



DIRECTORS REVIEW ON CONDENSED INTERIM FINANCIAL STATEMENTS **FOR THE PERIOD ENDED 30 SEPTEMBER 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 period ended 30 September 2019 together with Directors' Review thereon.

Profit after tax increased by 21.5% as compared to comparable prior period i.e 30 September 2018, from Rs. 531 million to Rs. 646 million. Correspondingly, earnings per share stood at Re. 0.70 for the period ended 30 September 2019 as compared to Re. 0.58 per share of comparable prior period.

Net mark-up income increased by Rs. 429 million from Rs. 788 million in the corresponding period of the previous year to Rs. 1,216 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 decreased by Rs. 0.8 million from Rs. 229 million in the corresponding period of the previous year to Rs. 228 million for the current period. This decrease is mainly attributable to gain on securities of Rs. 47.8 million in the corresponding period however the same was Rs.0.5 million for the current period. This decrease is offset by the increase in Foreign exchange income by Rs. 46 million from Rs. 144 million in the corresponding period of the previous year to Rs. 190 million for the current period. Further fee and commission income decreased by 2.5 million and other income increase by 3.6 million due to increase in rent on property and increase in gain on sale of fixed assets.

Operating expenses increased by Rs. 92 million majorly due to increase in salaries, legal and professional charges, travelling & conveyance, depreciation and repair & maintenance.

Provisions against non-performing loans & Impairment losses increased by Rs.206 million due to increase in impairment loss by Rs. 103 million and increase in provisions against loans and advances by Rs. 102 million owing to the slowdown in Pakistan economy.

Total assets have increased by Rs. 13 billion majorly because of purchase of T-bills in the current period, being funded by repo & call borrowings, earning a decent spread.

Company issued shares amounting to Rs. 580,237,540 to each of the sponsor shareholders in the ratio of 50:50. The difference between capital contribution and share capital issued to MOF amounting to Rs. 9,881,237 will be adjusted in next capital tranche.

Finally, 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'.

Wang Baojun
Managing Director

A handwritten signature in blue ink, appearing to be 'Noor Ahmed'.

Noor Ahmed
Director