



KPMG Taseer Hadi & Co.
Chartered Accountants

**Pakistan Mortgage Refinance Company
Limited**

Condensed Interim Financial
Statements
For the half year ended 30 June
2018



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Mortgage Refinance Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Mortgage Refinance Company Limited ("the Company") as at 30 June 2018, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

Other Matters

The figures for the quarters ended 30 June 2018 and 30 June 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 31 August 2018

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Financial Position
As at 30 June 2018

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	(Rupees)	
ASSETS			
Cash and balances with treasury banks		2,143,703	14,083,055
Balances with other banks	7	2,533,443,673	1,240,574,763
Lendings to financial institutions	8	1,050,000,000	-
Investments		-	-
Advances		-	-
Operating fixed assets	9	37,126,071	32,740,083
Deferred tax assets	10	-	1,720,616
Other assets	11	53,172,215	31,601,804
		3,675,885,662	1,320,720,321
LIABILITIES			
Bills payable		-	-
Borrowings		-	-
Deposits and other accounts		-	-
Sub-ordinated loans		-	-
Advance against share capital	12	-	1,159,905,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	13	7,967,126	10,471,216
		7,967,126	1,170,376,216
NET ASSETS		3,667,918,536	150,344,105
REPRESENTED BY			
Share capital	14	3,658,506,000	150,001,000
Reserves		1,813,886	-
Unappropriated profit		7,598,650	343,105
		3,667,918,536	150,344,105
Surplus/ (Deficit) on revaluation of assets - net of deferred tax		-	-
		3,667,918,536	150,344,105
CONTINGENCIES AND COMMITMENTS			
	15		

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

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Chief Financial Officer


Chief Executive


Director


Director


Chairman

Pakistan Mortgage Refinance Company Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended 30 June 2018

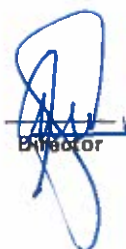
Note	Half year ended		Quarter ended		
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	
(Rupees)					
Mark - up / return / profit / interest earned	16	75,632,681	35,325,034	53,393,512	18,781,306
Mark - up / return / profit / interest expensed		-	-	-	-
Net mark - up / return / profit / interest income		75,632,681	35,325,034	53,393,512	18,781,306
Provision against non-performing loans and advances		-	-	-	-
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		-	-	-	-
Net mark - up / return / profit / interest income after provisions		75,632,681	35,325,034	53,393,512	18,781,306
NON MARK-UP / INTEREST INCOME					
Fees, commission and brokerage income		-	-	-	-
Dividend income		-	-	-	-
Income from dealing in foreign currencies		-	-	-	-
Gain on sale / redemption of securities - net		-	-	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Other income		-	-	-	-
Total non mark - up / interest income		75,632,681	35,325,034	53,393,512	18,781,306
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses	17	64,842,634	31,747,066	39,530,417	20,893,105
Other provisions / write - offs		-	-	-	-
Other charges		-	193,561	-	-
Total non mark - up / interest expenses		64,842,634	31,940,627	39,530,417	20,893,105
Profit / (loss) before extra - ordinary / unusual items		10,790,047	3,384,407	13,863,095	(2,111,799)
Extra - ordinary / unusual items		-	-	-	-
PROFIT/ (LOSS) BEFORE TAXATION		10,790,047	3,384,407	13,863,095	(2,111,799)
Taxation					
-Current	10.2	-	(1,241,404)	-	617,319
-Prior		-	-	-	-
-Deferred		(1,720,616)	226,943	(2,757,218)	79,478
		(1,720,616)	(1,014,461)	(2,757,218)	696,797
PROFIT/(LOSS) AFTER TAXATION		9,069,431	2,369,946	11,105,877	(1,415,002)
Basic and diluted earnings/ (loss) per share		0.07	0.16	0.08	(0.09)

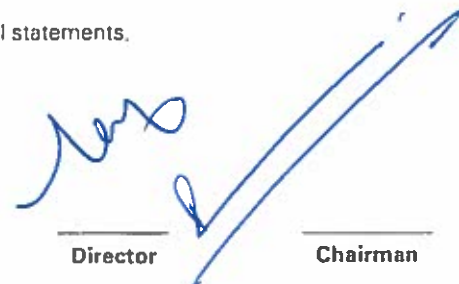
The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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Chief Financial Officer


Chief Executive


Director


Director


Chairman

Pakistan Mortgage Refinance Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the half year ended 30 June 2018

	Half year ended		Quarter ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	----- (Rupees) -----			
Profit / (loss) after taxation	9,069,431	2,369,946	11,105,877	(1,415,002)
Other comprehensive income				
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
Comprehensive income / (loss) transferred to equity	9,069,431	2,369,946	11,105,877	(1,415,002)
Component of comprehensive income not transferred to equity				
Surplus / (deficit) on revaluation of investments - available for sale	-	-	-	-
Deferred tax on revaluation of investments - available for sale	-	-	-	-
Total comprehensive income / (loss)	9,069,431	2,369,946	11,105,877	(1,415,002)

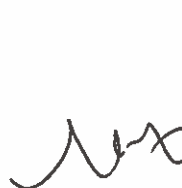
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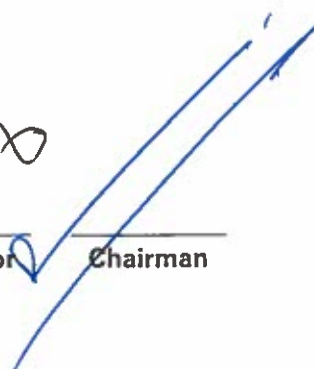
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 Chief Financial Officer


 Chief Executive


 Director

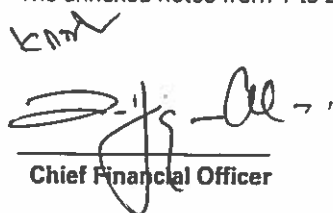

 Director

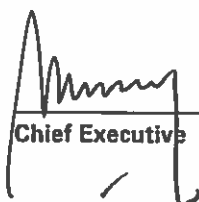

 Chairman


Pakistan Mortgage Refinance Company Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended 30 June 2018


	30 June 2018	30 June 2017
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,790,047	3,384,407
Less: Dividend income	-	-
	<u>10,790,047</u>	<u>3,384,407</u>
Adjustments for:		
Depreciation	2,755,656	219,375
Amortization	-	-
Provision against non-performing advances	-	-
Provision for diminution in the value of investments / other assets	-	-
Loss / (gain) on sale of fixed assets	-	-
	<u>2,755,656</u>	<u>219,375</u>
	<u>13,545,703</u>	<u>3,603,782</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,050,000,000)	-
Held-for-trading securities	-	-
Advances	-	-
Others assets (excluding advance taxation)	(16,077,225)	27,553,119
	<u>(1,066,077,225)</u>	<u>27,553,119</u>
(Decrease) / Increase in operating liabilities		
Bills payable	-	-
Borrowings	-	-
Deposits	-	-
Other liabilities (excluding current taxation)	(2,504,090)	(2,706,396)
	<u>(2,504,090)</u>	<u>(2,706,396)</u>
	<u>(1,055,035,612)</u>	<u>28,450,505</u>
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(5,493,186)	(5,124,081)
Net cash flows (used in) / from operating activities	<u>(1,060,528,798)</u>	<u>23,326,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments	-	-
Dividend income	-	-
Investments in operating fixed assets	(7,141,644)	(855,750)
Sale proceeds of property and equipment disposed-off	-	-
Net cash flows (used in) investing activities	<u>(7,141,644)</u>	<u>(855,750)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts / (payments) of sub-ordinated loan	-	-
Issue of share capital	2,348,600,000	-
Dividend paid	-	-
Advance against issued share capital	-	-
Net cash flow from financing activities	<u>2,348,600,000</u>	<u>-</u>
Increase in cash and cash equivalents during the period	<u>1,280,929,558</u>	<u>22,470,674</u>
Cash and cash equivalents at beginning of the period	<u>1,254,657,818</u>	<u>1,265,597,422</u>
Cash and cash equivalents at end of the period	<u>2,535,587,376</u>	<u>1,288,068,096</u>

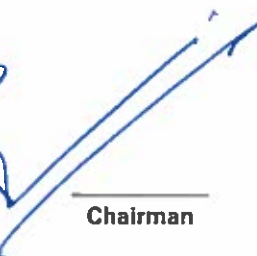
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Chief Financial Officer


Chief Executive


Director


Director


Chairman

Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended 30 June 2018

	Share Capital	Amount available for issue of shares	Reserves (Rupees)	Unappropriated profit/ (loss)	Total
Balance as at 31 December 2016	1,000	150,000,000	-	(467,405)	149,533,595
Total comprehensive income	-	-	-	-	-
Net profit after tax for the half year ended 30 June 2017	-	-	-	2,369,946	2,369,946
Other comprehensive income	-	-	-	2,369,946	2,369,946
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Issue of share capital	150,000,000	-	-	-	150,000,000
Amount received against issue of shares	-	(150,000,000)	-	-	(150,000,000)
Cash dividend	-	-	-	-	-
Balance as at 30 June 2017	150,001,000	-	-	1,902,541	151,903,541
Total comprehensive loss					
Net loss after tax for the half year ended 31 December 2017	-	-	-	(1,559,436)	(1,559,436)
Other comprehensive income	-	-	-	(1,559,436)	(1,559,436)
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Issue of share capital	-	-	-	-	-
Amount received against issue of shares	-	-	-	-	-
Cash dividend	-	-	-	-	-
Balance as at 31 December 2017	150,001,000	-	-	343,105	150,344,105
Total comprehensive income					
Net profit after tax for the half year ended 30 June 2018	-	-	-	9,069,431	9,069,431
Other comprehensive income	-	-	-	9,069,431	9,069,431
Transfer to statutory reserve	-	-	1,813,886	(1,813,886)	-
Transactions with owners, recorded directly in equity					
Issue of share capital	3,508,505,000	-	-	-	3,508,505,000
Cash dividend	-	-	-	-	-
Balance as at 30 June 2018	3,658,506,000	-	1,813,886	7,598,650	3,667,918,536

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

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Chief Financial Officer


Chief Executive


Director


Director


Director


Chairman

Pakistan Mortgage Refinance Company Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended 30 June 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Mortgage Refinance Company (PMRC), 'the Company' is an unlisted Public Limited Company incorporated in Pakistan on 14 May 2015 under the Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution (DFI) by the Finance Division - Government of Pakistan on 27 October 2017. State Bank of Pakistan (SBP) issued Certificate of Business Commencement on 12 June 2018.

The Company is engaged in promoting, developing and improving the housing finance market of Pakistan, to provide refinance facilities to banks and financial institutions against their existing conventional and Islamic housing finance portfolios, and to develop and promote the capital market in Pakistan. Its registered office and principal office is situated at Bahria Complex I, MT Khan Road, Karachi.

SBP has allowed the Company to operate with an Initial Paid Up Capital (net of losses) - Minimum Capital Requirement (MCR) level of at least Rs 3.5 billion subject to MCR compliance with applicable paid up capital requirement within a period of five years from the commencement of its operations/business. Furthermore, during the forbearance period of five years, the Company will not be allowed to declare and make any cash dividend payment to its shareholders.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004, International Accounting Standard (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 2017.

3 STATEMENT OF COMPLIANCE

The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard - 34 - 'Interim Financial Reporting' as applicable in Pakistan, the requirements of the Companies Act, 2017 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. In case where requirements differ, the provisions of Companies Act, 2017 and the directives issued by the SECP and SBP have been followed. Moreover SBP has notified a new format of financial statements vide BPRD circular No. 2 of 2018 which would be effective from accounting year ended December 31, 2018.

The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(1)/2008. Accordingly, the requirements of these International Financial Reporting Standards (IFRSs) and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP

These condensed interim financial statements has been prepared under the historical cost convention.

3.1 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'

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating

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impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- **IFRS 15 'Revenue from contracts with customers'**

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have any significant impact on Company's financial statements.

- **'IFRS 16 'Leases'**

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. This amendment would not have any likely impact on the financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the financial statement for the year ended December 31, 2018.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with that disclosed in the financial statements of the Company for the year ended December 31, 2017.

7 BALANCES WITH OTHER BANKS

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
In Pakistan			
		(Rupees)	
Current accounts		177,608	274,809
Deposit accounts	7.1	1,033,266,065	299,954
Term deposit receipt	7.2	1,500,000,000	1,240,000,000
		<u>2,533,443,673</u>	<u>1,240,574,763</u>
Outside Pakistan:			
Current accounts		-	-
Deposit accounts		-	-
		<u>2,533,443,673</u>	<u>1,240,574,763</u>

7.1 These carry mark-up at the rate of 3.70 to 7.80 (2017: 3.70) percent per annum.

7.2 This represents term deposit receipt (TDR) Rs. 1,500 million (December 31, 2017: Rs. 1,240 million) maturing on July 16, 2018 (December 31, 2017: January 2018). This carries mark-up at the rate of 7.30 (December 31, 2017: 3.75 to 6.75) percent per annum.

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8	Lendings to financial institutions	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	In Pakistan		(Rupees)	
	Certificate of Investments	8.1	<u>1,050,000,000</u>	<u>-</u>

8.1 These certificate of investments (COIs) Rs. 1,050 million (December 31, 2017: Nil) maturing between July 01, 2018 to July 16, 2018. These carry mark-up at the rate of 7.00 percent per annum.

8.2	Particulars of lendings	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	In local currency	<u>1,050,000,000</u>	<u>-</u>

9 OPERATING FIXED ASSETS

Property and equipment	<u>37,126,071</u>	<u>32,740,083</u>
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9.1 During the period additions to operating fixed assets were as follows:

	30 June 2018 (Un-audited)	30 June 2017 (Un- Audited)
Office Equipments	6,322,372	208,800
Computer equipment	819,272	646,950
	<u>7,141,644</u>	<u>855,750</u>

9.2 During the period there were no disposals to operating fixed assets (2017: Nil).

10	DEFERRED TAX ASSETS / (LIABILITIES)	Note	30 June 2018 (Un-audited)	31 December 2017 (Un- Audited)
			(Rupees)	
	Deductible temporary differences arising in respect of:			
	Compensated absences		-	462,768
	Carry forward tax losses		-	2,581,630
			-	<u>3,044,398</u>
	Taxable temporary differences arising in respect of:			
	Accelerated tax depreciation allowances		-	(1,323,782)
		10.1	-	<u>1,720,616</u>

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10.1 Reconciliation of deferred tax

	Balance as at 01 January 2018	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at 30 June 2018
(Rupees)				
Deductible temporary differences arising in respect of:				
Compensated absences	462,768	(462,768)	-	-
Carry forward tax losses	2,581,630	(2,581,630)	-	-
	<u>3,044,398</u>	<u>(3,044,398)</u>	-	-
Taxable temporary differences arising in respect of:				
Accelerated tax depreciation allowances	1,323,782	(1,323,782)	-	-
	<u>1,720,616</u>	<u>(1,720,616)</u>	-	-
	Balance as at 01 January 2017	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at 31 December 2017
(Rupees)				
Deductible temporary differences arising in respect of:				
Compensated absences	462,768	-	-	462,768
Carry forward tax losses	-	2,581,630	-	2,581,630
	<u>462,768</u>	<u>2,581,630</u>	-	<u>3,044,398</u>
Taxable temporary differences arising in respect of:				
Accelerated tax depreciation allowances	1,323,782	-	-	1,323,782
	<u>(861,014)</u>	<u>2,581,630</u>	-	<u>1,720,616</u>

10.2 During the period, the Company has been exempted from income tax as the Company is included in Second Schedule of Finance Act 2018. Accordingly, the Company has reversed deferred tax in the current period.

11 OTHER ASSETS

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees)			
Income / mark-up / profit / interest accrued in local currency		18,136,903	2,850,240
Security deposits		3,386,480	5,386,480
Advances and prepayments		6,222,073	3,431,512
Advance taxation (payments less provisions)		25,426,758	19,933,572
		<u>53,172,215</u>	<u>31,601,804</u>

12 ADVANCE AGAINST SHARE CAPITAL

Ministry of Finance -- Islamic Republic of Pakistan	12.1	-	1,159,905,000
		-	<u>1,159,905,000</u>

12.1 During the period, shares were issued against advance from Ministry of Finance - Islamic Republic of Pakistan.

13 OTHER LIABILITIES

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees)		
Salaries payable	5,155,561	4,324,303
Accrued expenses	1,691,045	2,450,029
Payable against purchase of fixed assets	1,120,520	3,696,884
	<u>7,967,126</u>	<u>10,471,216</u>

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14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

14.1 Authorized Capital

30 June 2018 (Un-audited) (Number of shares)	31 December 2017 (Audited)	Note	30 June 2018 (Un-audited) (Rupees)	31 December 2017 (Audited)
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs.10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>

14.2 Issued, subscribed and paid-up

30 June 2018 (Un-audited)	31 December 2017 (Audited)	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
<u>15,000,100</u>	<u>15,000,100</u>	Ordinary shares of Rs. 10 each	<u>150,001,000</u>	<u>150,001,000</u>
<u>350,850,500</u>	<u>-</u>	- Fully paid in cash	<u>3,508,505,000</u>	<u>-</u>
<u>365,850,600</u>	<u>15,000,100</u>	Issuance of right shares	<u>3,658,506,000</u>	<u>150,001,000</u>

14.3 During the period, the Company has made a right issue of 350,850,500 shares at a price of Rs. 10 each to its existing shareholders in proportion to their shareholdings which was approved by the Board of Directors in their meeting held on March 10, 2018. All the shares were subscribed by the shareholders as per the right offer.

14.4 Major shareholders of the Company are:

Number of shares held		Name of Shareholder	Percentage of Shareholding	
30 June 2018 (Un-audited)	31 December 2017 (Audited)		30 June 2018 (Un-audited)	31 December 2017 (Audited)
120,000,000	4,009,500	Ministry of Finance – Islamic Republic of Pakistan	32.80	26.73
60,000,000	2,673,000	National Bank of Pakistan	16.40	17.82
50,000,000	1,530,000	Habib Bank Limited	13.67	10.20
50,000,000	1,530,000	United Bank Limited	13.67	10.20
30,000,000	1,836,000	Askari Bank Limited	8.20	12.24
30,000,000	1,224,000	Bank Alfalah Limited	8.20	8.16
20,000,000	1,224,000	Allied Bank Limited	5.47	8.16
5,000,000	123,000	Bank AL Habib Limited	1.37	0.82
667,500	667,500	House Building Finance Company Limited	0.18	4.45
183,000	183,000	Summit Bank Limited	0.05	1.22
100	100	Directors	0.00	0.00

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2018 and December 31, 2017.

16 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	For the six months ended	
	30 June 2018 (Un-audited) (Rupees)	30 June 2017 (Audited)
On deposit with banks and financial institutions	<u>75,632,681</u>	<u>53,712,669</u>
	<u>75,632,681</u>	<u>53,712,669</u>

17 ADMINISTRATIVE EXPENSES

Salaries, allowances and employees' benefits	27,848,016	12,413,560
Non-executive directors' fee / remuneration	1,317,150	978,300
Chief executive's remuneration	10,142,982	11,177,600
Traveling and lodging	1,088,816	304,796
Rent, utilities and taxes	7,029,840	3,317,915
Communications	731,712	128,336
Advertisement and business promotion	12,000	169,500
Fees and subscriptions	9,602,368	1,994,311
Printing, stationery and periodicals	253,072	351,487
Depreciation	2,755,656	219,375
Auditors' remuneration	369,153	190,966
Legal and professional charges	1,620,000	206,559
Repairs and maintenance	560,302	233,166
Insurance	975,691	-
Others	535,876	61,195
	<u>64,842,634</u>	<u>31,747,066</u>

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18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Fair value of other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities.

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

18.1 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Note	30 June 2018 (Un-audited)					Fair value				
	Held for Trading	Available for Sale	Held to Maturity	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees)									
	Financial assets not measured at fair value									
	-	-	-	2,535,587,376	-	-	2,535,587,376	-	-	-
8	-	-	-	1,050,000,000	-	-	1,050,000,000	-	-	-
11	-	-	-	26,330,883	-	-	26,330,883	-	-	-
	-	-	-	3,611,918,260	-	-	3,611,918,260	-	-	-
	Financial liabilities not measured at fair value									
12	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	7,967,126	7,967,126	-	-	-
	-	-	-	-	-	7,967,126	7,967,126	-	-	-

Note	31 December 2017 (Audited)					Fair value				
	Available for Sale	Held for Trading	Held to Maturity	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees)									
	Financial assets not measured at fair value									
	-	-	-	1,254,657,818	-	-	1,254,657,818	-	-	-
8	-	-	-	-	-	-	-	-	-	-
11	-	-	-	9,415,512	-	-	9,415,512	-	-	-
	-	-	-	1,264,073,330	-	-	1,264,073,330	-	-	-
	Financial liabilities not measured at fair value									
12	-	-	-	-	-	1,159,905,000	1,159,905,000	-	-	-
13	-	-	-	-	-	10,471,216	10,471,216	-	-	-
	-	-	-	-	-	1,170,376,216	1,170,376,216	-	-	-

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

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

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

18.1.1 The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

[Signature]

19 RELATED PARTY TRANSACTIONS

The related parties comprised of Ministry of Finance, major shareholders, directors and key management personnel.

Transactions with related parties of the Company are carried out on agreed terms. The transactions with key management personnel of the Company are carried out in accordance with the terms of their employment.

Transactions with related parties, other than those disclosed elsewhere in these financial statements are summarised as follows:

	2018				
	Members	Directors	Chief Executive	Key Management Personnel	Total
	44,707,905	-	-	-	44,707,905
	-	-	-	-	-
	-	-	10,142,982	-	10,142,982
	-	-	-	21,895,752	21,895,752
	-	254,704	-	-	254,704
	3,459,735,000	-	-	-	3,459,735,000

Transactions during the period from January 1, 2018 to June 30, 2018

Mark-up earned					
Rental paid					
CEO salary					
Key personal salary					
Director fee paid					
Issue of right shares					
Balances as at June 30, 2018					
Compensated absences payable			351,050	659,878	1,010,928
Provident Fund Payable			1,980,000	1,745,660	3,725,660
Paid up capital	3,600,000,000				3,600,000,000
Cash and bank balances	2,535,587,376				2,535,587,376
Accrued income	7,236,903				7,236,903

	2017				
	Members	Directors	Chief Executive	Key Management Personnel	Total
	35,325,034	-	-	-	35,325,034
	513,000	-	-	-	513,000
	-	-	11,177,600	-	11,177,600
	-	-	-	10,016,313	10,016,313
	-	1,422,300	-	-	1,422,300

Transactions during the period from January 1, 2017 to June 30, 2017

Mark-up earned					
Rental paid					
CEO salary					
Key personal salary					
Director fee paid					
Balances as at December 31, 2017					
Compensated absences payable			590,982	889,668	1,480,650
Provident Fund Payable			1,380,000	1,311,192	2,691,192
Paid up capital	150,001,000				150,001,000
Cash and bank balances	1,254,657,818				1,254,657,818
Advance against share capital	1,159,905,000				1,159,905,000
Accrued income	2,850,240				2,850,240

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20 GENERAL

20.1 Amounts in these financial statements have been rounded off to the nearest rupee except stated otherwise.

20.2 Corresponding figures have been reclassified, rearranged or additionally incorporated in these condensed interim financial statements for the purposes of comparison and better presentation.

21 DATE OF AUTHORISATION

These financial statements were authorised on _____ by the Board of Directors of the Company.

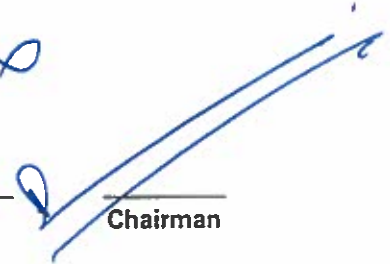
KPM


Chief Financial Officer


Chief Executive


Director


Director


Chairman