

**AIB Project Preparation Special Fund**  
**Condensed Financial Statements (Unaudited)**  
**for the Six Months Ended June 30, 2019**

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### Financial Statements

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**AIB Project Preparation Special Fund  
Condensed Statement of Comprehensive Income  
For the six months ended June 30, 2019**

| <i>In thousands of US Dollars</i>                                       | <b>Note</b> | <b>For the six<br/>months ended<br/>June 30, 2019<br/>(unaudited)</b> | <b>For the six<br/>months ended<br/>June 30, 2018<br/>(unaudited)</b> |
|---|-------------|---|---|
| Interest income   |             | 1,322   | 622   |
| Disbursements   | C1          | (345)   | (200)   |
| General and<br>administrative expenses                                  |             | (35)  | (35)  |
| <b>Net profit and total<br/>comprehensive income for the<br/>period</b> |             | <b>942</b>  | <b>387</b>  |
| <b>Attributable to:</b>   |             |   |   |
| Contributors  |             | <b>942</b>  | <b>387</b>  |

The accompanying notes are an integral part of these financial statements.

**AIIB Project Preparation Special Fund**  
**Condensed Statement of Financial Position**  
**As at June 30, 2019**

| <i>In thousands of US Dollars</i>                    | <b>Note</b> | <b>June 30, 2019<br/>(unaudited)</b> | <b>Dec. 31, 2018<br/>(audited)</b> |
|--|-------------|--------------------------------------|------------------------------------|
| <b>Assets</b>  |             |                                      |                                    |
| Cash and cash equivalents                            |             | 104,668                              | 93,820                             |
| Other assets   |             | 755                                  | 690                                |
| <b>Total assets</b>                                  |             | <b>105,423</b>                       | <b>94,510</b>                      |
| <b>Liabilities</b>                                   |             |                                      |                                    |
| Other liabilities                                    |             | -                                    | 29                                 |
| <b>Total liabilities</b>                             |             | <b>-</b>                             | <b>29</b>                          |
| <b>Contributors' resources</b>                       |             |                                      |                                    |
| Contributions  | C2          | 103,000                              | 93,000                             |
| Accumulated gains                                    |             | 2,423                                | 1,481                              |
| <b>Total contributors' resources</b>                 |             | <b>105,423</b>                       | <b>94,481</b>                      |
| <b>Total liabilities and contributors' resources</b> |             | <b>105,423</b>                       | <b>94,510</b>                      |

The accompanying notes are an integral part of these financial statements.

**AIIB Project Preparation Special Fund**  
**Condensed Statement of Changes in Contributors' Resources**  
**For the six months ended June 30, 2019**

| <i>In thousands of US Dollars</i> | <b>Note</b> | <b>Contributions</b> | <b>Accumulated gains</b> | <b>Total</b>   |
|-----------------------------------|-------------|----------------------|--------------------------|----------------|
| <b>Jan. 1, 2018</b>               |             | <b>38,000</b>        | <b>259</b>               | <b>38,259</b>  |
| Contributions                     | C2          | 32,500               | -                        | 32,500         |
| Net profit for the period         |             | -                    | 387                      | 387            |
| <b>June 30, 2018 (unaudited)</b>  |             | <b>70,500</b>        | <b>646</b>               | <b>71,146</b>  |
| <b>Jan. 1, 2019</b>               |             | <b>93,000</b>        | <b>1,481</b>             | <b>94,481</b>  |
| Contributions                     | C2          | 10,000               | -                        | 10,000         |
| Net profit for the period         |             | -                    | 942                      | 942            |
| <b>June 30, 2019 (unaudited)</b>  |             | <b>103,000</b>       | <b>2,423</b>             | <b>105,423</b> |

The accompanying notes are an integral part of these financial statements.

**AIB Project Preparation Special Fund  
Condensed Statements of Cash Flows  
For the six months ended June 30, 2019**

| <i>In thousands of US Dollars</i>                         | <b>Note</b> | <b>For the six<br/>months ended<br/>June 30, 2019<br/>(unaudited)</b> | <b>For the six<br/>months ended<br/>June 30, 2018<br/>(unaudited)</b> |
|---|-------------|---|---|
| <b>Cash flows from operating activities</b>               |             |   |   |
| Net profit for the period                                 |             | 942   | 387   |
| Increase in other assets                                  |             | (65)  | (290)   |
| Decrease in other liabilities                             |             | (29)  | -   |
| Net cash from operating activities                        |             | 848   | 97  |
| <b>Cash flows from investing activities</b>               |             |   |   |
| Increase in term deposits                                 |             | -   | -   |
| Net cash used in investing activities                     |             | -   | -   |
| <b>Cash flows from financing activities</b>               |             |   |   |
| Contribution received                                     | C2          | 10,000  | 32,500  |
| Net cash from financing activities                        |             | 10,000  | 32,500  |
| <b>Net increase in cash and cash equivalents</b>          |             | <b>10,848</b>   | <b>32,597</b>   |
| Cash and cash equivalents at the beginning of the period  |             | 93,820  | 38,075  |
| <b>Cash and cash equivalents at the end of the period</b> |             | <b>104,668</b>  | <b>70,672</b>   |

The accompanying notes are an integral part of these financial statements.

**AIIB Project Preparation Special Fund**  
**Notes to the Condensed Financial Statements**  
**For the six months ended June 30, 2019**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**A General Information**

On June 24, 2016, the AIIB Project Preparation Special Fund (the “Special Fund”) was established as a special fund of the Asian Infrastructure Investment Bank (the “Bank” or “AIIB”) in accordance with Article 17.1 of the Bank’s Articles of Agreement (the “AOA”).

The Special Fund is established as a multi-donor fund, which is open to contributions by all Bank members and others (the “Contributors”). The purpose of the Special Fund is to support and facilitate preparatory activities during the preparation and early implementation of projects for the benefit of one or more members of the Bank that, at the time when the decision to extend the grant is made by the Bank, are eligible to receive financing from the International Development Association, and other members of the Bank with substantial development needs and capacity constraints. The resources from the Contributors are accepted, held, managed, administered, used, committed, expended or otherwise disposed of by the Bank in accordance with the AOA, the Rules and Regulations of the Special Fund and the Contribution Agreements.

The following table sets out the total commitments and paid contributions as at June 30, 2019.

| <b>Contributors</b>                                  | <b>Commitments</b> | <b>Contributions</b> |
|--|--------------------|----------------------|
| People’s Republic of China                           | 50,000             | 50,000               |
| United Kingdom of Great Britain and Northern Ireland | 50,000             | 25,000               |
| Republic of Korea                                    | 18,000             | 18,000               |
| Hong Kong, China                                     | 10,000             | 10,000               |
| <b>Total</b>   | <b>128,000</b>     | <b>103,000</b>       |

**B Accounting Policies**

**B1 Basis of preparation**

These condensed interim financial statements for the six months ended June 30, 2019 have been prepared in accordance with International Financial Reporting Standard (IFRS): IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the annual financial statements for the year ended Dec. 31, 2018.

The accounting policies adopted are consistent with those used in the Special Fund’s annual financial statements for the year ended Dec. 31, 2018.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in its process of applying the accounting policies. The area involving a higher degree of judgment or complexity is the determination of the recognition period for AIIB administration fee. The financial statements have been prepared on a going concern basis.

**AIB Project Preparation Special Fund**  
**Notes to the Condensed Financial Statements**  
**For the six months ended June 30, 2019**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**B Accounting Policies**

**B2 New accounting pronouncements**

The new accounting pronouncements, amendments and interpretations issued during the six months ended June 30, 2019 do not have any significant impact on the operating results, financial position and comprehensive income of the Special Fund.

**B3 Comparatives**

The comparative date of the Condensed Statement of Financial Position is as of Dec. 31, 2018, while the comparative period of the Condensed Statement of Comprehensive Income, the Condensed Statement of Cash Flows and the Condensed Statement of Changes in Contributors' Resources is from Jan. 1, 2018 to June 30, 2018.



**AIB Project Preparation Special Fund**  
**Notes to the Condensed Financial Statements**  
**For the six months ended June 30, 2019**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C1 Disbursements**

For the six months ended June 30, 2019, USD0.3 million has been disbursed by the Special Fund to Nepal for Urban Infrastructure Improvement Project, and USD0.04 million has been disbursed to Pakistan for Lahore Water and Wastewater Management Project.

**C2 Contributions**

|   | <b>Six months ended<br/>June 30, 2019</b> | <b>Year ended<br/>Dec. 31, 2018</b> |
|---|---|-------------------------------------|
| <b>As at Jan. 1, 2019/2018</b>                          | <b>93,000</b>                             | <b>38,000</b>                       |
| Contributions received from:                            |   |                                     |
| People's Republic of China                              | -   | 20,000                              |
| Republic of Korea                                       | -   | 10,000                              |
| United Kingdom of Great Britain<br>and Northern Ireland | -   | 25,000                              |
| Hong Kong, China  | 10,000                                    | -                                   |
| <b>As at June 30, 2019/<br/>Dec. 31, 2018</b>           | <b>103,000</b>                            | <b>93,000</b>                       |

**C3 Fair value of financial assets and financial liabilities**

The carrying amounts of financial assets and liabilities presented on the Statement of Financial Position approximate their fair values, due to the short-term in nature.

**C4 Approved projects**

For the six months ended June 30, 2019, the Bank has approved USD0.9 million grant to Nepal for preparation of Tamakoshi V Hydroelectric Project. The grant agreement of the project has been signed between the Bank and the Government of Nepal.

**C5 Events after the end of the reporting period**

There has been no material event since the reporting date that would require disclosure or adjustment to these financial statements.