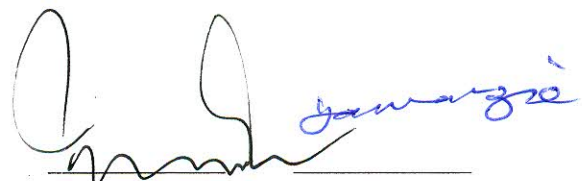
Share capital	11	6,000,000	6,000,000
Reserves		310,175	279,204
Unappropriated profit		1,240,709	1,116,823
		<b>7,550,884</b>	<b>7,396,027</b>
Surplus on revaluation of assets - net of tax		75,867	38,418
		<b>7,626,751</b>	<b>7,434,445</b>

**COMMITMENTS**

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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  
 Condensed Interim Profit and Loss Account (Un-audited)  
 For the Quarter ended 31 March 2011


	31 March 2011	31 March 2010
	(Rupees in '000)	
Mark-up / return / interest earned	314,702	222,539
Mark-up / return / interest expensed	<u>80,846</u>	<u>31,730</u>
<b>Net mark-up / interest income</b>	<b>233,856</b>	<b>190,809</b>
Provision against / (reversal of) non-performing loans and advances	-	72,035
Provision for diminution / impairment in the value of investments	9,312	-
Bad debts written-off directly	-	-
	<u>9,312</u>	<u>72,035</u>
<b>Net mark-up / interest income after provisions</b>	<b>224,544</b>	<b>118,774</b>
<b>NON MARK-UP / INTEREST INCOME</b>		
Fees, commission and brokerage income	4,641	512
Dividend income	9,845	475
Gain on sale of securities	32,378	46,927
Income from dealing in government securities	-	-
Income from dealing in foreign currencies	-	-
Unrealised (deficit)/ surplus on revaluation of held for trading securities	(3,949)	669
Unrealised deficit on revaluation of derivative instruments	-	-
Other income	-	-
<b>Total non mark-up / interest income</b>	<u>42,915</u>	<u>48,583</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Administrative expenses	36,412	33,644
Other charges	-	-
<b>Total non mark-up / interest expenses</b>	<u>36,412</u>	<u>33,644</u>
<b>PROFIT BEFORE TAXATION</b>	<b>231,047</b>	<b>133,713</b>
Taxation		
- Current	76,190	72,000
- Prior years	-	-
- Deferred	-	(25,200)
	<u>76,190</u>	<u>46,800</u>
<b>PROFIT AFTER TAXATION</b>	<b><u>154,857</u></b>	<b><u>86,913</u></b>
	(Rupees)	
Earnings per share - basic and diluted	<u>0.26</u>	<u>0.14</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

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter ended 31 March 2011

	31 March 2011	31 March 2010
	(Rupees in '000)	
<b>Profit after taxation for the period</b>	<b>154,857</b>	86,913
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>154,857</u></b>	<b><u>86,913</u></b>

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.

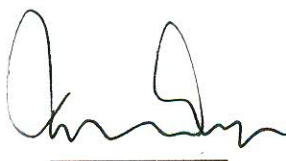
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**Chairman**



**Chief Executive /  
Managing Director**



**Director**



**Director**



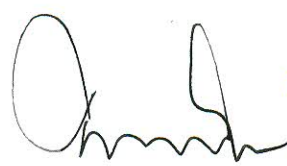
PAIR Investment Company Limited  
 Condensed Interim Cash Flow Statement - (Un-audited)  
 For the Quarter ended 31 March 2011


	31 March 2011	31 March 2010
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	231,047	171,975
Less: Dividend income	(9,845)	(185)
	221,202	171,790
Adjustments for:		
Depreciation	3,235	1,316
Amortisation	505	505
Unrealised surplus on revaluation of 'held for trading' securities	3,949	-
Provision for non-performing loans & advances	-	-
Provision for diminution / impairment in the value	9,312	9,444
	17,001	11,265
	238,203	183,055
Increase/(decrease) in operating assets		
Lendings to financial institutions	600,000	(132,000)
Loans and advances	(14,339)	(194,676)
Others assets	(41,692)	(359,573)
	543,969	(686,249)
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	(201,598)	403,798
Deposits and other accounts	9,132	-
Other liabilities (excluding current taxation)	-	5,299
	(192,466)	409,097
	589,706	(94,097)
Income tax paid	(63,349)	(61,012)
<b>Net cash flows from operating activities</b>	526,357	(155,109)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments	(866,082)	(939,025)
Dividend income received	6,311	185
Investments in operating fixed assets	(5,577)	(1,131)
	-	-
<b>Net cash flows from investing activities</b>	(865,348)	(939,971)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	-	-
(Decrease) in cash and cash equivalents	(338,991)	(1,095,080)
Cash and cash equivalents at beginning of the period	363,360	2,323,263
Cash and cash equivalents at end of the period	24,369	1,228,183

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

  
 Chairman

  
 Chief Executive /  
 Managing Director

  
 Director

  
 Director

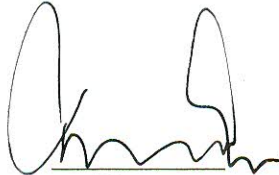
PAİR Investment Company Limited  
 Condensed Interim Statement of Changes in Equity (Un-audited)  
 For the Quarter ended 31 March 2011

	Share capital	Statutory reserves	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at 1st January 2010	5,490,825	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 quarter ended ended 31 March 2010	-	-	86,913	86,913
Balance as at 31 March 2010	<u>6,000,000</u>	<u>163,533</u>	<u>741,050</u>	<u>6,904,583</u>
Profit after taxation for the nine months period ended 31 December 2010	-	-	491,444	491,444
Transfer to statutory reserve		115,671	(115,671)	-
Balance as at 01 January 2011	<u>6,000,000</u>	<u>279,204</u>	<u>1,116,823</u>	<u>7,396,027</u>
Profit after taxation for the quarter ended 31 March 2011	-	-	154,857	154,857
Transfer to statutory reserve		30,971	(30,971)	-
<b>Balance as at 31 March 2011</b>	<u><b>6,000,000</b></u>	<u><b>310,175</b></u>	<u><b>1,240,709</b></u>	<u><b>7,550,884</b></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**  
**Notes to the Condensed Interim Financial Statements (Un-audited)**  
*For the Quarter ended 31 March 2011*

**1. STATUS AND NATURE OF BUSINESS**

PAIR 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**

The mark up rate on lendings to financial institution is NIL. (December 2010: 13.10% to 13.15% ), and all lendings are due to maturity within NIL time period. (December 31, 2010: February 2011).



6. INVESTMENTS	31 March 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) -----					
<b>Available for sale</b>						
Treasury bills	1,213,662	2,223,000	3,436,662	147,137	2,465,000	2,612,137
Units of mutual funds - Listed	392,994	-	392,994	293,401	-	293,401
Fully paid up ordinary shares - Listed	523,801	-	523,801	607,970	-	607,970
Fully paid up ordinary shares - Unlisted	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	434,610	-	434,610	417,338	-	417,338
Term Finance Certificates	2,741,583	-	2,741,583	2,718,164	-	2,718,164
	5,603,510	2,223,000	7,826,510	4,480,870	2,465,000	6,945,870
<b>Held for Trading</b>						
Units of mutual funds and shares	214,408	-	214,408	230,992	-	230,992
<b>Held to maturity</b>						
Commercial paper	67,014	-	67,014	68,937	-	68,937
<b>Investments at cost</b>	5,884,932	2,223,000	8,107,932	4,780,799	2,465,000	7,245,799
Less: Provision for diminution/impairment in value of investments	6.3 (147,461)	-	(147,461)	(138,149)	-	(138,149)
<b>Investments - net of provision</b>	5,737,471	2,223,000	7,960,471	4,642,650	2,465,000	7,107,650
Surplus on revaluation of available for sale securities	92,476	(1,695)	90,781	54,997	(1,665)	53,332
	5,829,947	2,221,305	8,051,252	4,697,647	2,463,335	7,160,982

6.2 Investments by segments	31 March 2011 (Unaudited)	31 December 2010 (Audited)
	(Rupees in '000)	
<b>Listed securities</b>		
- Ordinary shares of listed companies	738,209	838,962
- Ordinary shares of unlisted companies	296,860	296,860
- Units of mutual funds	392,994	293,401
- Term Finance Certificates	2,019,765	1,974,286
<b>Unlisted securities</b>		
- Sukuk bonds	434,610	417,338
- Commercial papers	67,014	68,937
- Term Finance Certificates	721,818	743,878
<b>Government securities</b>		
- Treasury bills	3,436,662	2,612,137
<b>Total investments at cost</b>	8,107,932	7,245,799
Provision for diminution / impairment in the value of investments	6.3 (147,461)	(138,149)
<b>Investments - net of provision</b>	7,960,471	7,107,650
Surplus on revaluation of Investments	90,781	53,332
<b>Total investments at market value</b>	8,051,252	7,160,982
6.3 <b>Movements in provision for diminution/impairment in value of investments</b>		
Opening Balance	(138,149)	(15,004)
Provision during the period / year	(9,312)	(123,145)
Closing Balance	(147,461)	(138,149)



	31 March 2011 (Un-audited)	31 December 2010 (Audited)
	----- (Rupees in '000) -----	
<b>7. ADVANCES</b>		
Loans, cash credits, running finances, etc. in Pakistan	2,178,363	2,163,938
Staff Loans	14,547	14,632
Advances - Gross	<u>2,192,910</u>	<u>2,178,570</u>
Provision for non performing loans and advances	<u>(75,141)</u>	<u>(75,141)</u>
Advances - Net of Provision	<u><u>2,117,769</u></u>	<u><u>2,103,429</u></u>

7.1 Advances include 175 million (December 2010 : 75 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	100,000	-	100,000	-	-
Doubtful	-	-	-	-	-
Loss	75,141	-	75,141	-	75,141
	<u>175,141</u>	<u>-</u>	<u>175,141</u>	<u>-</u>	<u>75,141</u>

7.1.1 Particulars of provision against non-performing advances:

	31 March 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	-	-	-	141	-	141
Reversals	-	-	-	(154,491)	-	(154,491)
	-	-	-	(154,350)	-	(154,350)
Amounts written off	-	-	-	-	-	-
Closing balance	<u>75,141</u>	<u>-</u>	<u>75,141</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 31 March 2011 would have been lower by approximately Rs. 25 million. Increase in profit would not be available for the distribution of cash and stock dividend to the shareholders.

	31 March 2011 (Un-audited)	31 December 2010 (Audited)
	----- (Rupees in '000) -----	
<b>8. OPERATING FIXED ASSETS</b>		
Operating fixed assets - Book value	<u>46,599</u>	<u>44,762</u>
Following additions have been made to operating fixed assets during the period:		
Additions - Cost	<u>5,577</u>	<u>11,237</u>
<b>9. OTHER ASSETS</b>		
Income / mark-up accrued	181,343	154,751
Dividend receivable	8,622	5,088
Security deposits	6,534	6,268
Advances, deposits, advance rent and other prepayments	12,300	10,307
Receivable against sale of shares	-	-
Other Receivable	-	-
	<u>208,799</u>	<u>176,414</u>

**10. BORROWINGS FROM FINANCIAL INSTITUTIONS**

The mark-up on these borrowings range from 13.10% to 13.90% per annum (December 2010: 12.70% to 13.80% per annum) and are due to mature on April 2011 (December 2010: January 2011).

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

Ordinary Shares of Rs.10 each			31 March 2011 (Un-audited)	31 December 2010 (Audited)		31 March 2011 (Un-audited)	31 December 2010 (Audited)
(Number of shares)						(Rupees in '000)	
<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>		<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, subscribed and paid-up capital</b>							
Ordinary Shares of Rs.10 each							
2011	2010						
(Number of shares)							
<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>		<u>6,000,000</u>	<u>6,000,000</u>

**12. COMMITMENTS**

**12.1 Commitments in respect of repo transactions**

Commitments to extend credit	<u>253,722</u>	<u>671,770</u>
Commitments in respect of repo transactions	<u>2,661,883</u>	<u>2,423,481</u>

**13. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

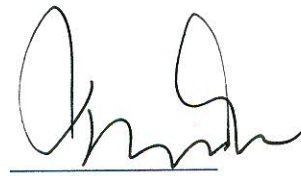
**14. DATE OF AUTHORISATION FOR ISSUE**

**29 JUN 2011**

These condensed interim financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors.

  
Chairman

  
Chief Executive /  
Managing Director

  
Director

\_\_\_\_\_  
Director