



**Condensed Interim Financial
Statements
for the Nine Months Ended September 2014**

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Note	Un-audited 30 September 2014	Audited 31 December 2013
(Rupees)			
ASSETS			
Cash and balances with treasury banks		35,167,579	41,539,691
Balances with other banks		1,842,439,421	1,883,526,361
Lendings to financial institutions	6	-	559,025,145
Investments	7	8,553,949,754	4,283,207,947
Advances	8	5,953,085,585	5,329,004,252
Fixed assets	9	202,601,333	218,912,459
Deferred tax assets		23,941,217	-
Other assets		531,308,850	415,293,990
		17,142,493,739	12,730,508,845
LIABILITIES			
Bills payable		-	-
Borrowings	10	4,200,250,023	326,089,523
Deposits and other accounts		250,000,000	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	12,799,679
Other liabilities		62,304,601	78,669,783
		4,512,554,624	417,558,985
NET ASSETS		12,629,939,115	12,312,949,860
REPRESENTED BY			
Share capital		9,116,400,000	9,116,400,000
Reserve		695,611,465	635,212,571
Unappropriated profit		2,780,154,989	2,538,559,412
		12,592,166,454	12,290,171,983
Surplus on revaluation of assets - net of tax		37,772,661	22,777,877
		12,629,939,115	12,312,949,860

CONTINGENCIES AND COMMITMENTS

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


Chairman


Managing Director


Director


Director

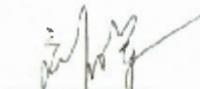
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	2014		2013	
	For the quarter ended	For the Nine Months ended	For the quarter ended	For the Nine Months ended
	---(Rupees)---			
Mark-up / return / interest earned	12 322,623,535	955,255,024	250,924,306	746,408,009
Mark-up / return / interest expensed	13 (88,724,860)	(99,982,050)	(17,548,305)	(75,575,217)
Net mark-up / interest income	253,898,675	855,272,974	233,376,001	670,832,792
Provision against non performing loans and advances	7,948,023	47,156,006	13,680,398	36,758,359
Provision for diminution in the value of available for sale investments	32,617,000	63,138,000	9,650,200	11,759,200
Bad debts written-off directly	-	-	-	-
	40,565,023	110,294,006	23,330,298	48,557,559
Net mark-up / interest income after provisions	213,333,652	744,978,968	210,045,703	622,275,233
NON MARK-UP/INTEREST INCOME				
Fee, commission and brokerage income	1,500,000	11,601,722	12,960,830	13,751,659
Dividend income	7,169,477	8,584,259	-	-
Exchange gain	70,688,090	(41,847,804)	116,878,788	145,193,444
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-	-	-
Gain on sale of securities	-	-	47,110,257	165,815,382
Other income	1,950,000	5,850,000	1,478,886	1,418,886
Total non mark-up / interest income	81,307,567	(15,411,823)	177,428,759	328,249,371
NON MARK-UP/INTEREST EXPENSES				
Administrative expenses	92,811,382	248,229,129	86,981,771	237,633,591
Impairment loss on available for sale investments	20,300,000	30,600,000	-	4,141,492
Other provisions/write offs	-	-	-	-
Other charges	-	-	-	20,000
Total non mark-up/interest expenses	113,111,382	278,829,129	88,981,771	241,795,083
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	181,529,837	460,738,016	296,494,691	706,728,521
TAXATION				
- Current	54,022,433	196,323,817	66,756,732	192,825,256
- Prior	-	-	-	-
- Deferred	5,882,413	(47,580,272)	30,649,114	47,461,781
	59,904,846	148,743,545	97,405,846	240,287,037
PROFIT AFTER TAXATION	121,624,991	301,994,471	201,088,845	466,441,484
Basic earnings per share	0.13	0.33	0.22	0.51

The annexed notes 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 NINE MONTHS ENDED 30 SEPTEMBER 2014

	2014		2013	
	For the quarter ended	For the Nine Months ended	For the quarter ended	For the Nine Months ended
	----- (Rupees) -----			
Net profit for the period	121,624,991	301,994,471	201,088,845	466,441,484
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	121,624,991	301,994,471	201,088,845	466,441,484

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



 Chairman



 Managing Director



 Director

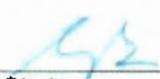


 Director

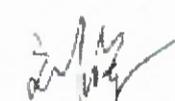
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PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	2014	2013
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	450,738,016	706,729,521
Adjustments for non-cash items		
Depreciation	16,761,871	16,702,844
Provision for diminution in the value of available for sale investments	63,138,000	11,769,200
Impairment loss on available for sale investments	30,600,000	4,141,492
Provision against non-performing loans and advances	47,156,006	36,788,359
Provision for gratuity	7,444,224	5,168,778
Loss / (Gain) on sale of operating fixed assets	-	(178,885)
	<u>616,838,117</u>	<u>781,121,308</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	559,025,145	934,033,000
Advances	(671,237,339)	(721,729,308)
Other assets (excluding current taxation)	(94,577,879)	(31,593,999)
	<u>(206,790,073)</u>	<u>180,709,693</u>
Increase / (decrease) in operating liabilities		
Borrowings	3,874,160,500	(400,063,845)
Deposits and other accounts	250,000,000	-
Other liabilities (excluding current taxation)	1,898,591	13,945,084
	<u>4,126,057,091</u>	<u>(386,118,761)</u>
	<u>4,535,105,135</u>	<u>575,712,240</u>
Income tax paid	<u>(255,060,197)</u>	<u>(206,313,614)</u>
Net cash inflow from operating activities	<u>4,280,054,938</u>	<u>369,398,626</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(4,327,062,245)	(233,879,772)
Acquisition of operating fixed assets	(460,746)	(21,644,868)
Sale proceeds of property and equipment disposed-off	-	178,886
Net cash outflow from investing activities	<u>(4,327,512,990)</u>	<u>(255,345,754)</u>
Increase in cash and cash equivalents	<u>(47,458,052)</u>	<u>114,052,872</u>
Cash and cash equivalents at beginning of the period	<u>1,925,065,052</u>	<u>1,778,623,164</u>
Cash and cash equivalents at end of the period	<u>1,877,607,000</u>	<u>1,892,676,036</u>
Cash and cash equivalent comprise of the following		
Cash and balances with treasury banks	35,167,579	37,354,718
Balances with other banks	1,842,439,421	1,855,321,318
	<u>1,877,607,000</u>	<u>1,892,676,036</u>

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


Chairman


Managing Director


Director


Director

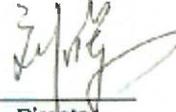
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Share capital	Statutory reserve	Unappropriated profit	Total
	(Rupees)			
Balance as at 01 January 2013 - Restated	9,116,400,000	573,051,091	2,089,913,493	11,729,364,584
Total comprehensive income for the period	-	-	466,441,484	466,441,484
Transfer to statutory reserve	-	93,288,297	(93,288,297)	-
Balance as at 30 September 2013	<u>9,116,400,000</u>	<u>616,339,388</u>	<u>2,463,065,680</u>	<u>12,195,806,068</u>
Profit for the period	-	-	97,843,958	97,843,958
Other comprehensive income	-	-	(3,478,043)	(3,478,043)
Total comprehensive income for the period	-	-	94,365,915	94,365,915
Transfer to statutory reserve	-	18,873,183	(18,873,183)	-
Balance as at 31 December 2013	<u>9,116,400,000</u>	<u>635,212,571</u>	<u>2,538,559,412</u>	<u>12,290,171,983</u>
Total comprehensive income for the period	-	-	301,994,471	301,994,471
Transfer to statutory reserve	-	60,398,894	(60,398,894)	-
Balance as at 30 September 2014	<u>9,116,400,000</u>	<u>695,611,465</u>	<u>2,780,154,989</u>	<u>12,592,166,454</u>

The annexed notes 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
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

Pak China Investment Company Limited ("the Company") was incorporated in Pakistan as a public limited company

The Company has commenced business after obtaining a Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (SECP), on 02 November, 2007, and a permission to commence business from the State Bank of Pakistan (SBP), on 10 January, 2008.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company have been prepared in accordance with the

2.2 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 12 May, 2004 and 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, 2013.

2.3 The SBP, vide BSD Circular letter no. 11, dated 11 September, 2002 has deferred the applicability of IAS -39, "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for banks/DFIs till further instructions. Further, the SECP has deferred the applicability of IFRS - 7 "Financial Instruments: Disclosures". Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirements of various circulars issued by the SBP.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same

IAS 32 – Financial Instruments: Presentation - (Amendments)

– Offsetting Financial Assets and Liabilities

IAS 36 – Impairment of Assets - (Amendments)

– Recoverable Amount Disclosures for Non-Financial Assets

IFRIC 21 – Levies

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the condensed interim financial statements.

4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2013.

5 FINANCIAL RISK MANAGEMENT

The financial risk management policies and objectives adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2013.

PAK CHINA INVESTMENT COMPANY LIMITED

Note	30 September 2014 (Un-audited)	31 December 2013 (Audited)
	(Rupees)	

6 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	-	559,025,145
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6.1 This carries interest rate of 10% and has been repaid on 02 January 2014

7 INVESTMENTS

Note	30 September 2014 (Un-audited)			31 December 2013 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company Company	Given as collateral	Total
(Rupees)						
<i>Held-to-maturity securities</i>						
Term Finance Certificates	99,932,959	-	99,932,959	134,348,177	-	134,348,177
	99,932,959	-	99,932,959	134,348,177	-	134,348,177
<i>Available-for-sale securities</i>						
Pakistan Investment Bonds	2,062,709,900	1,968,701,300	4,031,411,200	-	-	-
Market Treasury Bills	451,402,236	1,961,712,264	2,413,114,500	2,485,338,500	-	2,485,338,500
Mutul Funds	450,000,000	-	450,000,000	-	-	-
Term Finance Certificates	1,241,642,662	-	1,241,642,662	1,256,159,984	-	1,256,159,984
Ordinary shares of listed companies	7.1 103,347,704	-	103,347,704	133,947,704	-	133,947,704
Sukuks	443,132,249	-	443,132,249	461,976,000	-	461,976,000
	4,752,234,751	3,930,413,564	8,682,648,315	4,337,422,188	-	4,337,422,188
Investments at cost	4,852,167,710	3,930,413,564	8,782,581,274	4,471,770,365	-	4,471,770,365
Provision for diminution in the value of investments	7.2 (286,743,305)	-	(286,743,305)	(223,605,305)	-	(223,605,305)
Investments (net of provisions)	4,565,424,405	3,930,413,564	8,495,837,969	4,248,165,060	-	4,248,165,060
Surplus on revaluation of available for sale investments	58,006,235	105,550	58,111,785	35,042,887	-	35,042,887
Total investments after revaluation	4,623,430,640	3,930,519,114	8,553,949,754	4,283,207,947	-	4,283,207,947

7.1 This represents an investment in 11,832,836 ordinary shares (of Rs. 10 each) of Agritech Limited costing to Rs. 364.149 million. The market value of these shares as at 30 September 2014 was Rs. 103.348 million (2013: 133.947 million) During the period company has recognized an impairment loss of Rs.30.600 million (2013: 4.14 million)

Note	30 September 2014 (Un-audited)	31 December 2013 (Audited)
	(Rupees)	

7.2 Particulars of provision for diminution in the value of investments

Opening balance	223,605,305	136,793,000
Charge for the period / year	63,138,000	86,812,305
Closing balance	286,743,305	223,605,305

8 ADVANCES

Loans, cash, credits, running finances, etc.

In Pakistan	6,476,506,167	5,807,673,966
Staff loans	43,419,903	41,014,765
Advance- gross	6,519,926,070	5,848,688,731
Provision against non-performing loans and advances		
Specific provision	8.1 452,717,268	417,181,000
General provision	8.2 114,123,217	102,503,479
	566,840,485	519,684,479
	5,953,085,585	5,329,004,252

8.1 Advances include Rs. 770.345 million (31 December 2013: Rs. 682.5 million) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2014 (Un-audited)				
	Rupees				
	Domestic	Overseas	Total	Provision required	Provision held
Substandard	87,845,300	-	87,845,300	4,719,268	4,719,268
Doubtful	300,000,000	-	300,000,000	157,040,000	157,040,000
Loss	382,500,000	-	382,500,000	290,958,000	290,958,000
	<u>770,345,300</u>	<u>-</u>	<u>770,345,300</u>	<u>452,717,268</u>	<u>452,717,268</u>
	31 December 2013 (Audited)				
	Rupees				
Substandard	-	-	-	-	-
Doubtful	412,500,000	-	412,500,000	168,303,000	168,303,000
Loss	270,000,000	-	270,000,000	248,878,000	248,878,000
	<u>682,500,000</u>	<u>-</u>	<u>682,500,000</u>	<u>417,181,000</u>	<u>417,181,000</u>

8.2 Movement in provision against non-performing advances is as follows:

	30 September 2014 (Un-audited)			31 December 2013 (audited)		
	(Rupees)			(Rupees)		
	Specific	General	Total	Specific	General	Total
Opening Balance	417,181,000	102,503,479	519,684,479	394,742,000	87,235,166	481,977,166
Charge for the period / year	35,536,268	11,619,738	47,156,006	22,439,000	15,268,313	37,707,313
Closing balance	<u>452,717,268</u>	<u>114,123,217</u>	<u>566,840,485</u>	<u>417,181,000</u>	<u>102,503,479</u>	<u>519,684,479</u>

9 FIXED ASSETS

	30 September 2014	31 December 2013
	(Un-audited)	(Audited)
Note	(Rupees)	
Opening written down value	218,912,459	47,084,338
Additions during the period	450,745	194,144,389
Disposals	-	(1,127,843)
Depreciation	<u>(16,761,871)</u>	<u>(21,188,425)</u>
	<u>202,601,333</u>	<u>218,912,459</u>

10 BORROWINGS

Borrowings from schedule banks	3,941,023,616	-
Borrowings from SBP under FFSAP	57,547,407	73,989,523
Borrowings from SBP under LTFF	<u>201,679,000</u>	<u>252,100,000</u>
	<u>4,200,250,023</u>	<u>326,089,523</u>

11 CONTINGENCIES AND COMMITMENTS

	30 September 2014	31 December 2013
	(Un-audited)	(Audited)
Note	(Rupees)	
Transaction related contingent liabilities		
Letters of guarantees	-	-
Trade related contingent liabilities		
Letters of credit	308,748,743	-

Commitments

The Company makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs. 574.786 million (December 31, 2013 Rs. 362.200 million).

PAK CHINA INVESTMENT COMPANY LIMITED

30 September 2014 30 September 2013
(Un-audited) (Un-audited)
----- (Rupees) -----

12 MARK-UP / RETURN / INTEREST EARNED

On loans and advances	444,387,993	440,403,503
On investments:		
- Held-to-maturity	10,716,625	23,251,081
- Available -for-sale	402,425,789	195,940,895
	413,142,414	219,191,976
On deposits with banks	68,510,903	36,620,331
On Securities purchased under resale agreements	29,213,714	50,192,199
	<u>955,255,024</u>	<u>746,408,009</u>

13 MARK-UP / RETURN / INTEREST EXPENSED

On borrowings with SBP and financials intitutions	63,737,456	29,228,828
Securities sold under repurchase agreement	36,244,594	46,346,389
	<u>99,982,050</u>	<u>75,575,217</u>

14 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Nine months ended 30 September 2014 (Un-audited)			Total
	Corporate finance	Trading & sales	Others	
	----- (Rupees) -----			
Total income - gross	590,966,032	341,966,126	6,911,043	939,843,201
Total expenses	(157,716,908)	(83,159,148)	(248,229,129)	(489,105,185)
Profit before taxation	<u>433,249,124</u>	<u>258,806,978</u>	<u>(241,318,086)</u>	<u>450,738,016</u>

	Nine months ended 30 September 2013 (Un-audited)			Total
	Corporate finance	Trading & sales	Others	
	----- (Rupees) -----			
Total income - gross	602,226,623	468,101,245	2,329,512	1,072,657,380
Total expenses	(62,624,367)	(65,649,901)	(237,653,591)	(365,927,859)
Profit before taxation	<u>539,602,256</u>	<u>402,451,344</u>	<u>(235,324,079)</u>	<u>706,729,521</u>

	As at 30 September 2014 (Un-audited)			Total
	Corporate finance	Trading & sales	Others	
	----- (Rupees) -----			
Segment assets - gross	8,466,093,429	8,772,132,700	757,851,400	17,996,077,529
Segment non-performing assets	1,139,779,362	-	-	1,139,779,362
Segment provision held	(853,583,790)	-	-	(853,583,790)
Segment liabilities	(4,200,250,023)	(250,000,000)	(62,304,601)	(4,512,554,624)

	As at 31 December 2013 (Audited)			Total
	Corporate finance	Trading & sales	Others	
	----- (Rupees) -----			
Segment assets - gross	7,870,163,483	4,969,428,697	634,206,449	13,473,798,629
Segment non-performing assets	1,051,934,062	-	-	1,051,934,062
Segment provision held	(743,289,784)	-	-	(743,289,784)
Segment liabilities	(326,089,523)	-	(91,469,462)	(417,558,985)

15 RELATED PARTY TRANSACTIONS

The Company has related party relationship with the entities in which its shareholders have any interest, key management personnel, directors and employees' funds. 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. Transactions with other related parties are as follows:

Transactions during the period	30 September 2014	30 September 2013
	(Un-audited)	(Un-audited)
	(Rupees)	
Remuneration of key management personnel	56,867,050	51,542,363
Directors' fee	1,207,800	1,529,400
Contribution to employees' funds	11,974,534	9,222,393
Rent paid	25,611,390	-
Balance as at the period / year end		
Payable to Gratuity fund	20,268,742	11,954,701

16 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue by the Board of Directors in their meeting held on



Chairman



Managing Director



Director



Director