

## PAİR INVESTMENT COMPANY LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31, 2014

On behalf of the Board of Directors, I am pleased to present the Financial Statements of PAİR Investment Company Limited (PAİR) for the period ended March 31, 2014. These Financial Statements have been prepared in compliance with the requirements of BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'.

#### Economic Review

In the largest ever single transaction, Pakistan has been able to raise \$2 billion from international debt markets through the issuance of five- and ten-year dollar-denominated Eurobonds indicating investors' strong confidence in Pakistan's economy and leadership. The transaction was highly significant for Pakistan as it successfully re-established its profile in front of the global fixed income investor base. This is a huge success for Pakistan at the most opportune time given the ratings it received from Moody's and S&P.

GDP growth is likely to remain in the range of 3.5% to 4.5%. SBP estimates an improvement in large-scale manufacturing (LSM) output based on the size in private sector credit (PRs278bn, up from PRs147bn). SBP sees a rebound in LSM (growth of 6.8%) compared to a meager 2.8% increase in the corresponding period of last year. A decline in cotton and sugarcane production is expected to be offset with gains in rice and wheat production. Due to a strong showing in LSM, spillovers in wholesale, retail and transport sectors are expected.

#### Company Performance General Overview

Our core strengths — helping customers pursue opportunities and helping companies build their businesses in the Pakistan are aligned with the trends that are redefining the Pakistan economy. Our central mission has been to support economic progress. We have applied our passion to serve our customer to fulfill their needs and goals.

Rupees in '000							
<u>Profit &amp; Loss Account</u>				<u>Statement of Financial Position</u>			
For the Quarter ended ,	March 2014	March 2013	Change (%)	As at,	March 31, 2014	Dec 31, 2013	Change (%)
Mark-up / return / interest earned	247,643	345,500	-28.32%	Advances	4,166,964	3,678,206	13.29%
Mark-up / return / interest expens	91,297	170,605	-46.49%	Investments	13,034,787	12,745,355	2.27%
Net mark-up / interest income	156,346	174,895	-10.61%	Total Assets	18,079,547	17,281,686	4.62%
Non Mark-up Income	96,672	46,346	108.59%	Total Liabilities	9,431,297	8,840,956	6.68%
Total income	253,018	221,241	14.36%	Share Capital	6,000,000	6,000,000	-
Non Mark-up / Interest Expenses	61,886	58,352	6.06%	Reserves	513,692	483,592	6.22%
Profit before Provisions	191,132	162,889	17.34%	Unappropriated Profit	1,901,646	1,781,247	6.76%
(Provisions) / Reversals	3,303	2,571	28.47%				
Profit before Taxation	194,435	165,460	17.51%				
Taxation	43,936	53,007	-17.11%				
Profit after Taxation	150,499	112,453	33.83%				
Earnings per Share (Rupees)	0.25	0.19	33.83%				



PAİR has reported a profit after tax of Rs. 150 million for the three months period ended which is 33.83% higher than from the corresponding period last year. Mark-up Income had a negative growth of 28.32% which due to lower investment in T-Bills during the quarter. Non-Markup Income showed an impressive growth of 108.59% due to the capital gain on sale of securities. The Earnings per share for the three months period were reported at Rs. 0.25 per share as against Rs. 0.19 per share in the corresponding period last year.

PAİR's asset base has increased to Rs. 18.08 billion as at March 31, 2014 as compared to Rs. 17.28 billion as at December 31, 2013. Net investments increased by 2.27% and Loans and Advances portfolio increased by 13.29%.

### **Credit Rating**

PAİR's long-Term Entity Rating has been upgraded to 'AA' (Double A) and a short term Entity Rating of 'A1+' (A One Plus) has been maintained by Pakistan Credit Rating Agency Limited (PACRA) based on the audited accounts for the period ended December 31, 2012. The ratings have a positive outlook which incorporates consistent efforts made by the management in putting the requisite infrastructure in place to implement its business strategy.

### **Future Outlook**

PAİR prime focus will remain in providing services and financing to projects which provide sustainable long term economic growth and infrastructure. PAİR is committed to excel by increasing operational efficiencies and quality of services by focusing on clients' needs.

### **APPRECIATION AND ACKNOWLEDGEMENT**

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We offer sincere appreciation to the Iran Foreign Investment Company, Ministry of Finance- Government of Pakistan, State Bank of Pakistan and Securities & Exchange Commission of Pakistan for their guidance and cooperation extended to the Bank. Finally, we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

On Behalf of the Board of Director



**Bijan Rahimi**  
Chairman

**Tehran: April 21, 2014**