



Condensed Interim Financial Statements

For the quarter ended 31 March 2016

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

| | | 31 March, 2016 (Un-audited) | 31 December, 2015 (Audited) |
|--|------|-----------------------------------|-----------------------------------|
| | Note | ------(Rupees)----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | 8 | 50,934,266 | 116,864,752 |
| Balances with other banks | 9 | 1,068,651,253 | 2,033,472,081 |
| Lendings to financial institutions | | - | - |
| Investments | 10 | 10,118,141,159 | 12,091,247,041 |
| Advances | 11 | 5,972,887,737 | 5,707,733,436 |
| Operating fixed assets | 12 | 179,390,163 | 183,466,497 |
| Other assets | | 319,377,910 | 411,026,743 |
| Deferred tax assets | | 9,877,433 | 5,605,027 |
| | | 17,719,259,921 | 20,549,415,577 |
| LIABILITIES | | | |
| Bills payable | | - | - |
| Borrowings | 13 | 3,944,416,133 | 6,903,225,721 |
| Deposits and other accounts | | - | - |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Other liabilities | | 95,137,414 | 84,984,474 |
| Deferred tax liabilities | | - | - |
| | | 4,039,553,547 | 6,988,210,195 |
| NET ASSETS | | 13,679,706,374 | 13,561,205,382 |
| REPRESENTED BY | | | |
| Share capital | | 9,116,400,000 | 9,116,400,000 |
| Reserve | | 884,912,724 | 854,266,780 |
| Unappropriated profit | | 3,537,360,023 | 3,414,776,247 |
| | | 13,538,672,747 | 13,385,443,027 |
| Surplus on revaluation of available-for-sale securities - net of tax | | 141,033,627 | 175,762,355 |
| | | 13,679,706,374 | 13,561,205,382 |
| CONTINGENCIES AND COMMITMENTS | 14 | | |

The annexed notes, from 1 to 16, form an integral part of these condensed interim financial statements.


Chairman


Managing Director


Director


Director

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2016

| | March 31, 2016 | March 31, 2015 |
|---|-----------------------------|-----------------------------|
| | For the quarter ended | For the quarter ended |
| Note | ----- | ----- |
| | (Rupees) | (Rupees) |
| Mark-up / return / interest earned | 258,244,838 | 439,718,121 |
| Mark-up / return / interest expensed | (69,977,159) | (136,735,279) |
| Net mark-up / interest income | 188,267,679 | 302,982,842 |
| Provision against non-performing loans and advances | 21,906,736 | 31,383,292 |
| Provision for diminution in the value of investments | - | 9,710,000 |
| | 21,906,736 | 41,093,292 |
| Net mark-up / interest income after provisions | 166,360,943 | 261,889,550 |
| NON MARK-UP/INTEREST INCOME | | |
| Fee, commission and brokerage income | 11,251,947 | 675,000 |
| Exchange gain / (loss) | 2,702,616 | 20,136,794 |
| Gain / (Loss) on sale of securities | 108,171,606 | 49,181,451 |
| Other income | 2,274,480 | 2,106,000 |
| Total non mark-up / interest income | 124,400,649 | 72,099,245 |
| NON MARK-UP/INTEREST EXPENSES | | |
| Administrative expenses | 65,560,878 | 71,742,313 |
| Impairment loss on available for sale investments | 1,228,001 | 2,500,000 |
| Total non mark-up/interest expenses | 66,788,879 | 74,242,313 |
| Extra ordinary / unusual items | - | - |
| PROFIT BEFORE TAXATION | 223,972,713 | 259,746,482 |
| TAXATION | | |
| - Current | 69,728,543 | 73,402,778 |
| - Prior | - | - |
| - Deferred | 1,014,450 | 2,231,363 |
| | 70,742,993 | 75,634,141 |
| PROFIT AFTER TAXATION | 153,229,720 | 184,112,341 |
| Basic and diluted earnings per share | 0.17 | 0.20 |

The annexed notes, from 1 to 16, form an integral part of these condensed interim financial statements.

Chairman

Managing Director

Director

Director

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2016

| | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|--|--|--|
| | <u>For the</u> <u>quarter</u> <u>ended</u> | <u>For the</u> <u>quarter</u> <u>ended</u> |
| | ------(Rupees)----- | |
| Profit after tax for the period | 153,229,720 | 184,112,341 |
| Re-measurement gain / (losses) on defined benefit plan | - | - |
| Total comprehensive income for the period | <u><u>153,229,720</u></u> | <u><u>184,112,341</u></u> |
| Components of comprehensive income not reflected in equity | | |
| Net change in fair value of Available-For-Sale securities - net of tax | (34,728,728) | 60,209,098 |
| Total comprehensive income | <u><u>118,500,992</u></u> | <u><u>244,321,439</u></u> |

The annexed notes, from 1 to 16, form an integral part of these condensed interim financial statements.



 Chairman



 Managing Director



 Director



 Director

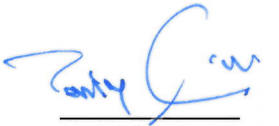
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2016


| | March 31, 2016 | March 31, 2015 |
|---|-----------------------------|-----------------------------|
| | For the quarter ended | For the quarter ended |
| | ------(Rupees)----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 223,972,713 | 259,746,482 |
| Adjustments for non-cash items | | |
| Depreciation | 4,543,101 | 4,590,415 |
| Amortization | 35,832 | - |
| Provision against non-performing loans and advances | 21,906,736 | 31,383,292 |
| Provision for diminution in the value of available-for-sale investments | - | 9,710,000 |
| Impairment loss on available-for-sale investments | 1,228,001 | 2,500,000 |
| Exchange Loss / (gain) | (2,702,616) | (20,136,794) |
| Provision for gratuity | 1,912,656 | 2,173,941 |
| | 250,896,423 | 289,967,336 |
| Decrease / (increase) in operating assets | | |
| Lendings to financial institutions | - | - |
| Advances | (287,061,037) | (511,573,887) |
| Other assets (excluding current taxation) | 98,862,802 | 132,702,925 |
| | (188,198,235) | (378,870,962) |
| Increase / (decrease) in operating liabilities | | |
| Borrowings from financial institutions | (2,958,809,588) | (840,849,258) |
| Other liabilities (excluding current taxation) | (2,847,686) | 3,973,912 |
| | (2,961,657,274) | (836,875,346) |
| | (2,898,959,086) | (925,778,972) |
| Gratuity paid | - | (3,175,500) |
| Income tax paid | (65,854,541) | (79,906,356) |
| Net cash (outflows) / inflows from operating activities | (2,964,813,627) | (1,008,860,828) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment realized / (made) during the period - net | 1,931,862,296 | 957,221,711 |
| Investments in operating fixed assets | (502,599) | (136,791) |
| Net cash outflows from investing activities | 1,931,359,697 | 957,084,920 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Effect of exchange rate changes on cash and cash equivalents | 2,702,616 | 20,136,794 |
| (Decrease) / increase in cash and cash equivalents | (1,030,751,314) | (31,639,114) |
| Cash and cash equivalents at the beginning of the period | 2,150,336,833 | 1,934,117,796 |
| Cash and cash equivalents at the end of the period | 1,119,585,519 | 1,902,478,682 |

The annexed notes, from 1 to 16, form an integral part of these condensed interim financial statements.


Chairman


Managing Director


Director


Director

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2016

| | Share capital | Statutory reserve | Unappropriated profit | Total |
|--|----------------------|----------------------|--------------------------|-----------------------|
| | (Rupees) | | | |
| Balance as at January 01, 2015 | 9,116,400,000 | 729,567,931 | 2,915,980,853 | 12,761,948,784 |
| Total comprehensive income for the period | - | - | 184,112,341 | 184,112,341 |
| Transfer to statutory reserve | - | 36,822,468 | (36,822,468) | - |
| Balance as at March 31, 2015 | 9,116,400,000 | 766,390,399 | 3,063,270,726 | 12,946,061,125 |
| Profit for the period | - | - | 436,711,068 | 436,711,068 |
| Re-measurement gains on defined benefits plans | - | - | 2,670,834 | 2,670,834 |
| Total comprehensive income for the period | - | - | 439,381,902 | 439,381,902 |
| Transfer to statutory reserve | - | 87,876,381 | (87,876,381) | - |
| Balance as at 31 December, 2015 | 9,116,400,000 | 854,266,780 | 3,414,776,247 | 13,385,443,027 |
| Total comprehensive income for the period | - | - | 153,229,720 | 153,229,720 |
| Transfer to statutory reserve | - | 30,645,944 | (30,645,944) | - |
| Balance as at March 31, 2016 | 9,116,400,000 | 884,912,724 | 3,537,360,023 | 13,538,672,747 |

According to BPD Circular No. 15 dated 31 May 2004 issued by SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to statutory reserve. Accordingly, the Company has transferred 20% of its after tax profit for the year to statutory reserve.

The annexed notes, from 1 to 16, form an integral part of these condensed interim financial statements.

| | | | |
|--|---|---|--|
|  _____ Chairman |  _____ Managing Director |  _____ Director |  _____ Director |
|--|---|---|--|

Pak China Investment Company Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2016

1 LEGAL STATUS AND OPERATIONS

Pak China Investment Company Limited ("the Company") was incorporated in Pakistan as a limited company on July 27, 2007. The registered office of the Company is situated at 13th Floor, Saudi Pak Tower, Blue Area, Islamabad. The Company is a 50:50 joint venture between the 'Government of China' and 'Government of Pakistan' through China Development Bank and Ministry of Finance respectively. The objective of the Company is to invest in infrastructure projects, both directly and through establishment of various subsidiary companies.

The Company has commenced business after obtaining Certificate of Commencement of Business from Securities and Exchange Commission of Pakistan on 02 November 2007 and permission to commence business from State Bank of Pakistan on 10 January 2008. The Federal Government of Pakistan specified the name of the Company for the purposes of section 3(A) of the Banking Companies Ordinance, 1962 on 15 December 2007.

2 BASIS OF PREPARATION

The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and this condensed interim financial information should be read in conjunction with the financial statements of the Company for the period ended December 31, 2015.

This condensed interim financial information is unaudited and is being submitted to shareholders as required by the State Bank of Pakistan. Comparative statement of financial position is extracted from audited financial statements for the period ended December 31, 2015, whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flow statement and statement of changes in equity are extracted from the books of accounts of the Company for the period ended March 31, 2015.

3 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the State Bank of Pakistan (SBP). In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the SBP shall prevail.

The State Bank of Pakistan (SBP) vide its BSD Circular Letter No. 11 dated September 11, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Non-Banking Financial Institutions (NBFIs) till further instructions. Further, according to the notification of SECP, SRO 411(I)/2008 dated April 28, 2008, the IFRS 7, Financial Instruments: Disclosures has not been made applicable for DFIs. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

Pak China Investment Company Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2016

4 ESTIMATES

The preparation of interim financial information 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 estimation uncertainty were the same as those applied to financial statements for the year ended December 31, 2015.

5 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention, except that certain investments and balances with treasury banks in foreign currency current account have been carried at revalued amounts.

6 SUMMARY OF SIGNIFICANT POLICIES

The accounting policies and method of computation followed for in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the period ended December 31, 2015.

7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the period ended December 31, 2015.

Pak China Investment Company Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended March 31, 2016

| 8 | CASH AND BALANCES WITH TREASURY BANKS | Note | (Un-audited) March 31, 2016 | (Audited) December 31, 2015 |
|------|---|----------------------------------|-----------------------------------|-----------------------------------|
| | | | ------(Rupees)----- | |
| | Cash in hand in local currency | | 50,000 | 5,831 |
| | With State Bank of Pakistan in local currency current account | | 42,205,977 | 113,441,404 |
| | With National Bank of Pakistan in local currency current account | | 8,678,289 | 3,417,517 |
| | | | <u>50,934,266</u> | <u>116,864,752</u> |
| 9 | BALANCES WITH OTHER BANKS | | | |
| | In Pakistan | | | |
| | - Local currency current accounts | | 161,130 | 6,820,908 |
| | - Local currency deposit accounts | | 14,999,978 | 45,829,372 |
| | - Foreign currency deposit accounts | | 1,053,490,145 | 1,980,821,801 |
| | | | <u>1,068,651,253</u> | <u>2,033,472,081</u> |
| 10 | INVESTMENTS | | | |
| | | Held by the Company Rupees | Given as collateral Rupees | Total Rupees |
| | As at March 31, 2016 (Un-audited) | 6,310,648,709 | 3,807,492,450 | 10,118,141,159 |
| | As at December 31, 2015 (Audited) | <u>5,113,845,516</u> | <u>6,977,401,525</u> | <u>12,091,247,041</u> |
| | | | (Un-audited) March 31, 2016 | (Audited) December 31, 2015 |
| | | | ------(Rupees)----- | |
| 10.1 | INVESTMENTS BY TYPE | Note | | |
| | Available-for-sale securities | | | |
| | - Market treasury bills | | 5,789,873,000 | 6,199,074,000 |
| | - Pakistan Investment Bonds | | 1,537,448,700 | 3,685,110,000 |
| | - Term Finance Certificates | | 1,051,764,364 | 876,764,364 |
| | - Ordinary shares of listed companies | | 90,909,017 | 92,137,018 |
| | - Mutual funds | | 1,450,106,918 | 1,000,106,914 |
| | - Sukuk certificates | | 377,920,553 | 377,920,553 |
| | Investment at cost | | <u>10,298,022,552</u> | <u>12,231,112,849</u> |
| | Provision for diminution in value of investments | | (369,434,062) | (369,434,062) |
| | | | <u>9,928,588,490</u> | <u>11,861,678,787</u> |
| | Surplus on revaluation of available for sale securities | | 189,552,669 | 229,568,254 |
| | | | <u>10,118,141,159</u> | <u>12,091,247,041</u> |
| 11 | ADVANCES | | | |
| | Loans, cash, credits, running finances, etc. | | | |
| | Inside Pakistan | | 6,608,545,557 | 6,327,760,063 |
| | Staff loans | | 32,248,342 | 25,972,799 |
| | Advance- gross | | <u>6,640,793,899</u> | <u>6,353,732,862</u> |
| | Provision for non-performing advances | | | |
| | -Specific provision | | (560,365,087) | (532,500,000) |
| | -General provision | | (107,541,075) | (113,499,426) |
| | | | <u>(667,906,162)</u> | <u>(645,999,426)</u> |
| | | | <u>5,972,887,737</u> | <u>5,707,733,436</u> |

Pak China Investment Company Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended March 31, 2016

11.1 Advances include Rs.1,231.492 million (31 December, 2015: Rs. 652.789 million), placed under non-performing status as detailed below:

| Category of classification | March 31, 2016 (Un-audited) | | | | |
|----------------------------|-----------------------------|----------|---------------|--------------------|----------------|
| | Rupees | | | | |
| | Classified Advances | | | Provision required | Provision held |
| | Domestic | Overseas | Total | | |
| Substandard | 578,703,017 | - | 578,703,017 | 27,865,087 | 27,865,087 |
| Doubtful | 270,288,783 | - | 270,288,783 | 150,000,000 | 150,000,000 |
| Loss | 382,500,000 | - | 382,500,000 | 382,500,000 | 382,500,000 |
| | 1,231,491,800 | - | 1,231,491,800 | 560,365,087 | 560,365,087 |

| Category of classification | December 31, 2015 (Audited) | | | | |
|----------------------------|-----------------------------|----------|-------------|--------------------|----------------|
| | Rupees | | | | |
| | Classified Advances | | | Provision required | Provision held |
| | Domestic | Overseas | Total | | |
| Substandard | - | - | - | - | - |
| Doubtful | 270,288,783 | - | 270,288,783 | 150,000,000 | 150,000,000 |
| Loss | 382,500,000 | - | 382,500,000 | 382,500,000 | 382,500,000 |
| | 652,788,783 | - | 652,788,783 | 532,500,000 | 532,500,000 |

| 12 OPERATING FIXED ASSETS | (Un-audited) March 31, 2016 | (Audited) December 31, 2015 |
|----------------------------|-----------------------------------|-----------------------------------|
| | ----- (Rupees) ----- | |
| Opening written down value | 183,466,497 | 199,423,479 |
| Additions | 502,599 | 2,411,846 |
| Deletions | - | (362,623) |
| Depreciation | (4,578,933) | (18,006,205) |
| Closing written down value | 179,390,163 | 183,466,497 |

| 13 BORROWINGS | (Un-audited) March 31, 2016 | (Audited) December 31, 2015 |
|---------------|-----------------------------------|-----------------------------------|
| In Pakistan | 3,944,416,133 | 6,903,225,721 |

13.1 Details of borrowings - secured / unsecured

| | | |
|---------------------------------|----------------------|----------------------|
| Secured | | |
| Short-term | | |
| Repurchase agreement borrowings | 3,810,694,900 | 6,744,476,430 |
| Long-term | | |
| Borrowing from SBP under FFSAP | 32,884,233 | 41,105,291 |
| Borrowing from SBP under LTFF | 100,837,000 | 117,644,000 |
| | 3,944,416,133 | 6,903,225,721 |

13.2 This represents a Financing Facility for Storage of Agricultural Produce (FFSAP) on concessional rates, to develop the agricultural produce, marketing and to enhance storage capacity. The loan availed under the facility shall be repayable within a maximum period of seven years including a maximum grace period of six months and mark-up payable at 2.5% per annum.

13.3 This represents a Long Term Finance Facility for Imported and Locally Manufactured Plant and Machinery on concessional rates, to promote industrial growth leading to exports. The loan availed under the facility shall be repayable within a maximum period of ten years including a maximum grace period of one and a half years and mark-up payable at 8.4% per annum.

Pak China Investment Company Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended March 31, 2016

| 14 CONTINGENCIES AND COMMITMENTS | March 31, 2016 | December 31, 2015 |
|--|---------------------|----------------------|
| | ------(Rupees)----- | |
| Transaction related contingent liabilities | - | - |
| Trade related contingent liabilities | 126,893,575 | 48,824,813 |

Commitments

The Company makes commitments to extend credit in the normal course of its business, but these being revocable commitments, normally do not attract any significant penalty or expense if the facility is unilaterally withdrawn. As at the balance sheet date, however, the Company's outstanding irrevocable commitments amounts to Rs.1,064.400 million (2015: Rs.616.419 million).

15 RELATED PARTY TRANSACTIONS

The Company has related party relationships with entities in which its shareholders have any interest, key management personnel, directors and employees' funds. The Government of Pakistan (Ministry of Finance) is a related party of the Company; therefore all government authorities, agencies, affiliates and other organizations ("state-controlled entities") are related parties of the Company. Transactions with these state-controlled entities are not very significant and impracticable to quantify, for disclosure in these condensed interim financial statements. Other entity which for its business acquisition or provision of services relies / depends to a greater extent on the bank / DFI i.e. major portion (50% or more) of its business (upstream or downstream) is also a related party.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Transactions with related parties which include entities in the which the Company's shareholders have any interest, key management personnel, directors and employees' funds are as follows:

| | (Un-audited) March 31, 2016 | (Un-audited) March 31, 2015 |
|---|-----------------------------------|-----------------------------------|
| | ------(Rupees)----- | |
| Remuneration of key management personal | 16,175,470 | 17,348,855 |
| Directors Fee | 635,100 | 616,200 |
| Payment to provident fund trust | 1,462,490 | 1,458,076 |
| Charge for the period relating to Gratuity Fund trust | 1,912,656 | 2,173,941 |

16 GENERAL

16.1 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on

28 APR 2016

16.2 Figures in this condensed interim financial information have been rounded off to the nearest rupee.


Chairman


Managing Director


Director


Director