

Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Financial Position

As at 31 March 2018

		(Un-audited) March 31, 2018	(Audited) December 31, 2017
	Note	(Rupees)	
ASSETS			
Cash and balances with treasury banks		-	-
Balances with other banks	6	3,046,768,678	1,254,657,818
Lending to financial institutions		-	-
Investments		-	-
Advances		-	-
Operating fixed assets	7	33,804,849	32,740,083
Deferred tax assets - net	8	2,757,218	1,720,616
Other assets	9	43,859,882	31,601,804
		3,127,190,627	1,320,720,321
LIABILITIES			
Bills payable		-	-
Borrowings		-	-
Deposits and other accounts		-	-
Sub-ordinated loans		-	-
Advance for issuance of share capital	10	2,970,745,000	1,159,905,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	11	8,137,968	10,471,216
		2,978,882,968	1,170,376,216
NET ASSETS		148,307,659	150,344,105
REPRESENTED BY			
Share capital	12	150,001,000	150,001,000
Reserves		-	-
Amount available for issue of shares		-	-
Unappropriated (Loss) / profit		(1,693,341)	343,105
		148,307,659	150,344,105
Surplus on revaluation of assets - net of deferred tax		-	-
		148,307,659	150,344,105
CONTINGENCIES AND COMMITMENTS	13		

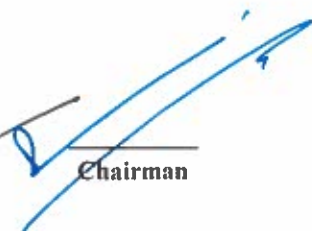
The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Chief Executive


 Director


 Director


 Chairman

Pakistan Mortgage Refinance Company Limited
Condensed Interim Profit and Loss Account (Un-Audited)
For the three months ended 31 March 2018

	Note	March 31, 2018	March 31, 2017
		(Rupees)	
Mark - up / return / interest earned	14	22,239,169	16,543,728
Mark - up / return / interest expensed		-	-
Net mark - up / return / interest income		<u>22,239,169</u>	<u>16,543,728</u>
Provision against non-performing loans and advances		-	-
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
Net mark - up / return / interest income after provisions		<u>22,239,169</u>	<u>16,543,728</u>
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		<u>-</u>	<u>-</u>
		22,239,169	16,543,728
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	15	25,312,217	10,853,961
Other provisions / write - offs		-	-
Other charges		-	-
Total non mark - up / interest expenses		<u>25,312,217</u>	<u>10,853,961</u>
(Loss)/ profit before extra - ordinary / unusual items		<u>(3,073,048)</u>	<u>5,689,767</u>
Extra - ordinary / unusual items		-	-
(LOSS)/ PROFIT BEFORE TAXATION		<u>(3,073,048)</u>	<u>5,689,767</u>
Taxation - Current	16	-	(1,885,388)
- Prior years	16	-	-
- Deferred	16	1,036,602	174,130
(LOSS)/ PROFIT AFTER TAXATION		<u>1,036,602</u>	<u>(1,711,258)</u>
		<u>(2,036,446)</u>	<u>3,978,509</u>
Unappropriated profit / (loss) brought forward		343,105	(467,405)
(Loss) / profit available for appropriation		<u>(1,693,341)</u>	<u>3,511,104</u>
		(Rupees)	
Basic and diluted (loss) / earnings per share	17	<u>(0.14)</u>	<u>0.27</u>

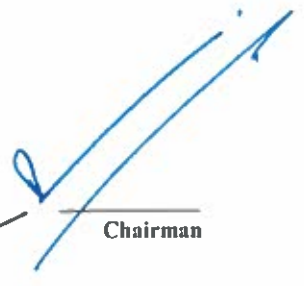
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 Chief Financial Officer


 Chief Executive


 Director


 Director


 Chairman


Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the three months ended 31 March 2018

	March 31, 2018	March 31, 2017
	(Rupees)	
(Loss) / profit after taxation	(2,036,446)	3,978,509
Other comprehensive income	-	-
Other comprehensive (loss) / income transferred to equity	<u>(2,036,446)</u>	<u>3,978,509</u>
Components of comprehensive income not reflected in equity	-	-
Total comprehensive (loss) / income - net of tax	<u><u>(2,036,446)</u></u>	<u><u>3,978,509</u></u>

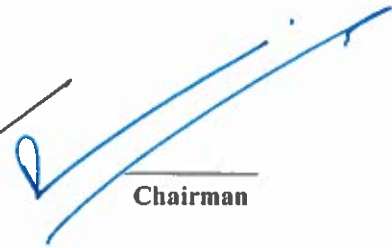
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 Chief Financial Officer


 Chief Executive


 Director


 Director


 Chairman

Pakistan Mortgage Refinance Company Limited
Condensed Interim Cash Flow Statement (Un-Audited)
For the three months ended 31 March 2018

	March 31, 2018	March 31, 2017
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(3,073,048)	5,689,767
Less: Dividend income	-	-
	<u>(3,073,048)</u>	<u>5,689,767</u>
Adjustments for:		
Depreciation	1,305,429	134,881
Amortization	-	-
Provision against non-performing advances	-	-
Provision for diminution in the value of investments / other assets	-	-
Loss / (gain) on sale of fixed assets	-	-
Finance charges on leased assets	-	-
	<u>1,305,429</u>	<u>134,881</u>
	(1,767,619)	5,824,648
(Increase) in operating assets		
Lendings to financial institutions	-	-
Held-for-trading securities	-	-
Advances	-	-
Others assets (excluding advance taxation)	(10,795,539)	(11,668,232)
	<u>(10,795,539)</u>	<u>(11,668,232)</u>
(Decrease) / increase in operating liabilities		
Bills payable	-	-
Borrowings from financial institutions	-	-
Deposits	-	-
Other liabilities (excluding current taxation)	(2,333,248)	9,504,538
	<u>(2,333,248)</u>	<u>9,504,538</u>
	(14,896,406)	3,660,954
Payments of provision against off-balance sheet obligations	-	-
Income taxes paid	(1,462,539)	(12,059,338)
Net cash outflow from operating activities	<u>(16,358,945)</u>	<u>(8,398,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	-	-
Net investments in held-to-maturity securities	-	-
Dividend income	-	-
Investments in operating fixed assets	(2,370,195)	(2,331,918)
Sale proceeds of property and equipment disposed-off	-	-
Net cash outflow from investing activities	<u>(2,370,195)</u>	<u>(2,331,918)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts / payments of sub-ordinated loan	-	-
Receipts / payments of lease obligations	-	-
Issue of share capital	-	900
Advance for issuance of share capital	1,810,840,000	109,905,000
Dividend paid	-	-
Net cash inflow from financing activities	<u>1,810,840,000</u>	<u>109,905,900</u>
Effects of exchange rate changes on cash and cash equivalents	-	-
Increase in cash and cash equivalents	<u>1,792,110,860</u>	<u>99,175,598</u>
Cash and cash equivalents at beginning of the period	<u>1,254,657,818</u>	<u>1,200,000,000</u>
Cash and cash equivalents at end of the period	<u>3,046,768,678</u>	<u>1,299,175,598</u>

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Chief Financial Officer


Chief Executive


Director


Director

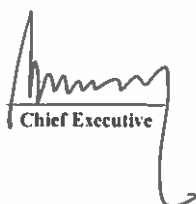

Chairman

Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Changes in Equity
For the three months ended 31 March 2018

	Share Capital	Reserves	Amount available for issue of shares (Rupees)	Unappropriated profit / (loss)	Total
Balance as at 1 January 2017 (Audited)	1,000	-	150,000,000	(467,405)	149,533,595
Total comprehensive income for the quarter ended 31 March 2017					
Profit after taxation for the quarter ended 31 March 2017	-	-	-	3,978,509	3,978,509
Other comprehensive income	-	-	-	-	-
	-	-	-	3,978,509	3,978,509
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 31 March 2017 (Un-audited)	150,001,000	-	-	3,511,104	153,512,104
Total comprehensive loss for the nine months ended 31 December 2017					
Loss after taxation	-	-	-	(3,167,999)	(3,167,999)
Other comprehensive income	-	-	-	-	-
	-	-	-	(3,167,999)	(3,167,999)
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Cash dividend	-	-	-	-	-
Balance as at 31 December 2017 (Audited)	150,001,000	-	-	343,105	150,344,105
Total comprehensive loss for the three months ended 31 March 2018					
Loss after taxation	-	-	-	(2,036,446)	(2,036,446)
Other comprehensive income	-	-	-	-	-
	-	-	-	(2,036,446)	(2,036,446)
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Cash dividend	-	-	-	-	-
Balance as at 31 March 2018 (Un-audited)	150,001,000	-	-	(1,693,341)	148,307,659

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director


Director


Chairman

Pakistan Mortgage Refinance Company Limited
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the three months ended 31 March 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Mortgage Refinance Company (PMRC) was incorporated on 14 May 2015 under the repealed Companies Ordinance, 1984 as unlisted Public Limited Company. The Company has been notified as a Development Financial Institution (DFI) by the Government of Pakistan as on 27 October 2017. The principal activity of the Company is to carry on the business of 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. The registered office of the Company is situated at Karachi, Sindh.

The Company has yet to commence its business. Subsequent to the period end, the Company has applied to State Bank of Pakistan (SBP) for the commencement of business certificate.

2. BASIS OF PRESENTATION

2.1 Separate financial statements

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004, International Accounting Standard 34, Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan. In case where requirement differ, the provisions of or directives issued under the Companies Act, 2017, Banking Companies Ordinance, 1962 have been followed.

2.2 Statement of compliance

These condensed interim financial statements of the Company have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. The Company has yet to receive its Business Commencement Certificate from the SBP, therefore no segment information is been disclosed.

The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2017.

Pakistan Mortgage Refinance Company Limited
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the three months ended 31 March 2018

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention.

The financial statements are prepared in Pakistani rupees which is the Company's functional and presentation currency.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experiences, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following:

- Useful life of operating assets and methods of depreciation and amortization
- Taxation - Current
- Taxation - Deferred

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements of the Company for the year ended December 31, 2017, except for the following:

Surplus on revaluation of fixed assets - net of deferred tax

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018 the Company has revised its accounting policy in respect of measurement of 'surplus / (deficit) on revaluation of fixed assets' which are now accounted for in accordance with Companies Act, 2017. The revaluation is measured on individual assets where the surplus is taken to the surplus on revaluation of fixed assets account. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on same asset. The management of the Company believes that there will no impact of change in policy, therefore no adjustments are being taken.

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6. BALANCES WITH OTHER BANKS

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees)			
In Pakistan			
Current accounts		1,051,146	274,809
Deposit accounts	6.1	1,815,717,532	14,383,009
Term deposit receipts	6.2	1,230,000,000	1,240,000,000
		<u>3,046,768,678</u>	<u>1,254,657,818</u>
Outside Pakistan:			
Current accounts		-	-
Deposit accounts		-	-
		<u>3,046,768,678</u>	<u>1,254,657,818</u>

6.1 These carry mark-up rates ranging from 3.70 percent (2017: 3.70) percent per annum.

6.2 These include term deposit receipts (TDRs) of Rs. 1,230 million (December 31, 2017: Rs. 1,230 million) maturing in April 2018 (2017: January 2018). These carry mark-up rates ranging from 3.75 to 6.40 (December 31, 2017: 3.75 to 6.75) percent per annum.

7. OPERATING FIXED ASSETS

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees)			
Capital in work-in-progress		-	-
Property and equipment	7.1	33,804,849	32,740,083
Intangible assets		-	-
		<u>33,804,849</u>	<u>32,740,083</u>

7.1 Property and equipments

	31 March 2018 (Un-Audited)						Book Value As at 31 March 2018	Rate of Depreciation %
	Cost			Depreciation				
	As at 1 January 2018	Additions / (deletions)	As at 31 March 2018	As at 1 January 2018	Charge / (Deletion)	As at 31 March 2018		
(Rupees)								
Owned								
Office equipments	2,192,699	2,160,794	4,353,493	268,576	179,725	448,301	3,905,192	20%
Computer equipments	1,425,445	209,401	1,634,846	356,168	119,463	475,631	1,159,215	33%
Furniture	4,694,246	-	4,694,246	78,237	234,712	312,949	4,381,297	20%
Fixtures	20,461,030	-	20,461,030	169,925	509,776	679,701	19,781,329	10%
Vehicles	5,235,050	-	5,235,050	395,481	261,753	657,234	4,577,817	20%
	<u>34,008,470</u>	<u>2,370,195</u>	<u>36,378,665</u>	<u>1,268,387</u>	<u>1,305,429</u>	<u>2,573,816</u>	<u>33,804,849</u>	
	31 December 2017 (Audited)						Book Value As at 31 December 2017	Rate of Depreciation %
	Cost			Depreciation				
	As at 1 January 2017	Additions / (deletions)	As at 31 December 2017	As at 1 January 2017	Charge / (Deletion)	As at 31 December 2017		
(Rupees)								
Owned								
Office equipments	806,626	1,386,073	2,192,699	16,137	252,439	268,576	1,924,123	20%
Computer equipments	479,600	945,845	1,425,445	30,080	326,088	356,168	1,069,277	33%
Furniture	-	4,694,246	4,694,246	-	78,237	78,237	4,616,009	20%
Fixtures	-	20,461,030	20,461,030	-	169,925	169,925	20,291,105	10%
Vehicles	-	5,235,050	5,235,050	-	395,481	395,481	4,839,569	20%
	<u>1,286,226</u>	<u>2,331,918</u>	<u>34,008,470</u>	<u>46,217</u>	<u>578,527</u>	<u>1,268,387</u>	<u>32,740,083</u>	

8. DEFERRED TAX ASSETS (Net)

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees)			
Deductible temporary differences arising in respect of:			
Compensated absences		1,011,415	462,768
Carry forward tax losses		3,754,719	2,581,630
		<u>4,766,134</u>	<u>3,044,398</u>
Taxable temporary differences arising in respect of:			
Accelerated tax depreciation allowances		(2,008,915)	(1,323,782)
		<u>2,757,218</u>	<u>1,720,616</u>

9. OTHER ASSETS

<i>Note</i>	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees)	
Mark-up / return / interest receivable in local currency	10,910,869	2,850,240
Security deposits	5,386,480	5,386,480
Advances and prepayments	6,166,422	3,431,512
Taxation - net	21,396,111	19,933,572
	<u>43,859,882</u>	<u>31,601,804</u>

10. ADVANCE FOR ISSUANCE OF SHARE CAPITAL

Advance received from shareholders against issuance of share capital

<i>Note</i>	(Un-audited) March 31, 2018	(Audited) December 31, 2017
10.1	2,970,745,000	1,159,905,000
	<u>2,970,745,000</u>	<u>1,159,905,000</u>

10.1 The amount represents the advance received from shareholders for the issuance of share capital.

11. OTHER LIABILITIES

(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees)	

Salaries payable	6,700,127	4,324,303
Accrued expenses	167,972	2,450,029
Payable against purchase of fixed assets	1,269,869	3,696,884
	<u>8,137,968</u>	<u>10,471,216</u>

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12. SHARE CAPITAL			(Un-audited)	(Audited)
(Un-audited)	(Audited)		(Un-audited)	(Audited)
March 31,	December 31,		March 31,	December 31,
2018	2017		2018	2017
(Number of shares)			(Rupees)	
12.1 Authorized Capital				
<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>
12.2 Issued, subscribed and paid-up				
<u>15,000,100</u>	<u>15,000,100</u>	Ordinary shares of Rs. 10 each - Fully paid in cash	<u>150,001,000</u>	<u>150,001,000</u>
12.3 Major shareholders of the Company are:				
Number of shares held		Name of Shareholder	Percentage of Shareholding	
(Un-audited)	(Audited)		(Un-audited)	(Audited)
March 31,	December 31,		March 31,	December 31,
2018	2017		2018	2017
4,009,500	4,009,500	Ministry of Finance – Islamic Republic of Pakistan	26.73	26.73
1,530,000	1,530,000	Habib Bank Limited	10.20	10.20
2,673,000	2,673,000	National Bank of Pakistan	17.82	17.82
1,836,000	1,836,000	Askari Bank Limited	12.24	12.24
1,530,000	1,530,000	United Bank Limited	10.20	10.20
1,224,000	1,224,000	Bank Alfalah Limited	8.16	8.16
1,224,000	1,224,000	Allied Bank Limited	8.16	8.16
667,500	667,500	House Building Finance Company Limited	4.45	4.45
183,000	183,000	Summit Bank Limited	1.22	1.22
123,000	123,000	Bank AL Habib Limited	0.82	0.82
10	10	Syed Tariq Ali (Director)	0.00	0.00
10	10	Rehmat Ali Hasnie (Director)	0.00	0.00
10	10	Ahmed Saeed Siddiqui (Director)	0.00	0.00
10	-	Zahid Parakh (Director)	0.00	0.00
-	10	Aamir Hasan Irshad (Ex-Director)	0.00	0.00
10	10	Imran Ahmed (Director)	0.00	0.00
10	-	Mehreen Ahmed (Director)	0.00	0.00
-	10	Khurram Hussain (Ex Director)	0.00	0.00
10	10	Mohammad Tanvir Butt (Director)	0.00	0.00
10	10	Rashid Nawaz Tipu (Director)	0.00	0.00
10	10	Syed Asif Ali (Ex Director)	0.00	0.00
10	-	Imran Sarwar (Director)	0.00	0.00
-	10	Zulfqar Alvi (Ex Director)	0.00	0.00
13. CONTINGENCIES AND COMMITMENTS				
There are no contingencies and commitments as at quarter end (31 December 2017 Nil).				
14. MARK-UP / RETURN / INTEREST EARNED				
			(Un-audited)	(Un-audited)
			For the period of	For the period of
			three months ended	three months ended
			March 31, 2018	March 31, 2017
			(Rupees)	
			<u>22,239,169</u>	<u>16,543,728</u>
			<u>22,239,169</u>	<u>16,543,728</u>
15. ADMINISTRATIVE EXPENSES				
Salaries, allowances and employees' benefits			12,831,481	2,706,384
Non-executive directors' fee / remuneration			660,000	234,000
Chief executive's remuneration		20	4,776,000	5,441,600
Traveling and accommodation			864,861	-
Rent, rates and taxes			3,342,461	448,634
Communications			283,787	57,086
Advertisement and business promotion			12,000	-
Membership and subscriptions			235,401	-
Printing, stationery and periodicals			67,840	42,988
Depreciation		7.1	1,305,429	134,881
Legal and professional charges			-	1,807,396
Repairs and maintenance			111,666	129,826
Insurance			394,258	-
Others			427,033	85,166
			<u>25,312,217</u>	<u>11,087,961</u>

16.	TAXATION	(Un-audited) For the period of three months ended March 31, 2018	(Un-audited) For the period of three months ended March 31, 2017
	For the period	(Rupees)	
	Current	-	1,885,388
	Prior	-	-
	Deferred	<u>(1,036,602)</u>	<u>(174,130)</u>
		<u><u>(1,036,602)</u></u>	<u><u>1,711,258</u></u>

17. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

(Loss) / profit after taxation	<u>(2,036,446)</u>	<u>3,978,509</u>
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(Numbers)

Weighted average number of ordinary shares in issue	<u>15,000,100</u>	<u>15,000,100</u>
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(Rupees)

Basic and diluted (loss) / earnings per share	<u>(0.14)</u>	<u>0.27</u>
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17.1 There were no convertible dilutive potential ordinary shares outstanding on 31 March 2018 and 31 March 2017.

18. CASH AND CASH EQUIVALENTS

	<i>Note</i>	(Un-audited) March 31, 2018	(Un-audited) December 31, 2017
		(Rupees)	
Balances with other banks	6	<u>3,046,768,678</u>	<u>1,254,657,818</u>
		<u><u>3,046,768,678</u></u>	<u><u>1,254,657,818</u></u>



19 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.

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:

		March 31, 2018 (Un-audited)					December 31, 2017 (Audited)				
		Fair value		Fair value		Fair value		Fair value		Fair value	
Note	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	Total
On balance sheet financial instruments											
Financial assets not measured at fair value											
	-	-	-	3,046,768,678	-	-	3,046,768,678	-	-	-	-
	-	-	-	10,910,869	-	-	10,910,869	-	-	-	-
	-	-	-	11,552,962	-	-	11,552,962	-	-	-	-
	-	-	-	3,069,232,449	-	-	3,069,232,449	-	-	-	-
Financial liabilities not measured at fair value											
	-	-	-	-	-	2,970,745,000	2,970,745,000	-	-	-	-
	-	-	-	-	-	8,137,968	8,137,968	-	-	-	-
	-	-	-	-	-	2,978,882,968	2,978,882,968	-	-	-	-
	-	-	-	3,069,232,449	-	(2,978,882,968)	90,349,481	-	-	-	-
On balance sheet financial instruments											
Financial assets not measured at fair value											
	-	-	-	1,254,657,818	-	-	1,254,657,818	-	-	-	-
	-	-	-	2,850,240	-	-	2,850,240	-	-	-	-
	-	-	-	8,817,992	-	-	8,817,992	-	-	-	-
	-	-	-	1,266,326,050	-	-	1,266,326,050	-	-	-	-
Financial liabilities not measured at fair value											
	-	-	-	-	-	1,159,905,000	1,159,905,000	-	-	-	-
	-	-	-	-	-	10,471,216	10,471,216	-	-	-	-
	-	-	-	-	-	1,170,376,216	1,170,376,216	-	-	-	-
	-	-	-	1,266,326,050	-	(1,170,376,216)	95,949,834	-	-	-	-

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

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)

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

20	RISK MANAGEMENT	(Unaudited)
		March 31,
		2018
		(Rupees)
20.1	Liquidity Coverage Ratio	
	High Quality Liquid Assets	3,046,768,678
	Net Cash Outflows	8,137,968
	Liquid Coverage ratio (%)	37439%
20.2	Net Stable Funding Ratio	
	Available Stable Funding	3,119,052,659
	Required stable Funding	80,421,949
	Net Stable Funding Ratio (%)	3878%

21 RELATED PARTY TRANSACTIONS

The related parties comprised of Ministry of Finance, Habib Bank Limited, National Bank of Pakistan, Askari Bank Limited, United Bank Limited, Bank Alfalah Limited, Allied Bank Limited, House Building Finance Company Limited, Summit Bank Limited, Bank AL Habib Limited, directors and key management personnel.

Transactions with related parties of the Company are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees 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:

	Members	Directors	Chief Executive	Key Management Executives	Total
	(Rupees)				
Balances as at					
March 31, 2018 (Unaudited)					
CEO salary payable	-	-	-	-	-
Compensated absences payable	-	-	973,174	1,246,061	2,219,235
Provident Fund Payable	-	-	1,680,000	1,348,845	3,028,845
Paid up capital	150,001,000	-	-	-	150,001,000
Cash and bank balances	3,046,768,678	-	-	-	3,046,768,678
Advance against share capital	2,970,745,000	-	-	-	2,970,745,000
Accrued profit receivable	10,910,869	-	-	-	10,910,869
Balances as at					
December 31, 2017 (Audited)					
CEO salary payable	-	-	-	1,223,599	1,223,599
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 profit receivable	2,850,240	-	-	-	2,850,240
Transactions during the quarter					
ended March 31, 2018 (un-audited)					
Mark-up earned	21,530,436	-	-	-	21,530,436
Rental paid	-	-	-	-	-
CEO salary	-	-	4,776,000	-	4,776,000
Key personal salary	-	-	-	9,791,553	9,791,553
Director fee paid	-	660,000	-	-	660,000

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	Members	Directors	Chief Executive	Key Management Executives	Total
----- (Rupees) -----					
Transactions during the quarter ended March 31, 2017 (un-audited)					
Mark-up earned	16,543,728	-	-	-	16,543,728
Rental paid	448,634	-	-	-	448,634
CEO salary	-	-	5,441,600	-	5,441,600
Key personal salary	-	-	-	1,887,612	1,887,612
Director fee paid	-	234,000	-	-	234,000


21.1 The managing director/CEO and an executive are provided with free use of Company's maintained cars. Executive means employees other than managing director/CEO and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.


22. GENERAL


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


23. DATE OF AUTHORISATION

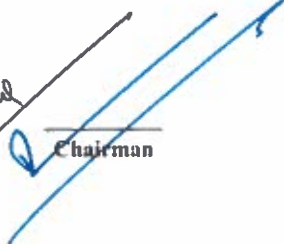
These financial statements were authorised on May 08, 2018 by the Board of Directors of the Company.


 Chief Financial Officer


 Chief Executive


 Director


 Director


 Chairman