



**Condensed Interim Financial
Statements**

For the quarter ended 31 March 2017

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

		31 March 2017 (Un-audited)	31 December 2016 (Audited)
	Note	----- (Rupees) -----	
ASSETS			
Cash and balances with treasury banks	8	2,010,251,374	2,080,940,035
Balances with other banks	9	4,074,908,147	3,086,523,031
Lending's to financial institutions	10	-	2,647,918,347
Investments	11	23,054,169,558	7,734,253,189
Advances	12	7,011,200,492	6,039,819,501
Operating fixed assets	13	174,346,839	177,302,573
Deferred tax assets		129,702,046	131,269,202
Other assets		245,777,051	620,213,706
		36,700,355,507	22,518,239,584
LIABILITIES			
Bills payable		-	-
Borrowings	14	22,013,069,298	8,196,454,866
Deposits and other accounts	15	100,000,000	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		365,668,602	195,701,401
		22,478,737,900	8,392,156,267
NET ASSETS			
		14,221,617,607	14,126,083,317
REPRESENTED BY			
Share capital		9,116,400,000	9,116,400,000
Reserve		998,767,348	977,364,488
Unappropriated profit		3,992,778,521	3,907,167,079
		14,107,945,869	14,000,931,567
Surplus on revaluation of assets - net of tax		113,671,738	125,151,750
		14,221,617,607	14,126,083,317
CONTINGENCIES AND COMMITMENTS			
	16		


The annexed notes, from 1 to 18, 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, 2017

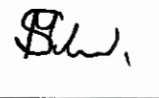
	31 March 2017	31 March 2016
	For the quarter ended	For the quarter ended
Note	------(Rupees)-----	
Mark-up / return / interest earned	426,112,515	258,244,838
Mark-up / return / interest expensed	(200,155,828)	(69,977,159)
Net mark-up / interest income	225,956,687	188,267,679
Provision against non-performing loans and advances	12,117,058	21,906,736
Provision for diminution in the value of investments	-	-
	12,117,058	21,906,736
Net mark-up / interest income after provisions	213,839,629	166,360,943
NON MARK-UP/INTEREST INCOME		
Fee, commission and brokerage income	13,827,798	11,251,947
Dividend income	-	-
Exchange (loss) / gain	(1,026,861)	2,702,616
Gain / (Loss) on sale of securities	528,994	108,171,606
Other income	2,456,439	2,274,480
Total non mark-up / interest income	15,786,370	124,400,649
NON MARK-UP/INTEREST EXPENSES		
Administrative expenses	71,233,052	65,560,878
Impairment loss on available for sale investments	-	1,228,001
Other provisions/write offs	-	-
Other charges	-	-
Total non mark-up/interest expenses	71,233,052	66,788,879
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	158,392,947	223,972,713
TAXATION		
- Current	48,838,958	69,728,543
- Prior	-	-
- Deferred	2,539,687	1,014,450
	51,378,645	70,742,993
PROFIT AFTER TAXATION	107,014,302	153,229,720
Basic and diluted earnings per share	0.12	0.17

The annexed notes, from 1 to 18, 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 (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	For the quarter ended	For the quarter ended
	(Rupees)	
Net profit after taxation	107,014,302	153,229,720
Comprehensive income transferred to equity	107,014,302	153,229,720
Components of comprehensive income not reflected in equity		
Net change in fair value of available-for-sale securities - net of tax	(11,480,012)	(34,728,728)
Total Comprehensive Income	95,534,290	118,500,992

The annexed notes, from 1 to 18, 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 31 MARCH 2017

	31 March 2017	31 March 2016
	For the quarter ended	For the quarter ended
	------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	158,392,947	223,972,713
Adjustments for :		
Depreciation	3,743,701	4,543,101
Amortization	75,486	35,832
Provision against non-performing loans and advances	12,117,058	21,906,736
Impairment loss on available-for-sale investments	-	1,228,001
Exchange Loss / (gain)	1,026,861	(2,702,616)
Provision for gratuity	2,419,680	1,912,656
	<u>177,775,733</u>	<u>250,896,423</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	2,647,918,347	-
Held-for-trading Securities	-	-
Advances	(983,498,049)	(287,061,037)
Other assets (excluding current taxation)	383,268,414	98,862,802
	<u>2,047,688,712</u>	<u>(188,198,235)</u>
Increase / (decrease) in operating liabilities		
Bills Payable	-	-
Borrowings from financial institutions	13,816,614,432	(2,958,809,588)
Deposits and other accounts	100,000,000	-
Other liabilities (excluding current taxation)	170,239,992	(2,847,686)
	<u>14,086,854,424</u>	<u>(2,961,657,274)</u>
	<u>16,312,318,869</u>	<u>(2,898,959,086)</u>
Gratuity paid	(456,000)	-
Income tax paid	(59,907,188)	(65,854,541)
Net cash inflows / (outflows) from operating activities	<u>16,251,955,681</u>	<u>(2,964,813,627)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment (made) / realized during the period - net	(15,332,368,912)	1,931,862,296
Net investment in held -to-maturity securities	-	-
Dividend income	-	-
Investments in operating fixed assets	(863,453)	(502,599)
Sale proceed of property & equipment	-	-
Net cash outflows from investing activities	<u>(15,333,232,365)</u>	<u>1,931,359,697</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of exchange rate changes on cash and cash equivalents	(1,026,861)	2,702,616
Decrease in cash and cash equivalents	<u>917,696,455</u>	<u>(1,030,751,314)</u>
Cash and cash equivalents at the beginning of the period	<u>5,167,463,066</u>	<u>2,150,336,833</u>
Cash and cash equivalents at the end of the period	<u>6,085,159,521</u>	<u>1,119,585,519</u>

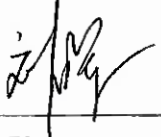
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 Chairman



 Managing Director



 Director



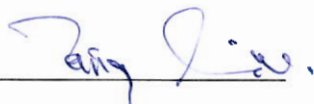
 Director

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017

	Share capital	Statutory reserve	Unappropriated profit	Total
	(Rupees)			
Balance as at 01 January 2016	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 31 March 2016	9,116,400,000	884,912,724	3,537,360,023	13,538,672,747
Profit for the period	-	-	461,899,671	461,899,671
Re-measurement gains on defined benefits plans	-	-	359,149	359,149
Total comprehensive income for the period	-	-	462,258,820	462,258,820
Transfer to statutory reserve	-	92,451,764	(92,451,764)	-
Balance as at 31 December 2016	9,116,400,000	977,364,488	3,907,167,079	14,000,931,567
Total comprehensive income for the period	-	-	107,014,302	107,014,302
Transfer to statutory reserve	-	21,402,860	(21,402,860)	-
Balance as at 31 March 2017	9,116,400,000	998,767,348	3,992,778,521	14,107,945,869

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.

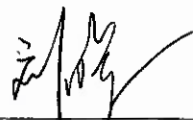
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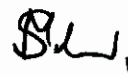
Chairman



Managing Director



Director



Director

PAK CHINA INVESTMENT COMPANY LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2017

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, 2016.

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, 2016, 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, 2016.

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, 2017

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, 2016.

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, 2016.

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, 2016.

PAK CHINA INVESTMENT COMPANY LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2017

8	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016	
		------(Rupees)-----		
CASH AND BALANCES WITH TREASURY BANKS				
		50,000	50,000	
	Cash in hand in local currency			
	With State Bank of Pakistan in local currency current account	10,201,374	80,174,943	
	With National Bank of Pakistan in local currency current account		715,092	
	With National Bank of Pakistan in local currency deposit account	2,000,000,000	2,000,000,000	
		<u>2,010,251,374</u>	<u>2,080,940,035</u>	
9 BALANCES WITH OTHER BANKS				
	In Pakistan			
	- Local currency current accounts	1,554,966	8,079	
	- Local currency deposit accounts	3,005,748,332	2,017,888,472	
	- Foreign currency deposit accounts	1,067,604,849	1,068,626,480	
		<u>4,074,908,147</u>	<u>3,086,523,031</u>	
10 LENDINGS TO FINANCIAL INSTITUTIONS				
	Repurchase agreement lending's (Reverse Repo)	-	2,647,918,347	
		-	<u>2,647,918,347</u>	
11 INVESTMENTS				
		Held by the Company	Given as collateral	Total
		Rupees	Rupees	Rupees
	As at March 31, 2017 (Un-audited)	18,939,790,458	4,114,379,100	23,054,169,558
	As at December 31, 2016 (Audited)	7,734,253,189	-	7,734,253,189
			(Un-audited)	(Audited)
			March 31, 2017	December 31, 2016
			------(Rupees)-----	
11.1 INVESTMENTS BY TYPE				
	Available-for-sale securities			
	- Market treasury bills	18,794,537,500	4,469,297,000	
	- Pakistan Investment Bonds	1,224,500,000	1,224,500,000	
	- Term Finance Certificates - Un-listed	935,618,513	935,653,513	
	- Ordinary shares of listed companies	90,744,062	90,744,062	
	- Ordinary shares of PSX Limited	1,122,067,240	-	
	- Ordinary shares of un-listed companies - CDC	250,000,000	250,000,000	
	- Mutual funds	-	100,000,000	
	- Sukuk certificates	959,850,554	974,754,382	
	Investment at cost	<u>23,377,317,869</u>	<u>8,044,948,957</u>	
	Provision for diminution in value of investments	(441,239,062)	(441,239,062)	
	Surplus on revaluation of available for sale securities	22,936,078,807	7,603,709,895	
		118,090,751	130,543,294	
		<u>23,054,169,558</u>	<u>7,734,253,189</u>	
12 ADVANCES				
	Loans, cash, credits, running finances, etc.			
	Inside Pakistan	7,492,163,654	6,509,659,327	
	-Outside Pakistan	-	-	
	Staff loans	36,860,646	35,866,924	
	Advance- gross	<u>7,529,024,300</u>	<u>6,545,526,251</u>	
	Provision for non-performing advances			
	- Specific provision	(375,663,564)	(383,163,564)	
	- General provision	(142,160,244)	(122,543,186)	
		<u>(517,823,808)</u>	<u>(505,706,750)</u>	
		<u>7,011,200,492</u>	<u>6,039,819,501</u>	

PAK CHINA INVESTMENT COMPANY LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2017

12.1 Advances include Rs 383,164 million (31 December, 2016: Rs. 383,164 million), placed under non-performing status as detailed below:

Category of classification	March 31, 2017 (Un-audited)				
	Rupees			Provision required	Provision held
	Classified Advances				
Domestic	Overseas	Total			
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	383,163,564	-	383,163,564	383,163,564	383,163,564
	383,163,564	-	383,163,564	383,163,564	383,163,564

Category of classification	December 31, 2016 (Audited)				
	Rupees			Provision required	Provision held
	Classified Advances				
Domestic	Overseas	Total			
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	383,163,564	-	383,163,564	383,163,564	383,163,564
	383,163,564	-	383,163,564	383,163,564	383,163,564

13 OPERATING FIXED ASSETS		(Un-audited)	(Audited)
		March 31, 2017	December 31, 2016
		----- (Rupees) -----	
	Opening written down value	177,302,573	183,466,497
	Additions during the period	863,453	10,058,338
	Disposals during the period	-	(540,374)
	Depreciation / Amortization	(3,819,187)	(16,222,262)
	Depreciation / Amortization on disposals	-	540,374
	Closing written down value	174,346,839	177,302,573
14 BORROWINGS			
	In Pakistan	14,013,069,298	8,196,454,866
14.1 Detail of borrowings - secured / unsecured			
	Secured		
	Short-term		
	Repurchase agreement borrowings	4,113,983,400	-
	Other Borrowings - Secured	9,721,589,070	-
	Long-term		
	Borrowing from SBP under FFSAP	16,442,117	24,663,175
	Borrowing from SBP under PPRE	161,054,711	171,791,691
		14,013,069,298	196,454,866
	Unsecured		
	Short-term		
	Call money borrowing from a financial institution	8,000,000,000	8,000,000,000
		22,013,069,298	8,196,454,866

14.2 This represents borrowing from Meezan Bank Ltd., Islamic funding (Bai Muajjal) and is secured against T-bill's

14.3 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.

14.4 This represents a SBP Refinance Facility under Finance Scheme for Renewable Energy Power Projects (REPP) for developing and encouraging the private sector participation in small renewable energy power projects. The loan availed under the said scheme shall be payable in a maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP service rate of 3.00%.

PAK CHINA INVESTMENT COMPANY LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	------(Rupees)-----	
15 DEPOSITS		
- COI's		
- Hascol Petroleum Limited.	100,000,000	-
	100,000,000	-

15.1 This represents certificate of investment issued for a period of 90 days at markup rate of 5.50% p.a and will mature on May 15, 2017

	March 31, 2017	December 31, 2016
	------(Rupees)-----	
16 CONTINGENCIES AND COMMITMENTS		
Transaction related contingent liabilities	613,500,000	613,500,000
Trade related contingent liabilities	36,900,798	36,900,798

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 1,746.780 million (2016: Rs 1,235.852 million).

17 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, 2017	(Un-audited) March 31, 2016
	------(Rupees)-----	
Remuneration of key management personal	14,187,697	16,175,470
Directors Fee	-	635,100
Payment to provident fund trust	1,708,220	1,462,490
Charge for the period relating to Gratuity Fund trust	2,419,680	1,912,656

18 GENERAL

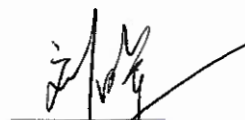
18.1 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on

18 APR 2017

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


Chairman


Managing Director


Director


Director