



PAiR Investment Company Limited

Condensed Interim Financial Statements (Un-audited)

For the Period ended 31 March 2013

PAiR Investment Company Limited

Condensed Interim Statement of Financial Position

As at March 31, 2013

	Note	March 31, 2013 (Un-audited)	December 31, 2012 (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


 Director

PAiR Investment Company Limited

Condensed Interim Profit and Loss Account (Un-audited)

For the Quarter ended March 31, 2013

	March 31, 2013	March 31, 2012
	(Rupees in '000)	
Mark-up / return / interest earned	345,500	344,399
Mark-up / return / interest expensed	<u>170,605</u>	<u>129,953</u>
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	-	-
	<u>2,571</u>	<u>7,725</u>
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	<u>46,346</u>	<u>33,332</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	58,352	48,852
Other charges	-	3,855
Total non mark-up / interest expenses	<u>58,352</u>	<u>52,707</u>
Extraordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>165,460</u>	<u>202,796</u>
Taxation		
- Current	53,000	63,000
- Prior year	-	-
- Deferred	7	-
	<u>53,007</u>	<u>63,000</u>
PROFIT AFTER TAXATION	<u>112,453</u>	<u>139,796</u>
	(Rupees)	
Basic and diluted earnings per share	<u>0.19</u>	<u>0.23</u>

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

 _____ Chairman	 _____ Chief Executive and Managing Director	 _____ Director	 _____ Director
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PAİR Investment Company Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the Quarter ended March 31, 2013

	March 31, 2013 (Rupees in '000)	March 31, 2012
Profit after taxation for the period	112,453	139,796
Other comprehensive income	-	-
Total comprehensive income for the period	<u>112,453</u>	<u>139,796</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 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 Executive and
Managing Director


Director


Director

PAiR Investment Company Limited

Condensed Interim Cash Flow Statement - (Un-audited)

For the Quarter ended March 31, 2013

	March 31, 2013	March 31, 2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	165,460	202,796
Dividend income	(12,030)	(11,016)
	<u>153,430</u>	<u>191,780</u>
Adjustments for:		
Depreciation	5,071	4,093
Amortisation	986	145
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)
	<u>11,723</u>	<u>(6,535)</u>
	<u>165,153</u>	<u>185,245</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	-
Loans and advances	(320,214)	(739,734)
Others assets	15,587	(103,783)
	<u>(304,627)</u>	<u>(843,517)</u>
Increase / (decrease) in operating liabilities		
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)
	<u>(644,672)</u>	<u>1,651,433</u>
	<u>(784,146)</u>	<u>993,161</u>
Income tax paid	(54,711)	(69,285)
Net cash flows from operating activities	<u>(838,857)</u>	<u>923,876</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	777,643	(911,052)
Dividend income received	1,775	7,230
Sale proceeds from sale of operating fixed assets	939	1,555
Investments in operating fixed assets	-	(14,508)
Net cash flows used in investing activities	<u>780,357</u>	<u>(916,775)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
(Decrease) / increase in cash and cash equivalents	<u>(58,500)</u>	<u>7,101</u>
Cash and cash equivalents at beginning of the period	<u>150,585</u>	<u>29,818</u>
Cash and cash equivalents at end of the period	<u><u>92,085</u></u>	<u><u>36,919</u></u>

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

			
Chairman	Chief Executive and Managing Director	Director	Director

PAiR Investment Company Limited

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

For the Quarter ended March 31, 2013

	Share capital	Statutory reserves	Unappropriated profit	Total
	------(Rupees in '000)-----			
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	-	-	139,796	139,796
Transfer to statutory reserve	-	27,959	(27,959)	-
Balance as at March 31, 2012	<u>6,000,000</u>	<u>355,673</u>	<u>1,422,699</u>	<u>7,778,372</u>
Total comprehensive income for the period ended December 31, 2012	-	-	300,228	300,228
Transfer to statutory reserve	-	60,046	(60,046)	(0)
<i>Transactions with owners recognised directly in equity</i>				
Cash dividend	-	-	(50,000)	(50,000)
Balance as at January 1, 2013	<u>6,000,000</u>	<u>415,719</u>	<u>1,612,881</u>	<u>8,028,600</u>
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	<u>6,000,000</u>	<u>438,210</u>	<u>1,702,843</u>	<u>8,141,053</u>

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

			
Chairman	Chief Executive and Managing Director	Director	Director

PAiR Investment Company Limited

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	March 31, 2013 (Un-audited)			December 31, 2012 (Audited)			
	Note	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
7.1 Investments by types		------(Rupees 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		296,860	-	296,860	296,860	-	296,860
Sukuk certificates		355,763	-	355,763	368,655	-	368,655
Term finance certificates - listed		2,588,216	-	2,588,216	2,841,581	-	2,841,581
Term finance certificates - unlisted		779,788	-	779,788	660,240	-	660,240
		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
		<u>6,356,444</u>	<u>3,673,172</u>	<u>10,029,616</u>	<u>6,184,542</u>	<u>4,657,030</u>	<u>10,841,572</u>
7.2 Investments by segments					March 31, 2013 (Unaudited) (Rupees in '000)	December 31, 2012 (Audited)	
Federal Government securities					4,227,644	5,201,812	
- Market treasury bills							
Mutual funds Units					1,304,564	1,304,564	
- Listed					-	-	
- Unlisted					1,304,564	1,304,564	
Fully paid up ordinary shares					667,699	429,608	
- Listed					396,860	296,860	
- Unlisted					1,064,559	726,468	
Term finance certificates					2,588,216	2,841,581	
- Listed					779,788	660,240	
- Unlisted					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 investments					(436,654)	(439,225)	
Investments - net of provisions					9,883,880	10,664,095	
(Deficit) on revaluation of 'held for trading' securities					(3,681)	(271)	
Surplus on revaluation of 'available for sale' securities					149,417	177,748	
Total investments at market value					<u>10,029,616</u>	<u>10,841,572</u>	
7.3 Particulars of provision for diminution in value of investments					439,225	419,772	
Opening balance					(2,571)	19,453	
Reversal / charge during the period / year - net					436,654	439,225	
Closing balance							

	Note	March 31, 2013 (Un-audited) ------(Rupees in '000)-----	December 31, 2012 (Audited)
8. ADVANCES			
Loans, cash credits, running finances, etc. in Pakistan		4,740,246	4,420,992
Staff Loans		110,459	109,499
Advances - Gross		4,850,705	4,530,491
Provision for non performing loans and advances	8.1.1	(205,154)	(205,154)
Advances - Net of Provision		4,645,551	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	-	-	-	-	-
Doubtful	350,000	-	350,000	87,500	87,500
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>

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

	March 31, 2012			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	-	-	-	87,500	-	87,500
Reversals	-	-	-	-	-	-
	-	-	-	87,500	-	87,500
Amounts written off	-	-	-	-	-	-
Closing balance	<u>205,154</u>	<u>-</u>	<u>205,154</u>	<u>205,154</u>	<u>-</u>	<u>205,154</u>

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.

	March 31, 2013 (Un-audited) ------(Rupees in '000)-----	December 31, 2012 (Audited)
9. OPERATING FIXED ASSETS		
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	208,698	230,664
Dividend receivable	10,255	-
Security deposits	7,231	6,508
Advances, deposits, advance rent and other prepayments	21,781	16,119
	<u>247,965</u>	<u>253,291</u>

		March 31, 2013 (Un-audited)	December 31, 2012 (Audited)
		(Rupees in '000)	
11. BORROWINGS FROM FINANCIAL INSTITUTIONS			
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
		<u>5,360,635</u>	<u>6,521,178</u>
Unsecured			
Clean borrowings		<u>550,000</u>	<u>200,000</u>
		<u>5,910,635</u>	<u>6,721,178</u>

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
<u>717,080</u>	<u>545,080</u>

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, 2013 (Un-audited)	December 31, 2012 (Audited)
(Number of shares)			(Un-audited)	(Audited)
			(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>
Issued, subscribed and paid-up capital				
Ordinary Shares of Rs.10 each			March 31, 2013 (Un-audited)	December 31, 2012 (Audited)
(Number of shares)			(Un-audited)	(Audited)
<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>

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	-	-
	<u>149,417</u>	<u>177,748</u>
Related deferred tax liability	(6,982)	(6,981)
	<u>142,435</u>	<u>170,767</u>

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

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

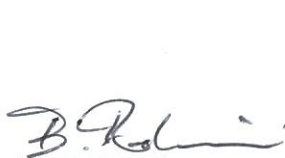
16. GENERAL


Figures have been rounded off to the nearest thousand rupees.

17. DATE OF AUTHORISATION FOR ISSUE

17 MAY 2013

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


Chairman


Chief Executive and
Managing Director


Director


Director