



**PAIR Investment Company Limited**

**Condensed Interim Financial Statements (Un-audited)**

**For the Nine Months Period Ended 30 September 2012**

**PAiR Investment Company Limited**  
**Condensed Interim Statement of Financial Position**  
**As at 30 September 2012**

	Note	30 September 2012 (Un-audited)	31 December 2011 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		28,060	9,143
Balances with other banks		41,839	20,675
Lendings to financial institutions		-	-
Investments	7	10,819,164	8,974,337
Advances	8	4,052,549	2,475,156
Operating fixed assets	9	66,526	48,060
Deferred tax assets-net		98,644	80,756
Other assets	10	248,494	236,992
		<b>15,355,276</b>	<b>11,845,119</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings from financial institutions	11	6,069,713	3,695,484
Deposits and other accounts	12	965,040	260,000
Sub-ordinate loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		226,340	158,938
		<b>7,261,093</b>	<b>4,114,422</b>
<b>NET ASSETS</b>		<b>8,094,183</b>	<b>7,730,697</b>
<b>REPRESENTED BY</b>			
Share capital	13	6,000,000	6,000,000
Reserves		388,432	327,714
Unappropriated profit		1,503,732	1,310,862
		<b>7,892,164</b>	<b>7,638,576</b>
Surplus on revaluation of assets - net of tax	14	202,019	92,121
		<b>8,094,183</b>	<b>7,730,697</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		


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

			
Chairman	Chief Executive / Managing Director	Director	Director

**PAiR Investment Company Limited**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the nine months period ended 30 September 2012**

	Nine months ended 30 September 2012	Nine months ended 30 September 2011	Quarter ended 30 September 2012	Quarter ended 30 September 2011
------(Rupees in '000)-----				
Mark-up / return / interest earned	1,110,611	976,082	376,575	345,498
Mark-up / return / interest expensed	492,574	293,102	186,993	118,563
<b>Net mark-up / interest income</b>	<b>618,037</b>	<b>682,980</b>	<b>189,582</b>	<b>226,935</b>
Provision against non-performing loans and advances	87,500	42,514	87,500	8,715
Provision against placements	-	-	-	-
(Reversal) against / provision for diminution in the value of investments	(10,359)	234,647	29,486	(11,295)
Bad debts written-off directly	-	-	-	-
<b>Net mark-up / interest income after provisions</b>	<b>77,141</b>	<b>277,161</b>	<b>116,986</b>	<b>(2,580)</b>
<b>NON MARK-UP / INTEREST INCOME</b>				
Fees, commission and brokerage income	16,612	5,812	6,003	191
Dividend income	14,248	17,699	1,781	998
Income / (loss) in dealing in foreign currencies	121	-	(84)	-
Gain / (loss) on sale of securities - net	56,501	5,290	32,969	(60,700)
Unrealised surplus / (deficit) on revaluation of 'held for trading' securities	944	(7,828)	1,091	21,321
Gain on sale of Fixed Assets	346	-	93	-
<b>Total non mark-up / interest income</b>	<b>88,772</b>	<b>20,973</b>	<b>41,853</b>	<b>(38,190)</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	170,570	92,426	58,844	33,196
Other charges	10,862	12,627	2,547	2,754
<b>Total non mark-up / interest expenses</b>	<b>181,432</b>	<b>105,053</b>	<b>61,391</b>	<b>35,950</b>
<b>PROFIT BEFORE TAXATION</b>	<b>448,236</b>	<b>321,739</b>	<b>53,058</b>	<b>155,375</b>
Taxation				
- Current	174,000	196,182	53,000	51,073
- Prior years	-	-	-	-
- Deferred	(29,352)	(22,627)	(26,156)	-
<b>PROFIT AFTER TAXATION</b>	<b>144,648</b>	<b>173,555</b>	<b>26,844</b>	<b>51,073</b>
<b>Earnings per share - basic and diluted</b>	<b>0.51</b>	<b>0.25</b>	<b>0.04</b>	<b>0.17</b>

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

  
 Chairman

Chief Executive /  
 Managing Director

  
 Director

  
 Director

**PAiR Investment Company Limited**

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

**For the nine months period ended 30 September 2012**

	Nine months ended 30 September 2012	Nine months ended 30 September 2011	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	----- (Rupees in '000) -----			
Profit after taxation for the period	303,588	148,184	26,214	104,302
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>303,588</b>	<b>148,184</b>	<b>26,214</b>	<b>104,302</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.

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

  
Chairman

  
Chief Executive /  
Managing Director


  
Director

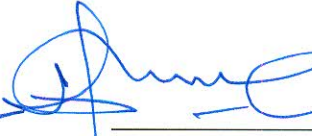
  
Director

**PAiR Investment Company Limited**  
**Condensed Interim Cash Flow Statement - (Un-audited)**  
**For the nine months period ended 30 September 2012**

	30 September 2012	30 September 2011
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	448,236	321,739
Less: Dividend income	<u>(14,248)</u>	<u>(17,699)</u>
	433,988	304,040
Adjustments for:		
Depreciation	14,529	10,582
Amortisation	2,118	1,365
Unrealised (surplus) / deficit on revaluation of 'held for trading' securities	(944)	7,828
Provision for non-performing loans & advances	87,500	42,514
Provision against workers' welfare fund	10,862	11,883
Gain on sale of fixed assets	(346)	-
(Reversal) against / provision for diminution in the value of investments	<u>(10,359)</u>	<u>234,647</u>
	103,360	308,819
	537,348	612,859
(Increase)/decrease in operating assets		
Lendings to financial institutions	-	450,000
Loans and advances	(1,664,893)	(77,792)
Others assets	<u>(10,396)</u>	<u>(48,826)</u>
	(1,675,289)	323,382
Increase in operating liabilities		
Borrowings from financial institutions	2,374,229	828,550
Deposits and other accounts	705,040	-
Other liabilities (excluding current taxation)	<u>56,540</u>	<u>(48,632)</u>
	3,135,809	779,918
	1,997,868	1,716,159
Income tax paid	<u>(162,536)</u>	<u>(222,502)</u>
<b>Net cash flows from operating activities</b>	<b>1,835,332</b>	<b>1,493,657</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments	(1,723,625)	(1,807,297)
Dividend income received	13,142	22,097
Investments in operating fixed assets	(36,415)	(18,312)
Sale proceed from sale of operating fixed assets	1,647	-
<b>Net cash flows from investing activities</b>	<b>(1,745,251)</b>	<b>(1,803,512)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(50,000)	-
<b>Net cash flows used in financing activities</b>	<b>(50,000)</b>	<b>-</b>
Increase / (decrease) in cash and cash equivalents	40,081	(309,855)
Cash and cash equivalents at beginning of the period	29,818	363,360
Cash and cash equivalents at end of the period	<u>69,899</u>	<u>53,505</u>

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

  
Chairman

  
Chief Executive /  
Managing Director

  
Director

  
Director



**PAiR Investment Company Limited****Condensed Interim Statement of Changes in Equity (Un-audited)****For the nine months period ended 30 September 2012**

	Share capital	Statutory reserves	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at 1 January 2011	6,000,000	279,204	1,116,823	7,396,027
Profit after taxation for the nine months period ended 30 September 2011	-	-	148,184	148,184
Transfer to statutory reserve	-	29,637	(29,637)	-
Balance as at 30 September 2011	<u>6,000,000</u>	<u>308,841</u>	<u>1,235,370</u>	<u>7,544,211</u>
Profit after taxation for the three months period ended 31 December 2011	-	-	94,365	94,365
Transfer to statutory reserve	-	18,873	(18,873)	-
Balance as at 31 December 2011	<u>6,000,000</u>	<u>327,714</u>	<u>1,310,862</u>	<u>7,638,576</u>
Profit after taxation for the nine months period ended 30 September 2012	-	-	303,588	303,588
Transfer to statutory reserve	-	60,718	(60,718)	-
Interim dividend for the nine months period ended 30 September 2012 @ 0.83% per share	-	-	(50,000)	(50,000)
<b>Balance as at 30 September 2012</b>	<u><u>6,000,000</u></u>	<u><u>388,432</u></u>	<u><u>1,503,732</u></u>	<u><u>7,892,164</u></u>

The annexed notes 1 to 17 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**

**For the nine months period ended 30 September 2012**

#### **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. 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 financial statements of the Company for the year ended 31 December 2011.

#### **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 31 December 2011.

#### **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 31 December 2011.

#### **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 31 December 2011.

7. INVESTMENTS	30 September 2012 (Un-audited)			31 December 2011 (Audited)		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
7.1. Investments by type	----- (Rupees in '000) -----					
<b>Held for Trading</b>						
Units of mutual funds and shares	12,527	-	12,527	2,607	-	2,607
<b>Available for sale</b>						
Treasury bills	487,209	4,661,454	5,148,663	179,402	3,779,000	3,958,402
Units of mutual funds - Listed	1,296,885	-	1,296,885	947,345	-	947,345
Fully paid up ordinary shares - Listed	395,994	-	395,994	421,978	-	421,978
Fully paid up ordinary shares - Unlisted	296,860	-	296,860	296,860	-	296,860
Sukuk bonds	380,909	-	380,909	414,776	-	414,776
Term Finance Certificates - Listed	3,100,096	-	3,100,096	2,784,796	-	2,784,796
Term Finance Certificates - Unlisted	384,498	-	384,498	477,505	-	477,505
	6,342,451	4,661,454	11,003,905	5,522,662	3,779,000	9,301,662
<b>Investments at cost</b>	6,354,978	4,661,454	11,016,432	5,525,269	3,779,000	9,304,269
Less: Provision for diminution in value of investments	(409,414)	-	(409,414)	(419,772)	-	(419,772)
<b>Investments - net of provision</b>	5,945,564	4,661,454	10,607,018	5,105,497	3,779,000	8,884,497
Surplus / (Deficit) on revaluation of 'held for trading' securities	65	-	65	(879)	-	(879)
Surplus on revaluation of 'available' for sale securities	122,240	89,841	212,081	90,719	-	90,719
<b>Total Investments</b>	6,067,869	4,751,295	10,819,164	5,195,337	3,779,000	8,974,337

8. ADVANCES	30 September 2012 (Un-audited)	31 December 2011 (Audited)
	(Rupees in '000)	
Loans, cash credits, running finances, etc. in Pakistan	4,222,504	2,574,149
Staff Loans	35,199	18,661
Advances - Gross	4,257,703	2,592,810
Provision for non performing loans and advances	8.1 (205,154)	(117,654)
Advances - Net of Provision	4,052,549	2,475,156

8.1 Advances include Rs. 743 million (December 2011 : Rs. 393 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	350,000	-	350,000	87,500	87,500
Doubtful	-	-	-	-	-
Loss	393,000	-	393,000	117,654	117,654
	743,000	-	743,000	205,154	205,154

8.1.1 Particulars of provision against non-performing advances:

	30 September 2012			31 December 2011		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	117,654	-	117,654	75,141	-	75,141
Charge for the period	87,500	-	87,500	42,513	-	42,513
Reversal	-	-	-	-	-	-
	87,500	-	87,500	42,513	-	42,513
Amount written off	-	-	-	-	-	-
Closing balance	205,154	-	205,154	117,654	-	117,654



8.1.2 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the State Bank of Pakistan, the Company has availed the benefit of Forc Sales Values (FSVs) against the non-performing advances. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances would have been higher by Rs. 275.487 million. Further, this amount arising from availing the benefit of FSV is not av for distribution amongst the shareholders either in the form of cash or stock dividend.

9. OPERATING FIXED ASSETS	30 September 2012 (Un-audited) (Rupees in '000)	31 December 2011 (Audited)
Operating fixed assets - Book value	<u>66,526</u>	<u>48,060</u>
Following additions have been made to operating fixed assets during the period / year		
Additions - Cost	<u>36,415</u>	<u>19,004</u>

10. OTHER ASSETS		
Income / mark-up accrued in local currency	230,990	201,639
Dividend receivable	1,106	-
Security deposits	6,508	6,508
Advances, deposits, advance rent and other prepayments	9,890	28,845
	<u>248,494</u>	<u>236,992</u>

11. BORROWINGS FROM FINANCIAL INSTITUTIONS			
Borrowing from State Bank of Pakistan against refinance scheme	11.1	36,174	42,750
Repurchase agreement borrowings	11.2	4,517,539	3,652,734
Term borrowing	11.3	1,516,000	-
		<u>6,069,713</u>	<u>3,695,484</u>

11.1 This borrowing carry mark-up rate of 6.50% per annum (2011 : 6.50%). The borrowing will mature in November 2019.

11.2 The mark-up rates on these borrowings range from 10.30% to 10.60% per annum (December 2011: 11.90% to 12.00% per annum) and are due to mature up to October 2012 (December 2011: February 2012).

11.3 The mark-up rates on these borrowings range from 10.85% to 11.03% per annum (2011 : Nil). These borrowings will mature in August 2017.

12. DEPOSITS AND OTHER ACCOUNTS		
Certificates of Investments (COIs) - remunerative		
Financial institutions	450,000	250,000
Others	515,040	10,000
	<u>965,040</u>	<u>260,000</u>

12.1 The mark-up rates on these COIs range between 0% to 12.40% per annum (2011 : 11.60% to 12.40% per annum). These COIs will mature up to July 2013.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL					
Ordinary Shares of Rs.10 each					
30 September 2012 (Un-audited) (Number of shares)	31 December 2011 (Audited)	30 September 2012 (Un-audited)	31 December 2011 (Audited)		
		(Rupees in '000)			
<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>		
Ordinary shares of Rs. 10 each					
Issued, subscribed and paid-up capital					
Ordinary Shares of Rs.10 each					
2012	2011				
(Number of shares)					
<u>600,000,000</u>	<u>600,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>		
Ordinary shares of Rs. 10 each issued for cash					

14. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX	30 September 2012 (Un-audited)	31 December 2011 (Audited)
	(Rupees in '000)	
Surplus arising on revaluation of quoted equity securities	93,575	16,964
Surplus arising on revaluation of T-Bills	6,771	(1,571)
Surplus arising on revaluation of TFCs	<u>111,735</u>	<u>75,326</u>
	<u>212,081</u>	<u>90,719</u>
 Related deferred tax (liability) / asset	 <u>(10,062)</u>	 <u>1,402</u>
	<u><u>202,019</u></u>	<u><u>92,121</u></u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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 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 an appeal and is confident that the ultimate outcome on the matter would be in favour of the Company inter alia on the basis of the advice of the tax consultant.





15.2 Commitments in respect of repo transactions	30 September 2012 (Un-audited)	31 December 2011 (Audited)
	(Rupees in '000)	
Commitments in respect of repo transactions	<u>4,658,968</u>	<u>3,497,953</u>
Commitments to extend credit	<u>1,123,412</u>	<u>182,023</u>
Commitment for payment against consultancy services	<u>3,000</u>	<u>-</u>
 15.3 Transaction related contingent liabilities - Guarantees	 <u>150,000</u>	 <u>-</u>

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 21 OCT 2012 by the Board of Directors.

 _____ Chairman	 _____ Chief Executive / Managing Director	 _____ Director	 _____ Director
--	--	---	--