



Condensed Interim Financial Statements
For the period ended 30 Sep 2018

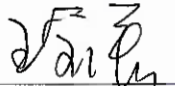
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	30 September 2018 (Un-audited)	31 December 2017 (Audited)
		------(Rupees)-----	
ASSETS			
Cash and balances with treasury banks		25,247,724	26,529,844
Balances with other banks		1,331,470,909	2,168,944,684
Lending's to financial institutions		1,460,878,955	-
Investments	7	4,446,487,122	13,848,108,959
Advances	8	7,712,442,726	7,899,991,599
Operating fixed assets	9	190,713,315	174,362,497
Deferred tax assets	10	64,970,752	104,637,929
Other assets		304,028,350	198,390,647
		15,536,239,853	24,420,966,159
LIABILITIES			
Bills payable		-	-
Borrowings	11	134,212,261	9,576,859,910
Deposits and other accounts		-	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		177,892,102	175,535,989
		312,104,363	9,752,395,899
NET ASSETS		15,224,135,490	14,668,570,260
REPRESENTED BY			
Share capital		9,116,400,000	9,116,400,000
Reserve	12	1,216,608,399	1,110,843,079
Unappropriated profit		4,864,142,720	4,441,081,441
		15,197,151,119	14,668,324,520
Surplus on revaluation of assets - net of tax	13	26,984,371	245,740
		15,224,135,490	14,668,570,260
CONTINGENCIES AND COMMITMENTS	14		

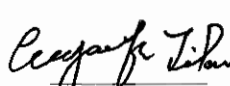
The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.



Chairman



Managing Director



Director



Director




Chief Financial Officer

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2018

	30 September, 2018		30 September, 2017		
	For the quarter ended	For the Nine Months ended	For the quarter ended	For the Nine Months ended	
Note	------(Rupees)-----				
Mark-up / return / interest earned	15	258,641,494	739,220,986	59,764,616	947,059,100
Mark-up / return / interest expensed	16	(6,726,964)	(101,591,131)	(101,849,338)	(562,945,291)
Net mark-up / interest income		251,914,530	637,629,855	(42,084,722)	384,113,809
(Provision)/Reversal against non-performing loans and advances		(1,100,302)	(9,056,684)	(2,690,343)	34,088,706
(Provision)/Reversal for diminution in the value of investments		-	-	-	71,805,000
		(1,100,302)	(9,056,684)	(2,690,343)	105,893,706
Net mark-up / interest income after provisions		250,814,228	628,573,171	(44,775,065)	490,007,515
NON MARK-UP/INTEREST INCOME					
Fee, commission and brokerage income		6,528,925	26,351,207	21,627,254	152,405,631
Dividend income		-	743,593	-	-
Exchange gain		28,150,300	144,371,998	4,650,682	6,694,642
Gain on sale of securities		25,568,997	197,814,440	274,500,910	337,988,904
Other income		3,033,717	9,331,717	2,456,439	7,369,317
Total non mark-up / interest income		63,281,939	378,612,955	303,235,285	504,458,494
Share of profit of associates		-	13,154,586	-	36,375,113
Total Income		314,096,167	1,020,340,712	258,460,220	1,030,841,122
NON MARK-UP/INTEREST EXPENSES					
Administrative expenses		(103,241,968)	(257,966,937)	(78,043,581)	(235,474,135)
Impairment loss on available for sale investments		-	(2,839,897)	-	-
Other charges		-	(120,000)	-	(51,352,478)
Total non mark-up/interest expenses		(103,241,968)	(260,926,834)	(78,043,581)	(286,826,613)
PROFIT BEFORE TAXATION		210,854,199	759,413,878	180,416,639	744,014,509
TAXATION					
- Current		(62,558,339)	(162,302,414)	(11,113,383)	(136,337,203)
- Prior		-	(25,319,832)	-	(33,353,378)
- Deferred		(7,250,182)	(40,327,633)	2,108,714	(35,527,493)
		(69,808,521)	(227,949,879)	(9,004,669)	(205,218,074)
PROFIT AFTER TAXATION		141,045,678	531,463,999	171,411,970	538,796,435
Basic and diluted earnings per share		0.15	0.58	0.19	0.59

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.


Chairman


Managing Director


Director


Director


Chief Financial Officer

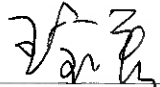
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2018

	30 September, 2018		30 September, 2017	
	For the quarter ended	For the Nine Months ended	For the quarter ended	For the Nine Months ended
(Rupees)				
Net profit after taxation	141,045,678	531,463,999	278,426,273	538,796,435
Other Comprehensive Income				
<i>Items that will never be reclassified to profit and loss account in subsequent periods</i>				
Share of other comprehensive income / (loss) from Associate	-	(3,106,516)	-	(431,896)
Deferred Tax	-	469,116	-	32,450
	-	(2,637,400)	-	(399,446)
Comprehensive income transferred to equity	141,045,678	528,826,599	278,426,273	538,396,989
<i>Items that will be reclassified to profit and loss account in subsequent periods</i>				
Net change on remeasurement of available for sale investment to fair value	25,536,854	26,568,215	(117,355,791)	(77,367,260)
Deferred tax	376,045	170,416	1,288,717	(509,442)
Net change in fair value of Available-For-Sale securities - net of tax	25,912,899	26,738,631	(116,067,074)	(77,876,702)
Total Comprehensive Income	166,958,577	555,565,230	162,359,199	460,520,287

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Chairman



Managing Director



Director



Director



Chief Financial Officer

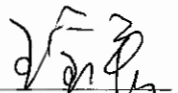
PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2018

	30 September, 2018 For the Nine Months ended	30 September, 2017 For the Nine Months ended
	------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	759,413,878	744,014,509
Less: Dividend Income received	(743,593)	-
Share of profit in associated companies	(13,154,586)	(36,375,113)
	<u>745,515,699</u>	<u>707,639,396</u>
Adjustments for :		
Depreciation	6,732,398	7,695,809
Amortization	180,979	226,437
Provision/(Reversal) for gratuity	9,284,517	7,259,040
Provision/(Reversal) against non-performing loans and advances	9,056,684	(34,088,706)
Provision/(Reversal) for diminution in the value of available-for-sale investments	-	(71,805,000)
Impairment loss on available-for-sale investments	2,839,897	-
(Gain) / loss on sale of fixed assets	(1,230,719)	85,801
Exchange (gain) / Loss	(144,371,998)	(6,694,642)
	<u>(117,508,242)</u>	<u>(97,321,261)</u>
	<u>628,007,457</u>	<u>610,318,135</u>
(Increase) / Decrease in operating assets		
Lendings to financial institutions	(1,460,878,955)	1,268,678,968
Advances	178,492,189	(1,727,291,768)
Other assets (excluding current taxation)	(98,507,175)	400,152,517
	<u>(1,380,893,941)</u>	<u>(58,460,283)</u>
(Decrease) / Increase in operating liabilities		
Bills Payable	-	-
Borrowings from financial institutions	(9,442,647,649)	(8,032,547,586)
Other liabilities (excluding current taxation)	(24,551,036)	(61,869,032)
	<u>(9,467,198,685)</u>	<u>(8,094,416,618)</u>
Gratuity paid	(6,667,687)	(11,626,856)
Income tax paid	(186,939,914)	(245,758,250)
Net cash flow used in investing activities	<u>(10,413,692,770)</u>	<u>(7,799,943,872)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	9,449,851,068	3,755,792,370
Investments in operating fixed assets	(23,264,859)	(4,788,813)
Dividend income received	2,747,285	4,007,383
Proceeds from sale of fixed assets	1,231,383	-
Net cash flow generated from financing activities	<u>9,430,564,877</u>	<u>3,755,010,940</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of exchange rate changes on cash and cash equivalents	144,371,998	6,694,642
Decrease in cash and cash equivalents	<u>(838,755,895)</u>	<u>(4,038,238,290)</u>
Cash and cash equivalents at the beginning of the period	<u>2,195,474,528</u>	<u>5,167,463,066</u>
Cash and cash equivalents at the end of the period	<u>1,356,718,633</u>	<u>1,129,224,776</u>

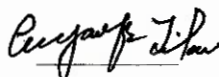
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Chairman



Managing Director



Director



Director



Chief Financial Officer

PAK CHINA INVESTMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2018

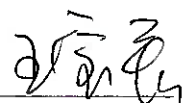
	Share capital	Statutory reserve	Unappropriated profit	Total
	(Rupees)			
Balance as at 01 January, 2017	9,116,400,000	977,364,488	3,907,167,079	14,000,931,567
Total comprehensive income for the period	-	-	538,396,989	538,396,989
Transfer to statutory reserve	-	107,679,398	(107,679,398)	-
Balance as at 30 September, 2017	9,116,400,000	1,085,043,886	4,337,884,670	14,539,328,556
Profit for the period	-	-	132,197,914	132,197,914
Re-measurement gains on defined benefits plans	-	-	(3,201,950)	(3,201,950)
Total comprehensive income for the period	-	-	128,995,964	128,995,964
Transfer to statutory reserve	-	25,799,193	(25,799,193)	-
Balance as at 31 December, 2017	9,116,400,000	1,110,843,079	4,441,081,441	14,668,324,520
Balance as at 01 January, 2018	9,116,400,000	1,110,843,079	4,441,081,441	14,668,324,520
Total comprehensive income for the period	-	-	528,826,599	528,826,599
Transfer to statutory reserve	-	105,765,320	(105,765,320)	-
Balance as at 30 September, 2018	<u>9,116,400,000</u>	<u>1,216,608,399</u>	<u>4,864,142,720</u>	<u>15,197,151,119</u>

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



Chief Financial Officer

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2018

1 STATUS AND NATURE OF BUSINESS

Pak China Investment Company Limited ("the Company") was incorporated in Pakistan as a public limited company on 27 July, 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 the 'Government of Pakistan', through China Development Bank and the Ministry of Finance respectively. The objective of the Company is to invest in infrastructure projects, both directly and through the establishment of various subsidiary companies.

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

2 BASIS OF MEASUREMENT

2.1 These condensed interim financial statements have been prepared under historical cost convention except that certain investments are stated at fair values and certain staff retirement benefits are carried at present value.

2.2 These condensed interim financial statements is presented in Pak Rupee which is the Company's functional and presentation currency.

3 STATEMENT OF COMPLIANCE

3.1 These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

3.2 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.

3.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective.

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- **IFRS 9 'Financial Instruments' - effective date: 1 Jan, 2018**

The Company is currently awaiting instructions from the SBP as applicability of IAS 39 was deferred by the SBP till further instructions. However, the SBP has instructed banks to prepare potential qualitative and quantitative impact assessments as a result of adoption of IFRS 9 using the performa financial statements for the year ended 31 December, 2017. The Company is required to submit its impact assessment to the SBP in due course of time.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2018

- IFRS 15 'Revenue from contracts with customers' - effective date: 1 Jan, 2018

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 'Revenue' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer- so the notion of control replaces the existing notion of risks and rewards. A new five-step process has been introduced which must be applied before revenue can be recognised. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

The Company is currently in the process of assessing the potential impacts of changes required in revenue recognition policies upon adoption of the standard.

- IFRS 16 'Leases' - effective date: 1 January, 2019

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change.

As at the reporting date, the Company has non-cancellable operating lease commitments. However, the Company is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

3.4 Standards, interpretations and amendments to approved accounting standards that are effective in the current year.

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 January, 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December, 2017.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December, 2017.

6 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 31 December, 2017.

7 INVESTMENTS

	Note	30 September, 2018 (Un-audited)			31 December, 2017 (Audited)		
		Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
------(Rupees)-----							
7.1 Available-for-sale securities							
Market Treasury Bills		-	-	-	5,728,536,380	5,250,320,320	10,978,856,700
Pakistan Investment Bonds		-	-	-	-	-	-
Ordinary shares of listed companies	7.2	69,486,014	-	69,486,014	57,625,911	-	57,625,911
Term Finance Certificates		2,088,021,852	-	2,088,021,852	871,614,393	-	871,614,393
Mutual Funds		-	-	-	132,248	-	132,248
Sukuks		1,226,597,372	-	1,226,597,372	912,089,492	-	912,089,492
Total Investments at cost		3,384,105,238	-	3,384,105,238	7,569,998,424	5,250,320,320	12,820,318,744
Associates							
Pakistan Stock Exchange Limited	7.4	1,114,952,649	-	1,114,952,649	1,119,551,591	-	1,119,551,591
Central Depository Company of Pakistan Limited	7.4	289,940,999	-	289,940,999	277,318,603	-	277,318,603
		1,404,893,648	-	1,404,893,648	1,396,870,194	-	1,396,870,194
		4,788,998,886	-	4,788,998,886	8,966,868,618	5,250,320,320	14,217,188,938
Less : Provision for diminution in the value of investments	7.3	(369,434,062)	-	(369,434,062)	(369,434,062)	-	(369,434,062)
Total Investments (net of provisions)		4,419,564,824	-	4,419,564,824	8,597,434,556	5,250,320,320	13,847,754,876
Surplus on revaluation of available for sale investments		26,922,298	-	26,922,298	713,048	(358,965)	354,083
Total investments after revaluation		4,446,487,122	-	4,446,487,122	8,598,147,604	5,249,961,355	13,848,108,959

7.2 This includes an investment in 11,832,836 ordinary shares of Rs. 10 each of Agritech Limited purchased at cost of Rs. 364.149 million. The market value of these shares as at September 30, 2018 is Rs.54.786 million (31 December 2017: 57.626 million). The Company has recognized an cumulative impairment loss of Rs. 309.363 million against these shares, being the difference between the cost and market value of these shares.

	30 September, 2018 (Un-audited)	31 December, 2017 (Audited)
------(Rupees)-----		
7.3 Particulars of provision for diminution in the value of investments		
Opening balance	(369,434,062)	(441,239,062)
Reversal during the period / year	-	71,805,000
	(369,434,062)	(369,434,062)

	30 September 2018 (Un-audited) Rupees	31 December 2017 (Audited) Rupees
7.4 Investments in associates		
Pakistan Stock Exchange Limited (PSX)		
Percentage of shareholding	5%	5%
Cost of 40,073,830 shares (Dec 2017: 40,073,830 shares) of Rs. 28 each	<u>1,122,067,240</u>	<u>1,122,067,240</u>
Opening balance	1,119,551,591	1,122,067,240
Share of (loss) / profit for the period	(961,200)	10,092,750
Share of other comprehensive loss of the period	(1,634,050)	(586,250)
Less: Dividend received	(2,003,692)	(12,022,149)
Closing balance	<u>1,114,952,649</u>	<u>1,119,551,591</u>
Central Depository Company of Pakistan Limited (CDC)		
Percentage of shareholding	5%	5%
Cost of 3,250,000 shares (Dec 2017: 3,250,000 shares) of Rs. 76.92 each	<u>250,000,000</u>	<u>250,000,000</u>
Opening balance	277,318,603	-
Share of profit for the period	14,115,786	36,538,934
Share of other comprehensive income of the period	(1,493,390)	(70,331)
Less: Dividend received	-	(9,150,000)
Closing balance	<u>289,940,999</u>	<u>277,318,603</u>

Central Depository Company of Pakistan Limited (CDC) and Pakistan Stock Exchange (PSX) are associates of the Company due to common directorship.

The market value of PSX as at 30 September, 2018 was Rs. 16.17 per share. The impairment analysis was last carried out as at 30 June 2018 using discounted cash flows and at that time management concluded that no impairment is required to be recognized. Management plans to carry out the impairment analysis at year end i.e 31 December, 2018.

8	ADVANCES	Note	30 September, 2018	31 December, 2017
			(Un-audited)	(Audited)
----- (Rupees) -----				
	Loans, cash, credits, running finances, etc.			
	In Pakistan	8.1	8,138,662,139	8,219,858,050
	Staff loans		56,481,728	37,091,419
			<u>8,195,143,867</u>	<u>8,256,949,469</u>
	Net investment in finance lease		-	116,686,587
	Advances - gross		<u>8,195,143,867</u>	<u>8,373,636,056</u>
	Less : Provision against non-performing loans and advances			
	Specific provision	8.2	(340,417,898)	(313,163,564)
	General provision	8.2	(142,283,243)	(160,480,893)
			<u>(482,701,141)</u>	<u>(473,644,457)</u>
	Advances (net of provisions)		<u>7,712,442,726</u>	<u>7,899,991,599</u>

8.1 Advances include Rs.625.164 million (31 December 2017: Rs.313.164 million), placed under non-performing status as detailed below:

	Domestic	Overseas	Total	Specific provision required	Specific provision held
----- (Rupees) -----					
30 September 2018 (Un-audited)					
Category of classification					
Substandard	232,000,000	-	232,000,000	9,521,426	9,521,426
Doubtful	80,000,000	-	80,000,000	17,732,908	17,732,908
Loss	313,163,564	-	313,163,564	313,163,564	313,163,564
	<u>625,163,564</u>	<u>-</u>	<u>625,163,564</u>	<u>340,417,898</u>	<u>340,417,898</u>
----- (Rupees) -----					
31 December 2017 (Audited)					
Category of classification					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	313,163,564	-	313,163,564	313,163,564	313,163,564
	<u>313,163,564</u>	<u>-</u>	<u>313,163,564</u>	<u>313,163,564</u>	<u>313,163,564</u>

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

	30 September, 2018 (Un-audited)			31 December, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees) -----						
Opening balance	313,163,564	160,480,893	473,644,457	383,163,564	122,543,186	505,706,750
Charge for the period / year	27,254,334	-	27,254,334	-	37,937,707	37,937,707
Reversed for the period / year	-	(18,197,650)	(18,197,650)	(70,000,000)	-	(70,000,000)
	<u>340,417,898</u>	<u>142,283,243</u>	<u>482,701,141</u>	<u>313,163,564</u>	<u>160,480,893</u>	<u>473,644,457</u>

9	OPERATING FIXED ASSETS	Note	30 September, 2018	31 December, 2017
			(Un-audited)	(Audited)
----- (Rupees) -----				
	Advances to suppliers		5,081,088	4,500,000
	Land and Building		158,548,460	159,746,999
	Property and equipment		26,793,227	9,776,394
	Intangible asset		290,540	339,104
			<u>190,713,315</u>	<u>174,362,497</u>

30 September, 2018 (Un-audited)				
10 MOVEMENT IN DEFERRED TAX ASSET / (LIABILITIES)	01 January 2018	Recognized in profit and loss account	Recognized in equity	30 September, 2018
------(Rupees)-----				
Difference between carrying value and tax base of operating fixed assets	5,807,959	(643,995)	-	5,163,964
Unrealized exchange gain	(76,511,331)	(39,317,502)	-	(115,828,833)
Provision for staff retirements gratuity	2,896,502	662,331	-	3,558,833
Provision against non-performing advances	20,582,659	1,940,350	-	22,523,009
Provision for diminution in the value of investments	110,830,219	(3,694,341)	-	107,135,878
Impairment loss on investments	48,037,000	(777,664)	-	47,259,336
Surplus on revaluation of securities	(23,112)	-	191,340	168,228
Others	(6,981,967)	1,503,188	469,116	(5,009,663)
	<u>104,637,929</u>	<u>(40,327,633)</u>	<u>660,456</u>	<u>64,970,752</u>
31 December, 2017 (Audited)				
11 BORROWINGS	1 January 2017	Recognized in profit and loss account	Recognized in equity	31 December 2017
------(Rupees)-----				
Difference between carrying value and tax base of operating fixed assets	6,128,938	(320,979)	-	5,807,959
Unrealized exchange gain	(57,204,105)	(19,307,226)	-	(76,511,331)
Provision for staff retirements gratuity	2,461,709	(698,087)	1,132,880	2,896,502
Provision against non-performing advances	14,800,931	5,781,728	-	20,582,659
Provision for diminution in the value of investments	125,191,219	(14,361,000)	-	110,830,219
Impairment loss on investments	45,282,054	2,754,946	-	48,037,000
Surplus on revaluation of securities	(5,391,544)	-	5,368,432	(23,112)
Others	-	(6,994,753)	12,786	(6,981,967)
	<u>131,269,202</u>	<u>(33,145,371)</u>	<u>6,514,098</u>	<u>104,637,929</u>
30 September, 2018 (Un-audited) 31 December, 2017 (Audited)				
------(Rupees)-----				
In Pakistan				
Secured				
Short-term				
Repurchase agreement borrowings				5,248,321,120
Long-term				
Borrowing from SBP under financing facility for storage of agriculture products				8,221,059
Borrowing from SBP under renewable energy power projects			134,212,261	150,317,731
			<u>134,212,261</u>	<u>5,406,859,910</u>
Unsecured				
Short-term				
Call money borrowings from financial institutions				4,170,000,000
			<u>134,212,261</u>	<u>9,576,859,910</u>
12 RESERVES				
Statutory Reserves			<u>1,216,608,399</u>	<u>1,110,843,079</u>
At the beginning of the year			1,110,843,079	977,364,488
Add Transfer during the year			105,765,320	133,478,591
At the end of the year			<u>1,216,608,399</u>	<u>1,110,843,079</u>
13 SURPLUS ON REVALUATION OF ASSETS - NET				
Federal Government Securities			-	(21,950)
Shares of listed companies			30,983,821	-
Term Finance Certificates			(4,061,523)	374,895
Mutual Funds			-	1,138
			<u>26,922,298</u>	<u>354,083</u>
Deferred tax			168,228	(23,112)
Surplus on revaluation of assets - Net			<u>27,090,526</u>	<u>330,971</u>
Company's share of equity-accounted investees' OCI				
Change in fair value of available-for-sale financial assets - net of tax			(106,155)	(85,231)
			<u>26,984,371</u>	<u>245,740</u>

	30 September, 2018 (Un-audited)	31 December, 2017 (Audited)
	----- (Rupees) -----	
14 CONTINGENCIES AND COMMITMENTS		
CONTINGENCIES		
Transaction related contingent liabilities	799,000,000	645,000,000
Letters of guarantees		
Trade related contingent liabilities		
Letters of credit	<u>36,940,908</u>	<u>122,958,539</u>

COMMITMENTS TO EXTEND CREDITS

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 260 852 million (December 31, 2017 Rs 947 813 million).

	Nine Months ended 30 September, 2018 (Un-audited)	Nine Months ended 30 September, 2017 (Un-audited)
	----- (Rupees) -----	
15 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances	524,557,470	428,739,548
On investments, - Available-for-sale	106,785,182	362,070,402
On deposits with banks	46,860,303	107,839,079
On Securities purchased under resale agreements	<u>61,018,031</u>	<u>48,410,071</u>
	<u>739,220,986</u>	<u>947,059,100</u>

16 MARK-UP / RETURN / INTEREST EXPENSED

Interest expense on SBP Refinance	3,140,729	3,886,017
Interest expense on COFs	-	1,356,164
Interest expense on Clean Borrowings	29,751,712	492,080,462
Interest expense on Repo Borrowings	<u>68,698,690</u>	<u>65,622,648</u>
	<u>101,591,131</u>	<u>562,945,291</u>

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Nine Months ended 30 September, 2018 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Total income - gross	710,154,123	411,502,687	9,331,717	1,130,988,527
Total expenses	(15,207,855)	(98,279,857)	(258,086,937)	(371,574,649)
Net income / (loss)	<u>694,946,268</u>	<u>313,222,830</u>	<u>(248,755,220)</u>	<u>759,413,878</u>

	Nine Months ended 30 September, 2017 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Total income - gross	698,179,787	782,348,833	7,364,087	1,487,892,707
Total expenses	50,655,211	(559,059,274)	(235,474,135)	(743,878,198)
Net income / (loss)	<u>748,834,998</u>	<u>223,289,559</u>	<u>(228,110,048)</u>	<u>744,014,509</u>

	Nine Months ended 30 September, 2018 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Segment Assets - Gross	13,220,193,679	2,831,113,445	337,067,933	16,388,375,056
Segment Non-Performing loans	994,597,626	-	-	994,597,626
Segment provision held including General provision	(852,135,203)	-	-	(852,135,203)
Segment Liabilities	<u>(290,263,020)</u>	<u>-</u>	<u>(21,841,343)</u>	<u>(312,104,363)</u>

	As at 31 December, 2017 (Audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Segment Assets - Gross	11,738,056,333	13,175,523,065	350,465,273	25,264,044,671
Segment Non-Performing loans	682,597,626	-	-	682,597,626
Segment provision held including General provision	(843,078,519)	-	-	(843,078,519)
Segment Liabilities	<u>(290,472,377)</u>	<u>(9,422,335,939)</u>	<u>(39,587,583)</u>	<u>(9,752,395,899)</u>

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings can not be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values. Since these are either short term in nature or, in the case of deposits, are frequently re-priced.

On balance sheet financial instruments

	BOOK VALUE					FAIR VALUE					
	Available for sale	Held to maturity	Held for trading	Loans and receivables	Other financial assets	Total	Level 1	Level 2	Level 3	Securities not at fair value	Total
-----Rupees-----											
30 September 2018											
Financial assets measured at fair value											
- Investments											
Government Securities (T bills)	-	-	-	-	-	-	-	-	-	-	-
Ordinary shares of listed companies	69,486,014	-	-	-	-	69,486,014	100,469,835	-	-	-	100,469,835
Debt securities (Unlisted & listed TFCs)	2,457,455,914	-	-	-	-	2,457,455,914	370,763,477	-	-	1,343,762,790	1,714,526,267
Investment in sukus	1,226,597,372	-	-	-	-	1,226,597,372	-	-	-	1,226,597,372	1,226,597,372
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	18.1	-	-	-	25,247,724	25,247,724	-	-	-	-	-
- Balances with other banks	18.1	-	-	-	1,331,470,909	1,331,470,909	-	-	-	-	-
- Lending to financial institutions	18.1	-	-	1,460,878,955	-	1,460,878,955	-	-	-	-	-
- Advances	18.1	-	-	7,712,442,726	-	7,712,442,726	-	-	-	-	-
- Other assets	18.1	-	-	304,028,350	-	304,028,350	-	-	-	-	-
- Associates											
Unlisted shares		289,940,999	-	-	-	289,940,999	-	-	-	289,940,999	289,940,999
Listed shares		1,114,952,649	-	-	-	1,114,952,649	-	-	-	1,114,952,649	1,114,952,649
31 December 2017											
Financial assets measured at fair value											
- Investments											
Government Securities (T bills and PIBs)	10,978,856,700	-	-	-	-	10,978,856,700	-	10,978,834,750	-	-	10,978,834,750
Ordinary shares of listed companies	57,625,911	-	-	-	-	57,625,911	57,625,911	-	-	-	57,625,911
Ordinary shares of unlisted companies	-	-	-	-	-	-	-	-	-	-	-
Debt securities (TFCs and Sukus)	1,414,269,823	-	-	-	-	1,414,269,823	5,835,833	-	-	1,039,374,823	1,045,210,656
Investment in mutual fund units	132,248	-	-	-	-	132,248	133,386	-	-	-	133,386
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	18.1	-	-	-	26,529,844	26,529,844	-	-	-	-	-
- Balances with other banks	18.1	-	-	-	2,168,944,684	2,168,944,684	-	-	-	-	-
- Lending to financial institutions	18.1	-	-	-	-	-	-	-	-	-	-
- Advances	18.1	-	-	7,899,991,599	-	7,899,991,599	-	-	-	-	-
- Other assets	18.1	-	-	169,037,633	2,731,209	171,768,842	-	-	-	-	-
- Associates											
Unlisted shares		277,318,603	-	-	-	277,318,603	-	-	-	277,318,603	277,318,603
Listed shares		1,119,551,591	-	-	-	1,119,551,591	-	-	-	1,119,551,591	1,119,551,591

On balance sheet financial instruments (continued)

	BOOK VALUE			FAIR VALUE				
	Fair Value through Profit & Loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Securities not at fair value	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
30 September 2018								
Financial liabilities not measured at fair value								
- Deposits	18.2	-	-	-	-	-	-	-
- Borrowings	18.2	134,212,261	-	134,212,261	-	-	-	-
- Other Liabilities	18.2	-	177,892,102	177,892,102	-	-	-	-
<hr/>								
31 December 2017								
Financial liabilities not measured at fair value								
- Deposits	18.2	-	-	-	-	-	-	-
- Borrowings	18.2	8,196,454,866	-	8,196,454,866	-	-	-	-
- Other Liabilities	18.2	-	195,701,401	195,701,401	-	-	-	-

On balance sheet financial instruments

The Company measures fair values using the following fair values hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Fair value measurement using quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the assets and liabilities that are not based on observable market data (i.e. unobservable inputs).

- 18.1 The Company has not disclosed the fair value for these financial assets and liabilities, as these are for short term and or re-priced over short term. Therefore their carrying amounts are reasonable approximation of fair value.
- 18.2 The Company's policy is to recognize transfer into and out of the different fair value hierarchy levels at the date, the event or change in circumstances, that caused the transfer occurred. There were no transfers between level 1 and level 2 during the year.
- 18.3 Currently no financial instruments are classified in level 3.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

19 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.

Details of balances outstanding at period end and transactions with related parties are as follows:

	September 30, 2018						December 31, 2017					
	Key Management Personnel	Directors	Companies with having equity 50% and above	Associated companies	Employees benefit plans	Employees Provident Trust	Key Management Personnel	Directors	Companies with having equity 50% and above	Associated companies	Employees benefit plans	Employees Provident Trust
	Rupees						Rupees					
Balances outstanding as at												
- Advances	624,997	-	-	22,864,380	-	-	1,000,000	-	30,000,000	-	-	-
- Investments	-	-	-	1,404,893,648	-	-	-	-	-	1,396,870,194	-	-
- Receivables/markup	-	-	-	1,879,010	-	-	-	-	1,423,505	-	-	-
- Borrowings	-	-	-	-	-	-	-	-	-	1,159,928,000	-	-
- Payables/markup	-	-	164,400	279,212,360	12,271,837	-	-	-	164,000	3,324,706	9,655,007	-
Transactions during the year ended												
- Net mark-up / interest earned	-	-	-	26,395,472	-	-	-	-	12,946,626	86,416,270	-	-
- Net mark-up / interest received	-	-	-	26,395,472	-	-	-	-	11,552,591	86,416,270	-	-
- Dividend received	-	-	-	-	-	-	-	-	-	21,172,149	-	-
- Net mark-up / interest expensed	-	-	-	2,768,316	-	-	-	-	-	4,996,015	-	-
- Investments made	-	-	-	-	-	-	-	-	-	-	-	-
- Payments made on behalf of	-	-	-	55,301,167,599	-	-	-	-	44,270,833	45,742,923,184	-	-
- Payments received from	-	-	32,402,570	55,341,060,675	-	-	-	-	52,136,241	54,174,470,644	-	-
- Payment of rent expense to Saudi Pak	-	-	-	40,748,400	-	-	-	-	-	-	-	-
- Remuneration and allowances	61,209,467	2,035,836	-	-	-	-	72,172,451	1,050,123	-	-	-	-
- Payments to employees benefit plans	-	-	-	-	6,667,684	12,641,818	-	-	-	-	12,666,855	7,247,061
- Charge for the year relating to employees benefit plans	-	-	-	-	9,284,517	12,641,818	-	-	-	-	10,339,900	7,247,061
- Fee and commission income	-	-	5,000,000	-	-	-	-	-	6,000,000	-	-	-
- Fee and commission expensed	-	-	-	476,180	-	-	-	-	44,268,181	786,267	-	-
- Rent expensed	-	-	-	15,280,650	-	-	-	-	-	18,205,088	-	-
- Provision	-	-	-	-	-	-	-	-	-	(71,805,000)	-	-

20 GENERAL

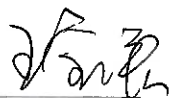
Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income, for the nine months ended 30 September 2018 and 30 September 2017 are not subjected to limited scope review by the auditors.

21 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on **22 OCT 2018**



Chairman



Managing Director



Director



Director



Chief Financial Officer