



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS **FOR THE HALF YEAR ENDED 30 JUNE 2019**

We are pleased to present on behalf of the Board of Directors, the un-audited condensed interim financial statements of Pak China Investment Company Limited for the half year ended 30 June 2019 together with Directors' Review thereon.

Profit after tax increased by 34% as compared to comparable prior period i.e 30 June 2018 , from Rs. 390 million to Rs. 522 million. Correspondingly, basic earnings per share stood at Re. 0.57 for the half year ended 30 June 2019 as compared to Re. 0.43 per share of comparable prior period.

Net mark-up income increased by Rs. 226 million from Rs. 530 million in the corresponding period of the previous year to Rs. 756 million for the current period. This increase is mainly attributable to increase in policy rate by SBP and diversion of investments to lucrative instruments.

Total Non-mark-up income increased by Rs. 144 million from Rs. 171 million in the corresponding period of the previous year to Rs. 314 million for the current period. This increase is mainly attributable to un-realized foreign exchange gain which was Rs. 116 million in the corresponding period however the same was Rs.282 million for the current period due to significant depreciation of PKR against USD during the current period. Fee and commission income increased from Rs. 20 million in the corresponding period to Rs. 22 million during current period.

Operating expenses increased by Rs. 76 million majorly due to increase in salaries, legal and professional charges, travelling & conveyance, depreciation and Repair & maintenance.

Provisions against non-performing loans decreased however impairment loss on equity investments has increased by Rs. 101 million owing to the slowdown in Pakistan economy which has negatively impacted the performance of our bourse.

Total assets have decreased by Rs. 2.98 billion majorly because repo and call money borrowing of Rs. 3.86 billion as of 31 December 2018 were matured during the current period.

Ministry of Finance, Government of Pakistan has contributed Rs. 300 million being the sponsors for issuance of shares. Contribution from China Development Bank was received subsequent to the reporting date.

VIS Credit Rating Company Limited (VIS) has re-affirmed the entity ratings of Pak China Investment Company Limited (PCICL) at 'AAA/A-1+' (Triple A/A-One Plus) prime highest possible rating. The medium to long-term rating of 'AAA' denotes highest credit quality, with negligible risk factors, being only slightly more than for risk-free debt of Government of Pakistan. The short-term rating of 'A-1+' denotes highest certainty of timely payment, liquidity factors are outstanding and safety is just below risk free short-term obligations of Government of Pakistan. Outlook on the assigned ratings is 'Stable'.



On behalf of the Board, I would like to express our gratitude to our shareholders, Ministry of Finance, Government of Pakistan and China Development Bank for their support and State Bank of Pakistan for professional guidance. The Board also wishes to place on record its appreciation of the hard work and dedication of the Management and staff of the Company.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to be "Wang Baojun", written over a faint blue circular stamp.

Wang Baojun
Managing Director

A handwritten signature in black ink, appearing to be "Noor Ahmad", written over a faint blue circular stamp.

Noor Ahmad
Director