

**PAK – IRAN
JOINT
INVESTMENT
COMPANY
LIMITED**

March 31

2010

**UN-AUDITED FINANCIAL STATEMENTS FOR
THE FIRST QUARTER ENDED MARCH 31, 2010**

Pak - Iran Joint Investment Company Limited

Balance Sheet

As at 31 March 2010

Note

31 March 31 December
2010 2009
(Un-audited) (Audited)

(Rupees in '000)

ASSETS

Cash and balances with treasury banks		2,473	2,633
Balances with other banks		39,437	1,309,451
Lendings to financial institutions	5	1,646,250	446,250
Investments	6	5,923,321	5,326,675
Advances	7	1,005,245	945,387
Operating fixed assets	8	28,510	26,071
Deferred tax asset-net		134,999	109,799
Other assets	9	155,649	119,188
		8,935,884	8,285,454

LIABILITIES

Bills payable		-	-
Borrowings from financial institutions	10	1,814,398	1,857,327
Deposits and other accounts		-	-
Sub-ordinate loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		215,555	134,609
		2,029,953	1,991,936

NET ASSETS

	6,905,931	6,293,518
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REPRESENTED BY

Share capital		6,000,000	5,000,000
Advance against issue of shares		-	490,825
Reserves		163,533	163,533
Unappropriated profit		741,050	654,137
		6,904,583	6,308,495
Surplus/(Deficit) on revaluation of assets - net of tax	11	1,348	(14,977)
		6,905,931	6,293,518

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

Pak - Iran Joint Investment Company Limited
Profit and Loss Account (Un-audited)

For the First Quarter ended 31 March 2010

	31 March 2010	31 March 2009
	(Rupees in '000)	
Mark-up / return / interest earned	222,539	207,104
Mark-up / return / interest expensed	<u>31,730</u>	<u>13,883</u>
Net mark-up / interest income	190,809	193,221
Provision against / (reversal of) non-performing loans and advances	72,035	-
Provision for diminution / impairment in the value of investments	-	9,444
Bad debts written-off directly	-	-
	<u>72,035</u>	<u>9,444</u>
Net mark-up / interest income after provisions	118,774	183,777
NON MARK-UP / INTEREST INCOME		
Fees, commission and brokerage income	512	2,100
Dividend income	475	185
Gain on sale of securities	46,927	983
Income from dealing in government securities	-	-
Income from dealing in foreign currencies	-	-
Unrealised surplus on revaluation of held for trading securities	669	73
Unrealised deficit on revaluation of derivative instruments	-	-
Other income	-	-
Total non mark-up / interest income	<u>48,583</u>	<u>3,341</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	33,644	15,143
Other charges	-	-
Total non mark-up / interest expenses	<u>33,644</u>	<u>15,143</u>
PROFIT BEFORE TAXATION	133,713	171,975
Taxation		
- Current	72,000	63,924
- Prior years	-	-
- Deferred	(25,200)	-
	<u>46,800</u>	<u>63,924</u>
PROFIT AFTER TAXATION	86,913	108,051
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>0.14</u>	<u>0.22</u>

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

Chairman

**Chief Executive /
Managing Director**

Director

Director

Pak - Iran Joint Investment Company Limited

Cash Flow Statement - (Un-audited)

For the First Quarter ended 31 March 2010

	31 March 2010	31 March 2009
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	133,722	171,975
Less: Dividend income	(475)	(185)
	133,247	171,790
Adjustments for:		
Depreciation	1,687	1,316
Amortisation	505	505
Unrealised surplus on revaluation of 'held for trading' securities	-	-
Provision for non-performing loans & advances	72,035	-
Provision for diminution / impairment in the value	9,444	9,444
	74,227	11,265
	207,474	183,055
Increase in operating assets		
Lendings to financial institutions	(1,200,000)	(132,000)
Loans and advances	(152,693)	(194,676)
Others assets	(15,670)	(359,573)
	(1,368,363)	(686,249)
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	(42,929)	403,798
Deposits and other accounts	-	-
Other liabilities (excluding current taxation)	63,768	5,299
	20,839	409,097
	(1,140,050)	(94,097)
Income tax paid	(54,822)	(61,012)
Net cash flows from operating activities	(1,194,872)	(155,109)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(580,321)	(939,025)
Dividend income received	475	185
Investments in operating fixed assets	(4,631)	(1,131)
	-	-
Net cash flows from investing activities	(584,477)	(939,971)
CASH FLOW FROM FINANCING ACTIVITIES		
	509,175	-
(Decrease) / increase in cash and cash equivalents	(1,270,174)	(1,095,080)
Cash and cash equivalents at beginning of the period	1,312,084	2,323,263
Cash and cash equivalents at end of the period	41,910	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

Pak - Iran Joint Investment Company Limited
Statement of Changes in Equity (Un-audited)
For the First Quarter ended 31 March 2010

	Share capital	Statutory reserves	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at 1st January 2009	5,000,000	89,250	357,003	5,446,253
Profit after taxation for the quarter ended ended 31 March 2009	-	-	108,051	108,051
Balance as at 31 March 2009	5,000,000	89,250	465,054	5,554,304
Adv. Against Issue of right shares	490,825	-	-	490,825
Profit after taxation for the nine months period ended 31 December 2009	-	-	263,366	263,366
Transfer to statutory reserve		74,283	(74,283)	-
Balance as at 01 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 31 March 2010	-	-	86,913	86,913
Balance as at 31 March 2010	6,000,000	163,533	741,050	6,904,583

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

Chairman

**Chief Executive /
Managing Director**

Director

Director

Pak - Iran Joint Investment Company Limited
Notes to the Financial Statements
For the First Quarter ended 31 March 2010

1. STATUS AND NATURE OF BUSINESS

Pak-Iran Joint 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 Progressive Plaza, Beaumont Road, 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 2009.

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 2009.

5. LENDINGS TO FINANCIAL INSTITUTIONS

These carry mark-up rates ranging from 12.40% to 12.55% per annum (December 2009: 12.75% to 15% per annum) and are due to mature latest by June 2010 (December 2009: January 2010).

6. INVESTMENTS	31 March 2010 (Un-audited)			31 December 2009 (Audited)		
	(Rupees in '000)					
6.1 Investments by types	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
Available for sale						
Treasury bills	550,381	1,875,000	2,425,381	498,578	1,928,000	2,426,578
Units of mutual funds - Listed	367,994	-	367,994	369,532	-	369,532
Fully paid up ordinary shares - Listed	439,905	-	439,905	439,514	-	439,514
Sukuk bonds	358,420	-	358,420	293,902	-	293,902
Term Finance Certificates	2,056,389	-	2,056,389	1,712,625	-	1,712,625
	3,773,089	1,875,000	5,648,089	3,314,151	1,928,000	5,242,151
Held for Trading						
Mutual Funds & Shares	298,400	-	298,400	124,017	-	124,017
Held to maturity						
Commercial papers	-	-	-	-	-	-
Investments at cost						
	4,071,489	1,875,000	5,946,489	3,438,168	1,928,000	5,366,168
Less: Provision for diminution/impairment in value of investments	6.3 (15,004)		(15,004)	(15,004)		(15,004)
Investments - net of provisions						
	4,056,485	1,875,000	5,931,485	3,423,164	1,928,000	5,351,164
Surplus / (deficit) on revaluation of available for sale securities	(5,779)	(2,385)	(8,164)	(21,777)	(2,712)	(24,489)
	4,050,706	1,872,615	5,923,321	3,401,387	1,925,288	5,326,675
6.2 Investments by segments						
				31 March 2010 (Unaudited)	31 December 2009 (Audited)	
				(Rupees in '000)		
Listed securities						
- Ordinary shares of listed companies				643,883	563,531	
- Units of mutual funds				462,416	369,532	
- Term Finance Certificates				1,765,913	1,412,625	
Unlisted securities						
- Sukuk bonds				358,420	293,902	
- Commercial papers				-	-	
- Term Finance Certificates				290,476	300,000	
Government securities						
- Treasury bills				2,425,381	2,426,578	
Total investments at cost						
				5,946,489	5,366,168	
Provision for diminution / impairment in the value of investments	6.3			(15,004)	(15,004)	
Investments - net of provisions						
				5,931,485	5,351,164	
Surplus / (deficit) on revaluation of Investments				(8,164)	(24,489)	
Total investments at market value						
				5,923,321	5,326,675	
6.3 Movements in provision for diminution/impairment in value of investments analyzed as follows						
Opening Balance				(15,004)	-	
Provision during the period / year				-	(15,004)	
Closing Balance				(15,004)	(15,004)	

	31 March 2010 (Un-audited)	31 December 2009 (Audited)
	----- (Rupees in '000) -----	
7. ADVANCES		
Loans, cash credits, running finances, etc. in Pakistan	1,306,771	1,174,878
Less: Provision against non-performing loans & advances	<u>(301,526)</u>	<u>(229,491)</u>
	<u>1,005,245</u>	<u>945,387</u>
8. OPERATING FIXED ASSETS		
Following additions have been made to tangible fixed assets during the period:	Quarter ended 31 March 2010 (Un-audited)	Quarter ended 31 Dec 2009 (Un-audited)
	----- (Rupees in '000) -----	
Additions - Cost	<u>41</u>	<u>-</u>
9. OTHER ASSETS		
	31 March 2010 (Un-audited)	31 December 2009 (Audited)
	----- (Rupees in '000) -----	
Income / mark-up accrued	107,223	104,851
Dividend receivable	-	1,060
Security deposits	6,268	6,617
Advances, deposits, advance rent and other prepayments	26,654	3,761
Receivable against sale of shares	-	2,899
Other Receivable	<u>15,504</u>	<u>-</u>
	<u>155,649</u>	<u>119,188</u>
10. BORROWINGS FROM FINANCIAL INSTITUTIONS		
The Company has arranged borrowings from commercial banks against sale and repurchase of treasury bill. The mark-up on these finances ranges from 10.50% to 12.12% per annum (31 December 2009: 12.05% to 12.4 per annum) and are due to mature on 7 A (December 2009: January 2010).		
	31 March 2010 (Un-audited)	31 December 2009 (Audited)
	----- (Rupees in '000) -----	
11. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (Deficit) arising on revaluation of quoted securities	(7,257)	9,464
Surplus / (Deficit) arising on revaluation of T-Bills	(2,385)	(3,517)
Surplus / (Deficit) arising on revaluation of TFCs	20,531	(6,777)
Surplus / (Deficit) arising on revaluation of Sukkus	<u>(19,053)</u>	<u>(23,659)</u>
	(8,164)	(24,489)
Related deferred tax asset	<u>9,512</u>	<u>9,512</u>
	<u>1,348</u>	<u>(14,977)</u>
12. COMMITMENTS		
12.1 Commitments for the acquisition of computer software	<u>-</u>	<u>800</u>
12.2 Commitments in respect of repo transactions		
Commitments for civil works	<u>-</u>	<u>8,805</u>
Commitments to extend credit	<u>-</u>	<u>411,736</u>
Commitments in respect of repo transactions	<u>1,816,912</u>	<u>1,863,887</u>
Commitments in respect disbursement of advances	<u>219,702</u>	<u>-</u>
Commitments in respect of Sukkus	<u>79,080</u>	<u>-</u>

13. DATE OF AUTHORISATION FOR ISSUE **31 March** 31 December
2010 2009

These financial statements were authorized for issue in the Board of Directors meeting held on _____.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chairman

**Chief Executive /
Managing Director**

Director

Director