

ANNUAL REPORT 2016



INVEST CAPITAL INVESTMENT BANK LIMITED



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Vision Statement

To build a world-class investment banking franchise through the creation of an organization based on trust, integrity and decision making process driven by client's best interest

Mission Statement

To provide our customers financial solutions while preserving wealth, ensuring quality service, efficient pricing and absolute transparency.

Company Information

Board of Directors

Mrs. Ayesha Shehryar	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Muhammad Zahid	-Director
Mr. Muhammad Qasim	-Director
Mr. Shahbaz Haider Agha	-Director
Mr. Hasan Ahmed	-Director
Mr. Javed Iqbal	-Director
Brigadier Wali Muhammad	-Director

Audit Committee

Mr. Hasan Ahmed	-Chairman
Mr. Javed Iqbal	-Member
Mrs. Ayesha Shehryar	-Member

Human Resource Committee

Mr. Shahbaz Haider Agha	-Chairman
Mr. Muhammad Zahid	-Member
Mr. Muhammad Asif	-Member

Chief Financial Officer & Company Secretary

Mr. M. Naim Ashraf

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisors

Ahmad & Qazi

Share Registrar

Corptec Associates (Private) Limited
503-E, Johar Town, Lahore.
Tel: 042-35170336-7
Fax: 042-35170338
E-mail: mimran.csbm@gmail.com

Bankers

Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
State Bank of Pakistan

Registered Office

603-604, 6Th Floor, Lakson Square
Building No. 3, Sarwar Shaheed Road,
Karachi.
Tel: 021-35661968
Fax: 021-35654022
Website: www.icibl.com

Head Office

2-H, Jail Road, Gulberg II,
Lahore.
Tel: 042-35777285
Fax: 042-35777286

National Tax Number

0656427-5

Notice of 24th Annual General Meeting

Notice is hereby given that the 24th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 6.30 p.m. on Monday, 31st October, 2016 at ICMA Pakistan's Auditorium, Main Campus, Gulshan-e-Iqbal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 23rd Annual General Meeting of the Shareholders held on 31st October 2015.
2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30th June 2016.
3. To appoint auditors and fix their remuneration for the year ending 30th June, 2017.
4. To consider any other business with the permission of the Chair.

By Order of the Board

Lahore
October 10, 2016

M. Naim Ashraf
Company Secretary

NOTES:

1. The Members' Register will remain closed from 24th October 2016 to 31st October 2016 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 22nd October 2016 will be treated in time.
2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf.
3. The instrument appointing proxy and the power of attorney or other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of Share Registrar of the Company, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting.
4. The CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A- For attending the meeting:

- (i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending meeting.
- (ii) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signatures of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B- For appointing proxies :

- (i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall submit the proxy forms accordingly.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copy of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - (v) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. Members are requested to notify any change in their addresses immediately to the Share Registrar of the Company.

Directors' Report

On behalf of the Board of Directors of Invest Capital Investment Bank Limited (the 'Company'), I am pleased to present before members the audited financial statements of the Company for the year ended June 30, 2016 along with the Auditors' report thereon.

By the Grace of Almighty ALLAH the new management of the company has completed another year of successful operations. The new management team had formulated a revival plan in 2011, which has been meticulously implemented. The main focus areas of the plan were, settlement of outstanding financial obligations, disposal of non-core / non-earning assets, maximizing recoveries from NPL's and rationalization of administrative expenses.

Financial Overview

	----- Rupess in million -----	
Financial Highlights	2016	2015
Gross revenue	58.78	63.86
Administrative expenses	31.00	38.32
Other operating expenses	2.90	19.31
Financial charges (Net)	16.09	(8.77)
Provisions and write offs	28.11	24.48
Other income	58.52	16.32
Profit / (loss) for the year before taxation	39.19	6.84
Taxation - net	1.07	(0.69)
Profit / (loss) for the year after taxation	40.26	6.16
Earnings / (loss) per share - basic	0.14	0.02
Appropriations:		
Transfer to statutory reserves	8.05	19.75

Economic Review

Pakistan's economy improved with real GDP growth clocking in at 4.71 percent in FY'16 despite a setback in agriculture sector due to decline in cotton production. Short term vulnerabilities have ebbed on the back of improved macroeconomic stability and progress on structural reforms. Key macroeconomic indicators like inflation, current and fiscal account depicted significant improvement. Forex reserves are at an all-time high and Pakistan has completed the IMF program for the first time .

Growth in large scale manufacturing (LSM) gained traction from rising investment due to China Pakistan Economic Corridor related projects, recovery in private sector credit off-take and improvement in supply of gas and electricity. Major sectors that were instrumental in augmenting LSM growth were automobiles, fertilizers, chemicals and pharmaceuticals. KSE 100 index performed remarkably on the back of reclassification of Pakistan stock market in the MCSI's emerging market index.

Forex reserves stood at USD 23.08 billion by end June' 16 as compared to 18.7 billion in June, 15. Despite sustained real exchange rate appreciation and declining exports, the current account deficit was lower than last year at USD 2.5 billion for the period FY'16. Pakistan's export of goods fell by 86 percent in FY'16 primarily due to sluggish global demand, unfriendly business climate and lack of competitiveness due to real exchange rate appreciation. However, stable remittances and favorable oil prices helped stabilize the current account.

Looking ahead, downside risks to the economic outlook remain. Deteriorating global economic conditions could take a further toll on our exports and remittances. Faster than expected rise in oil prices can also complicate the external position. The tense relation between Pakistan and India, domestically; political uncertainty, further delays in privatization, restructuring of public sector enterprises and policy silages could hamper economic activity and undermine fiscal consolidation which is imperative for sustained economic growth.

Company Overview

Alhumdulillah, the Company is now on its path of stability. The non-availability of funds/credit lines from financial institutions remained the reason for low business volumes during the year. The company is managing its business dynamics only through internal cash flows through recoveries from existing portfolio which is however not enough to show an appreciable growth in the business volumes. The non performing loan portfolio of the company is down to its most chronic market defaulters. However, your management is confident that the trend for the year's profit shall improve in coming years, if no major negative deviation in the economic condition occurs.

Operational Review

The revenue from leasing business has marginally increased due to recovery from non-performing leases and loans, resulting in reversal of markup suspended in earlier years. The Gross revenue (including other income) of the Company amounted to Rs. 117.29 million as compared to Rs. 80.18 million of the last year. The management has substantially curtailed its administrative expenses. During the year a further reduction of Rs. 7.32 million (2015 Rs. 13.46 Million) has taken place as compared to year 2015. The major source of income during the last year has been gain on settlement of liabilities of ICML, the outgoing concern. Again, it is re-emphasized that increase in operational profits needs a lot of new business which in turn depends upon availability of ample funds. At present the only source of funding is recovery of non-performing leases and loans.

- **Settlement of Liabilities:-**

The management is pleased to inform you that up-till end of June 30, 2016 around 94.80% of liabilities have been settled or restructured. The following table shows the comparative figures:

Description	Rs. in million
Total liabilities (Loans + Deposits) of Banks / FIs (As at June 30, 2011 prior to change of Management)	1,561.48
Amount settled / principally agreed for settlement / restructured as at June 30, 2016	1,480.02
Outstanding amount pending settlement	81.46

All out efforts are being made to settle the remaining outstanding liabilities at the earliest possible.

Another main concern was meeting the demands of the deposit holders and resolution of their reservations through workable solutions. Please note that the total amount of depositors as on June 30, 2011 was Rs. 602.84 million which has now reduced to a nominal amount of Rs. 4.40 million as on balance sheet date. Category-wise detail is given below

Category	June 30,2016	June 30,2015	June 30, 2014
Financial Institutions	4.30	28.61	52.44
Individuals	0.10	2.59	15.89
Total	4.40	31.20	68.33

The Company has been satisfying the depositors, especially individual depositors, through repayment as desired by them. It is relevant to inform you that almost all categories of deposit holders cooperated with the Company enabling it to achieve the target of getting out of the default situation. At present no demand of any individual deposit holder is pending with us for payment and all maturities are met on due dates.

- **Management of Non-Performing loans (NPLs)**

Managing the recoveries from NPLs was a difficult task to achieve due to overall depressing economic conditions. The outstanding portfolio was Rs. 2,060.32 million as on June 30, 2011 when the new management took control, which as at June 30, 2016 stands at Rs. 1,365.28 million (2015 Rs.1,411.71 million). The management is determined to continue its best efforts, energy, experience and skills in future also to improve the performance.

- **Reduction in Administrative Cost**

Reduction in the administrative cost without affecting the operational efficiency was a tough task. In the periods prior to July 2011, the operating cost was quite high as compared to the other competitors. The management took this issue seriously and executed Human Resource and Branch Network restructuring and controlled un-necessary expenditures. The result of these efforts is that administrative and operating expenses reduced by Rs. 49.84 million in 2014, Rs. 13.46 million in 2015 and Rs. 7.32 million in 2016 as compared to relevant previous years.

- **Disposal of Non-Core Assets**

The management focused on disposal of its non-core assets and was able to dispose of properties having book value of Rs. 473.47 million up to June 30, 2016 (Since the change of management) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs.129.18 million on this account and also saved the impact of depreciation. This has resulted in reduction of its liabilities and improvement in the liquidity and equity position of the Company.

- **New Leasing Business**

The new lease business undertaken by the Company has negligible infection level and most of the assets leased are motor vehicle, therefore, recovery is 100% of the billed amount. This has provided the most valuable support in repayment of the liabilities on timely basis. The priority of the management is to meet its financial obligations and surplus funds are invested in the new lease portfolio. During the year leases amounting to Rs. 84.95 million were disbursed and against Rs. 29.05 million in the year 2015. Fresh business may further increase during the current year as major liabilities have been settled with the lenders.

Future Strategy

Also disclosed in last year's report, the Management of the Company has chalked out a detailed plan on the basic premise to further consolidate the Company on sound footings and also enhance its value. This plan encompasses the following main outlines:

- Compliance of minimum equity requirement: We are pleased that a new road map has been given by SECP for the revival of NBFIs sector, which has been in deep crisis since the economic meltdown. Some of the regulatory requirements have considerably been relaxed by SECP, after new regulations the management has intimated to the SECP that company will continue as non deposit taking entity. The management will soon apply for the renewal of the license of the company.

- Compliance of minimum equity requirement: We are pleased that a new road map has been given by SECP for the revival of NBFIs sector, which has been in deep crisis since the economic meltdown. Some of the regulatory requirements have considerably been relaxed by SECP, after new regulations the management has intimated to the SECP that company will continue as non deposit taking entity. The management will soon apply for the renewal of the license of the company.
- Settlement of Liabilities and Transfer of Brokerage Related Assets and Liabilities: As a result of hectic efforts by the management, liabilities related to the outgoing group amounting to Rs. 75 million were settled against assets of Rs. 24.12 million resulting in a gain of Rs. 50.88 million shown in other income.
- Business: Keeping in view the present economic scenario and our expertise, the management has started investment in best performing scrips along with undertaking fresh lending business. The objective of the management is to diversify the investments and mitigate the single line business risk. Further, the management has also planned to focus on some risk free service based activities. This will improve the profitability and also the equity position of the Company.

Corporate and financial reporting framework

The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant of their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

- a) These financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Company have been maintained as required by the Companies Ordinance, 1984;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure there from;
- e) The system of internal control is sound and has been effectively implemented and monitored;
- f) There is material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern, however the management on the basis of factors discussed in note # 1.3 to the Financial Statements, is confident that the Company has ability to continue as going concern;
- g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations, except the matters discussed by auditors in their attached review report.
- h) Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) During the year under review, five (5) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name	Meetings attended	Remarks
Mr. Muhammad Asif (CEO)	5	
Mr. Muhammad Qasim	5	
Mrs. Ayesha Shehryar	5	
Mr. Shahbaz Haider Agha	3	Joined during the year
Mr. Hasan Ahmed	4	Joined during the year
Ms. Fiza Zahid	4	
Mr. Shahab Ud Din Khan	5	

No trading in shares was done by the Directors/CEO of the company during the year 2015-2016.

During the year under review, four (4) meetings of the Audit Committee were held. The attendance by each Director is as follows:

Name	Meetings attended	Remarks
Mr. Shahab Uddin Khan	4	
Ms. Fiza Zahid	3	
Mr. Hasan Ahmed	3	
Mr. Muhammad Qasim	1	Resigned during the year

Dividend

As discussed above the actions taken by the management have successfully resulted in a turnaround of the Company, however, the board of directors is committed to further strengthen its capital base, achieve further profitability and enhance the value of shareholders' investment. Therefore, no dividend has been declared for the year under review.

Credit Rating

JCR-VIS Credit Rating Company Limited has placed the entity rating of the Company in 'D' category since August 2010. Management is confident that the rating shall be upgraded to at least minimum investment grade as soon as the process of settlements of liabilities is concluded.

Auditors

The present auditors, M/s Deloitte Yousuf Adil, Chartered Accountants have retired and being eligible for re-appointment have consented to act as auditors of the Company for the year 2016-17.

The auditor's report includes emphasis of matter paragraphs on the going concern of the company and non compliance with some of the NBFC's regulations. The management feels that the company is a going concern as set forth in detail in note 1.3 to the financial statements.

Pattern of Shareholding

The pattern of shareholding as of June 30, 2016 is enclosed herewith.

Acknowledgments

On behalf of the Board of Directors, I acknowledge with thanks the support and guidance provided by the Securities and Exchange Commission of Pakistan during the phase of difficulties and crisis which is now almost over. The Board is also thankful to all its depositors, lending institutions, clients and shareholders for their continued support and trust in the Company's ability to discharge its obligations. The Board also appreciates the staff members who kept up their morale during the difficult times and made concerted efforts for revival of the Company.

For and on behalf of the Board of Directors



Muhammad Asif
Chief Executive Officer

Lahore
October 08, 2016

Key Financial and Operating Data

.....Rupees in thousand

Balance Sheet	2016	2015	2014	2013	2012	2011
Ordinary share capital	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669
Equity	257,576	183,229	181,976	69,925	(290,305)	(297,995)
Net Investment in Lease	275,842	319,693	417,762	428,302	584,681	812,558
Musharakah/Finances	287,421	300,273	301,074	234,218	286,740	307,707
Total Assets	1,118,100	1,212,833	1,352,653	1,400,814	2,187,110	3,388,459
Profit & Loss Account						
Total Income	117,292	80,182	172,846	397,195	341,593	233,886
Finance & Other Charges	16,092	(8,768)	24,654	48,022	173,673	325,595
Admin & Operating Expense	30,998	57,633	51,782	144,057	156,938	228,676
Profit / (Loss) Before Tax	39,191	6,843	100,566	205,116	10,982	(524,837)
Profit / (Loss) After Tax	40,257	6,155	98,725	351,809	9,305	(525,548)
Break up Value of Share	0.90	0.64	0.64	0.25	(1.02)	(1.05)
Market Value per Share	1.09	1.45	2.00	1.56	0.81	0.32
Financial Ratios:						
Earning per share	0.141	0.022	0.350	1.237	0.033	(1.847)
Revenue Per Share	0.412	0.281	0.607	1.394	1.199	0.821

Pattern of Shareholding

As at June 30, 2016

No. of Shareholders	Shareholding		Total Shares held	No. of Shareholders	Shareholding		Total Shares held
	From	To			From	To	
1,212	1	100	45,831	1	280,001	285,000	280,800
3,529	101	500	787,111	1	295,001	300,000	300,000
513	501	1,000	368,261	1	300,001	305,000	305,000
2,665	1,001	5,000	5,382,085	1	305,001	310,000	305,422
387	5,001	10,000	2,809,493	1	320,001	325,000	324,500
133	10,001	15,000	1,679,433	1	355,001	360,000	360,000
80	15,001	20,000	1,420,415	1	365,001	370,000	365,340
47	20,001	25,000	1,072,921	1	380,001	385,000	385,000
41	25,001	30,000	1,142,794	1	400,001	405,000	402,000
26	30,001	35,000	860,938	1	405,001	410,000	410,000
15	35,001	40,000	566,553	1	480,001	485,000	481,260
10	40,001	45,000	425,680	1	490,001	495,000	495,000
19	45,001	50,000	917,269	1	580,001	585,000	583,080
14	50,001	55,000	738,429	1	605,001	610,000	608,000
9	55,001	60,000	527,325	1	650,001	655,000	652,147
5	60,001	65,000	317,662	1	660,001	665,000	664,776
6	65,001	70,000	413,618	1	695,001	700,000	700,000
2	70,001	75,000	147,000	1	725,001	730,000	730,000
8	75,001	80,000	627,152	1	805,001	810,000	805,500
1	80,001	85,000	85,000	1	1,015,001	1,020,000	1,018,784
5	85,001	90,000	439,310	1	1,085,001	1,090,000	1,085,500
3	90,001	95,000	281,736	1	1,115,001	1,120,000	1,117,876
12	95,001	100,000	1,188,156	1	1,195,001	1,200,000	1,200,000
4	100,001	105,000	409,347	1	1,850,001	1,855,000	1,852,721
3	105,001	110,000	321,608	1	1,855,001	1,860,000	1,857,500
1	115,001	120,000	116,000	1	2,005,001	2,010,000	2,006,500
3	120,001	125,000	369,739	1	2,060,001	2,065,000	2,064,500
5	125,001	130,000	640,700	1	2,420,001	2,425,000	2,424,076
1	130,001	135,000	131,556	1	2,485,001	2,490,000	2,487,000
3	145,001	150,000	450,000	1	2,495,001	2,500,000	2,500,000
1	155,001	160,000	159,500	1	2,520,001	2,525,000	2,522,000
3	160,001	165,000	493,708	1	2,595,001	2,600,000	2,600,000
1	165,001	170,000	169,322	1	2,780,001	2,785,000	2,781,500
1	175,001	180,000	175,137	1	3,305,001	3,310,000	3,306,000
3	195,001	200,000	595,190	1	3,910,001	3,915,000	3,914,892
2	200,001	205,000	406,000	1	4,245,001	4,250,000	4,246,917
1	205,001	210,000	205,060	1	4,370,001	4,375,000	4,372,500
1	215,001	220,000	218,000	1	5,540,001	5,545,000	5,544,059
1	225,001	230,000	229,348	1	7,840,001	7,845,000	7,840,349
1	230,001	235,000	230,222	1	8,765,001	8,770,000	8,765,500
1	240,001	245,000	242,340	1	9,605,001	9,610,000	9,609,692
1	245,001	250,000	247,000	1	13,290,001	13,295,000	13,294,982
1	255,001	260,000	259,764	1	40,220,001	40,225,000	40,224,125
1	260,001	265,000	264,000	1	53,995,001	54,000,000	54,000,000
1	270,001	275,000	270,260	1	64,220,001	64,225,000	64,224,125
8,782	Carry forward		28,847,973	Total:	8,827	Grand Total	284,866,896

Pattern of Shareholding

As at June 30, 2016

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children				
Chief Executive				
Mr. Muhammad Asif	-	500	500	0.00
Directors				
Mrs. Ayesha Shehryar	-	40,224,125	40,224,125	14.12
Miss Fiza Zahid	-	64,224,125	64,224,125	22.55
Mr. Hasan Ahmed	1,000	-	1,000	0.00
Mr. Muhammad Qasim	-	1,000	1,000	0.00
Mr. Shahab-ud-din Khan	-	500	500	0.00
Mr. Shahbaz Haider Agha	1,000	-	1,000	0.00
Sub Total	2,000	104,450,250	104,452,250	36.67
NIT & ICP (Name Wise Detail)				
Investment Corporation of Pakistan	105,913	-	105,913	0.04
National Dev.finance Corp.(investar)	-	26	26	0.00
National Development Fin. Corp. - (Investor A/c.)	348	-	348	0.00
National Development Finance Corp. - Investor	62,660	-	62,660	0.02
National Development Finance Corporation	390	-	390	0.00
Sub Total	169,311	26	169,337	0.06
Mutual Funds (Name Wise Detail)				
Growth Mutual Fund	96	-	96	0.00
Sub Total	96	-	96	0.00
Banks, NBFCs, DFIs, Takaful, Pension Funds	48,164	4,519,829	4,567,993	1.60
Modarabas	603,738	-	603,738	0.21
Insurance Companies	100,672	2,446,176	2,546,848	0.89
Other Companies, Corporate Bodies, Trust etc.	561,351	30,556,124	31,117,475	10.92
General Public	9,653,968	131,755,191	141,409,159	49.64
Total	11,139,300	273,727,596	284,866,896	100.00
Shareholders having more than 5.00% holding				
Ms. Fiza Zahid			64,224,125	22.55
Mr. Muhammad Zahid			54,000,000	18.96
Mrs. Ayesha Shehryar			40,224,125	14.12

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2016 prepared by the Board of Directors of Invest Capital Investment Bank Limited (the Company) to comply with the requirements of Clause No. 5.19.23 of the Pakistan Stock Exchange Limited Regulations.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

- a) The internal audit department of the Company comprises of only one person designated as head of internal audit who is not eligible for appointment as head of internal audit of a listed company as per requirement of the clause 5.19.9 (b) of the Code.

Based on our review, with the exception of the matter described in the preceding paragraph (a), nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Date: October 08, 2016
Place: Faisalabad

Deloitte Yousuf Adil
Chartered Accountants
Engagement partner: Hamid Masood

Statement of Compliance

With the Code of Corporate Governance
For the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Clause No. 5.19.23 of Pakistan Stock Exchange Limited Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Shahbaz Haider Agha Mr. Hasan Ahmed
Executive Directors	Mr. Muhammad Asif
Non-Executive Directors	Mr. Muhammad Qasim Mrs. Ayesha Shehryar Mr. Shahab Uddin Khan Ms. Fiza Zahid

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of the stock exchange, has been declared as a defaulter by the stock exchange.
4. A casual vacancy occurring on the board on 21st August 2015 was filled up within fourteen days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board / shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged no training programs for its directors during the year.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members and all are Non-Executive Directors including Chairman of the Committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of committee have been formed and advised to the committee for compliance.
17. The board has formed a HR and Remuneration Committee. It comprises of three members, of whom one is executive director and one non-executive director and the chairman of the committee is a Non-Executive Director.
18. The Board has set up an effective internal audit function with an employee who is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with except the following, which has been rectified subsequent to the year end.

For and on behalf of the Board of Directors



Muhammad Asif
Chief Executive Officer

Auditors' Report to the Members

We have audited the annexed balance sheet of Invest Capital Investment Bank Limited (the company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention towards:

- i) Note 1.3 to the financial statements which indicates that the company has suffered operating losses in prior years and as at the balance sheet date, the accumulated loss of the company is Rs. 711.37 million (2015: Rs. 743.57 million). This condition, along with other matters, as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern; and
- ii) Note 1.4 to the financial statements which indicates that the company has not complied with certain regulatory requirements applicable on the company as detailed in the said note.

The financial statements of the Company as of June 30, 2015, were audited by another firm of chartered accountants whose report dated October 09, 2015 expressed an unqualified opinion on those statements.

Dated: October 08, 2016
Place: Faisalabad

Deloitte Yousuf Adil
Chartered Accountants
Engagement partner: Hamid Masood

Balance Sheet

As at June 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	4	145,756,095	153,986,523
Intangible assets	5	1,390,524	1,986,464
Long term investments	6	99,854,677	105,494,331
Net investment in Ijarah finance / assets under Ijarah arrangements	7	67,540,071	56,522,124
Long term musharakah finances	8	-	-
Long term loans	9	64,173,369	75,225,901
Long term security deposits	10	2,278,225	2,614,225
Deferred tax asset	11	150,000,000	150,000,000
		530,992,961	545,829,568
Current assets			
Short term investments	12	35,102,031	26,769,394
Short term musharakah finances	13	66,182,303	70,491,503
Short term finances	14	6,679,875	6,699,875
Ijarah rentals receivables	7.2	1,674,739	1,863,384
Current portion of non-current assets	15	358,686,833	411,024,486
Advances, deposits, prepayments and other receivables	16	27,661,960	37,877,411
Bank balances	17	3,219,403	2,026,931
Assets classified as held for sale	18	87,900,000	110,250,611
		587,107,144	667,003,595
TOTAL ASSETS		<u>1,118,100,105</u>	<u>1,212,833,163</u>

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital 485,000,000 ordinary shares of Rs. 10 each		<u>4,850,000,000</u>	4,850,000,000
Issued, subscribed and paid-up capital	19	<u>2,848,668,960</u>	2,848,668,960
Capital reserve			
Capital reserve on amalgamation		<u>(2,022,075,992)</u>	(2,022,075,992)
Statutory reserve	20	<u>101,256,258</u>	93,204,727
Unrealized gain on remeasurement of available for sale investments		<u>6,673,080</u>	7,005,080
Equity portion of Subordinated loan from directors		<u>20,387,414</u>	-
Revenue reserve			
Accumulated loss		<u>(711,367,928)</u>	(743,574,052)
		<u>243,541,792</u>	183,228,723
Non-current liabilities			
Subordinated loan from directors	21	<u>105,612,586</u>	126,000,000
Loan from sponsor	22	<u>197,542,473</u>	-
Security deposits from lessees	23	<u>33,684,660</u>	40,308,125
Long term certificates of musharakah	24	<u>702,492</u>	1,402,492
Long term certificates of investments	25	-	1,401,625
Long term musharakah and murabaha borrowings	26	<u>7,437,864</u>	12,043,697
Redeemable capital	27	<u>7,500,000</u>	-
Long term loans	28	-	-
Deferred liability			
Mark up on long term musharakah	26	<u>9,747,000</u>	9,747,000
		<u>362,227,075</u>	190,902,939
Current liabilities			
Current portion of non-current liabilities	29	<u>121,465,357</u>	188,007,844
Short term certificates of musharakah	30	<u>2,280,000</u>	13,280,000
Short term certificates of investments	31	-	11,400,000
Loan from sponsor	32	-	197,542,473
Accrued and other liabilities	33	<u>164,324,308</u>	140,532,091
Profit / mark up payable	34	<u>191,361,573</u>	180,036,614
Liabilities directly associated with assets held for sale of discontinued operation	18	<u>32,900,000</u>	107,902,479
		<u>512,331,238</u>	838,701,501
TOTAL EQUITY AND LIABILITIES		<u><u>1,118,100,105</u></u>	<u>1,212,833,163</u>
CONTINGENCIES & COMMITMENT	35	-	-

The annexed notes form an integral part of these financial statements.


Muhammad Asif
 Chief Executive Officer


Ayesha Shehryar
 Director

Profit and Loss Account

For the Year Ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Income			
Income from leasing operations		16,361,232	20,611,235
Operating lease rentals		19,652,679	6,771,317
Profit / (Loss) on musharakah investments		715,635	(617,069)
Income from finances		7,045,634	13,274,232
Income on deposits with banks		379,712	489,516
Income from joint ventures		13,249,707	9,067,272
Dividend income		3,728,870	2,147,430
Net gain on sale of marketable securities		3,771,108	8,905,491
Unrealized (loss) / gain on investment in marketable securities - net		(6,129,336)	3,701,505
		58,775,241	64,350,929
Expenses			
Administrative and operating expenses	36	(30,998,444)	(38,323,009)
Financial charges - net	37	(16,092,266)	8,768,039
Other operating expenses	38	(2,903,880)	(19,309,965)
		(49,994,590)	(48,864,935)
		8,780,651	15,485,994
Other income	39	58,517,131	15,833,606
		67,297,782	31,319,600
Provision (charged) / reversed on non-performing loans and write-offs			
Reversal / (provision) against:			
Finance lease receivable and rentals - net		(7,075,858)	(15,537,525)
Long term / short term musharakah finances		1,854,820	150,334
Long term / short term loans		11,379,150	500,256
Other receivables		(27,841,601)	(2,908,078)
Balances written off:			
Lease receivables		(6,372,302)	(4,298,652)
Other receivables		(50,000)	(2,382,011)
		(28,105,791)	(24,475,676)
		39,191,991	6,843,924
Profit before taxation			
Provision for taxation	40	1,065,664	(688,562)
Profit for the year		40,257,655	6,155,362
Earnings per share - Basic and Diluted	41	0.141	0.022

The annexed notes form an integral part of these financial statements.


Muhammad Asif
 Chief Executive Officer


Ayesha Shehryar
 Director

Statement of Comprehensive Income

For the Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
Profit for the year	40,257,655	6,155,362
Other comprehensive (loss)		
Items that may be reclassified subsequently to profit or loss		
Un-realized (loss) on remeasurement of available for sale investments	(332,000)	(411,464)
Other Items		
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	(4,491,199)
	(332,000)	(4,902,663)
Total comprehensive Income for the year	<u>39,925,655</u>	<u>1,252,699</u>

The annexed notes form an integral part of these financial statements.


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

Cash Flow Statement

For the Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	39,191,991	6,843,924
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	9,889,694	7,419,008
Amortization of intangible assets	595,940	851,340
Depreciation on assets leased out (Reversal) / provision against:	-	209,513
Long term / short term musharakah finances	(1,854,820)	(150,334)
Long term / short term loans	(11,379,150)	(500,256)
Other receivables	27,841,601	2,908,078
Finance lease receivable and rentals - net	7,075,858	15,537,525
Balances written off		
Doubtful lease receivables	6,372,302	4,298,652
Other receivables	50,000	2,382,011
Impairment loss on long term investment in TFCs (Gain) / loss on disposal of:	-	1,188,864
Operating assets	(285,966)	(915,649)
Non current assets held for sale	(393,409)	11,818
Unrealised loss / (gain) on investments in marketable securities	6,129,336	(3,701,505)
Financial charges - net	16,092,266	(8,768,039)
Gain on settlement of liabilities	(55,682,294)	(10,980,500)
	4,451,358	9,790,526
Cash flow from operating activities before working capital changes	43,643,349	16,634,450
Changes in working capital		
(Increase) / decrease in current assets		
Short term investments	(8,332,637)	(6,912,119)
Short term musharakah finances	6,020,474	15,000
Short term finances	20,000	2,036,788
Ijarah rentals receivables	188,645	114,295
Advances, deposits, prepayments and other receivables	(17,297,362)	(6,247,596)
Assets classified as held for sale - net	22,744,020	116,053,707
(Decrease) / increase in current liabilities		
Short term certificates of musharakah	(11,000,000)	(12,460,000)
Short term certificates of investments	(11,400,000)	(4,800,000)
Accrued and other liabilities	23,792,217	21,413,132
Liabilities directly associated with assets held for sale of discontinued operation	(24,122,020)	(5,294,936)
Cash (used in) / generated from operations	(19,386,663)	103,918,271
	24,256,686	120,552,721
Financial charges paid	(4,767,307)	(5,401,742)
Income tax paid	(1,585,447)	(351,566)
Net cash generated from operations	17,903,932	114,799,413

	2016 Rupees	2015 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Operating assets	(1,991,300)	(91,322,669)
Recovery of / (investment in) :		
Long term investments	5,639,654	2,640,085
Net investment in Ijarah finance / assets under Ijarah	(6,471,975)	66,248,135
Long term musharakah finances	488,794	3,999,999
Long term loans	19,555,765	(4,748,795)
Long term security deposits	336,000	249,000
Proceeds from disposal of operating assets	618,000	1,327,300
Net cash generated from / (used in) investing activities	18,174,938	(21,606,945)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(568,750)	(4,539,500)
Long term certificates of musharakah	(2,300,000)	(14,170,835)
Long term certificates of investments	(2,100,000)	(5,700,000)
Long term musharakah and murabaha borrowings	(19,885,608)	(37,560,734)
Long term loan	(10,032,040)	(40,127,149)
Net cash (used in) financing activities	(34,886,398)	(102,098,218)
Net increase / (decrease) in cash and cash equivalents	1,192,472	(8,905,751)
Cash and cash equivalents at the beginning of the year	2,026,931	10,932,682
Cash and cash equivalents at the end of the year	3,219,403	2,026,931

The annexed notes form an integral part of these financial statements.


Muhammad Asif
 Chief Executive Officer


Ayesha Shehryar
 Director

Statement of Changes in Equity

For the Year Ended June 30, 2016

	Capital Reserves					Revenue Reserve	Total	
	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	Statutory reserve	(Loss) / gain on remeasurement of available for sale investments	Equity portion of Subordinated loan from directors	Sub total		Accumulated loss
Rupees								
Balance as at July 01, 2014	2,848,668,960	(2,022,075,992)	91,973,655	11,907,743	-	(1,918,194,594)	(748,498,342)	181,976,024
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	6,155,362	6,155,362
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized loss on remeasurement of available for sale investments	-	-	-	(411,464)	-	(411,464)	-	(411,464)
Other items								
Un-realized loss on available for sale reclassified to profit and loss account on disposal	-	-	-	(4,491,199)	-	(4,491,199)	-	(4,491,199)
Transferred to statutory reserve	-	-	1,231,072	-	-	1,231,072	(1,231,072)	-
Balance as at June 30, 2015	2,848,668,960	(2,022,075,992)	93,204,727	7,005,080	-	(1,921,866,185)	(743,574,052)	183,228,723
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	40,257,655	40,257,655
Other comprehensive loss								
Items that may be reclassified subsequently to profit or loss								
Unrealized (loss) on remeasurement of available for sale investments	-	-	-	(332,000)	-	(332,000)	-	(332,000)
Other items								
Un-realized (gain) on available for sale reclassified to profit and loss account on disposal	-	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	8,051,531	-	-	8,051,531	(8,051,531)	-
Equity portion of Subordinated loan from directors	-	-	-	-	20,387,414	20,387,414	-	20,387,414
Balance as at June 30, 2016	2,848,668,960	(2,022,075,992)	101,256,258	6,673,080	20,387,414	(1,893,759,240)	(711,367,928)	243,541,792

The annexed notes form an integral part of these financial statements.


Muhammad Asif
 Chief Executive Officer


Ayesha Shehryar
 Director

Notes to the Financial Statements

For the Year Ended June 30, 2016

1. LEGAL STATUS AND OPERATIONS

1.1 Invest Capital Investment Bank Limited ('the Company') is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at A-603, 604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, Karachi in the province of Sindh.

1.2 In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).

1.3 The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:

- the Company suffered huge operating loss till 2011 and, as at the balance sheet date, the accumulated loss is Rs. 711.37 million (2015: Rs. 743.57 million).
- The Company has been unable to comply with certain prudential regulations as stipulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Notified Entities Regulations, 2008 (the NBFC Regulations) (Refer Note 1.4).
- the Company has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the financial statements.
- the Company has been facing difficulty in recovery of its leases and loans portfolio.
- the leasing and investment finance services licenses of the Company expired on December 08, 2010 and February 29, 2011 respectively and renewal is pending.

The Company is defending a suit for winding up of the Company filed by a creditor of the Company having a stake of 1.31% (2015: 2.06%) of the total liabilities as at June 30, 2016 amounting to Rs. 11.74 million (2015 : 21.18 million). During the year a settlement agreement has been executed with the creditor and it was agreed that the suit would be withdrawn by the creditor after obtaining a consent decree (Refer Note 26.3). Subsequent to the year end, a consent decree has been obtained and winding up suit has been withdrawn.

There has been material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

However, the management implemented its multi-facet plan which resulted in improvement in the financial and operational condition of the Company. The plan and efforts and their impact on the financial and operational conditions of the Company are discussed below:

(a) Substantial reduction in administrative and other expenses

The management of the Company has curtailed its administrative and other operating expenses as reflected in the profit and loss account to minimum possible level without affecting the operational efficiency of the Company. This has resulted in improving the operating results and equity position of the Company.

(b) Commencement of new leasing business

The Company is mainly carrying out car leasing business at a very attractive IRR and reasonable deposit margin. During the year leases amounting to Rs. 84.95 million (2015 : Rs. 29.05 million) have been disbursed. The increase in leasing business during the year is basically due to the reason

that settlements with banks & other lenders have been almost completed resulting surplus funds available for disbursements. Leasing business will result in improving the operating results and equity position of the Company.

(c) Settlement / rescheduling of loans / finances with lenders

Management has made considerable progress in settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of the Company's lease / loan portfolio and immovable properties / shares / other assets with waiver of mark-up. During the year liabilities amounting to Rs. 22.51 million (2015: Rs. 102.55 million) have been settled / rescheduled, the percentage of liabilities settled to date is 94.78% (2015: 93.34%). Advanced stage negotiations are in process for the remaining amounts. Best efforts are being made to settle the remaining outstanding liabilities.

(d) Disposal of non-core assets

The management is committed to dispose off non core assets, during the year the management has disposed off properties having book value of Rs. 13.23 million (2015: Rs. 1.36 million). The Company has earned a capital gain of Rs. 0.39 million (2015: Rs. 0.01 million) on this account. Also, long term investment having book value of Rs. 15 million (2015: NIL) have been agreed for disposal against cash, and requirements in this regard shall be completed in due course. Disposal of non core assets will result in improvement in the liquidity and equity position of the Company.

(e) Disposal / transfer of brokerage related assets and liabilities

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group as explained in detail in Note 18. During the year, net assets amounting to Rs. 24.12 million (2015 : 5.29 million) have been transferred to the outgoing group against payment / settlement of equivalent borrowings of brokerage business by the outgoing group. This transaction on completion will now result in net saving of Rs. 24.00 million for the Company and, therefore, will result in improvement in financial performance and equity position of the Company.

(f) Improved recovery of leases and loans portfolio

The Company is putting its efforts for recovery from leases and loans portfolio. Net recovery during the year is Rs. 118.04 million (2015: Rs. 122.06 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

The above mentioned plans / efforts have helped to overcome the financial and operational problems to a great extent and will result in further improvement of financial and operational position of the Company. Considering management's plans and the results of the mitigating actions as discussed in para (a) to (f) above, management is confident that the Company will be able to continue as a going concern.

1.4 As at June 30, 2016, the Company could not meet the regulatory requirements of NBFC Rules, 2003 and Non-Banking Finance Companies and NBFC Regulations, 2008 mentioned as under:

- SRO 1160 (I)/2015 dated November 25, 2015 issued by SECP : The aggregate minimum equity requirement as per NBFC Regulations, 2008 for leasing and investment finance companies has been set at Rs. 1,250 million. The aggregate equity of the Company as at June 30, 2016 is Rs. 1,060.52 million (June 30, 2015: Rs. 309.23 million) inclusive of subordinated loan of Rs. 105.61 (June 30, 2015: Rs. 126 million).
- Regulation 14(4)(g) : An NBFC shall invest at least 15% of the funds raised through deposits, excluding the deposits held by financial institutions, in Government securities, or instruments or investments as notified by the Commission.
- Regulation 17(1) : Total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFC's equity.
- The Company intends to apply for non deposit taking NBFC's investment finance services and leasing services license. The minimum equity requirement is Rs. 150 million.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting / Financial Reporting Standards (IASs / IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IASs / IFRSs, requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

SECP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 and IFRS 7, 'Financial Instruments: Disclosures' through SRO 411(1)/2008 dated April 28, 2008 for NBFCs providing investment finance services, discounting services and housing finance services.

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost convention' except:

- Investments at fair value through profit and loss and Investments available for sale are stated at fair value.
- Non-current assets held for sale are stated at lower of carrying amount and fair value less costs to sell.

2.3 Functional and presentation currency

These financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Rupee.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are as under:

- Property, plant and equipment (Note 4)
- Intangible assets (Note 5)
- Net investment in Ijarah finance / assets under Ijarah arrangements (Note 7)
- Ijarah rentals receivables (Note 7.2)
- Long term musharakah finances (Note 8)
- Long term loans (Note 9)
- Deferred tax asset (Note 11)
- Short term musharakah finances (Note 13)
- Short term finances (Note 14)

2.5 Application of new and revised International Financial Reporting Standards (IFRSs)

2.5.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2015 and therefore, have been applied in preparing these financial statements.

- IFRS 11, 'Joint arrangements

The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of standard has no significant impact on the Company's financial statements.

- IFRS 12, 'Disclosures of interests in other entities

The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The application of standard has no significant impact on the Company's financial statements.

- IFRS 13 Fair Value Measurement

The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The application of standard has no significant impact on the Company's financial statements.

- Annual improvements to IFRS's 2010-2012 and 2011-2013

The company has applied the amendments to IFRS's included in the annual improvements 2010-2012 cycle and 2011-2013 cycle in the current year.

The application of amendments has no significant impact on the disclosures or amounts recognized in the company's financial statements.

2.5.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- IFRS 9 Financial Instruments (2014)

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured

at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- **IFRS 14 Regulatory Deferral Accounts**

IFRS 14, permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

The standard is effective for accounting periods beginning on or after January 01, 2016. The application of standard is not expected to have any significant impact on the Company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IFRS 16 Leases**

Replaces the current IAS – 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IAS 12 Income taxes**

The amendments to IAS 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IAS 7 Statement of cash flows**

The amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for accounting period beginning on or after January 01, 2017. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **IFRS 10, IFRS 12 and IAS 28 Investment Entities**

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The amendment is effective for accounting period beginning on or after January 01, 2016. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **Amendments to IAS 1 Disclosure Initiative**

These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after 1 January 2016. The management of the Company is reviewing the impact on the disclosure requirements of financial statements.

- **Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets":**

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Company's financial statements.

- **Equity Method in Separate Financial Statements – Amendments to IAS 27**

These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2016. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **Amendments to IFRS 11 "Joint Arrangements"**

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendments are effective for accounting periods beginning on or after January 01, 2016. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **Annual improvements 2014**

These set of amendments impacts 4 standards:

- **IFRS 5**, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- **IFRS 7**, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
- **IAS 19**, 'Employee benefits' regarding discount rates.
- **IAS 34**, 'Interim financial reporting' regarding disclosure of information.

The amendments are effective for accounting periods beginning on or after January 01, 2016. The application of amendments is not expected to have any material impact on the Company's financial statements.

2.5.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting policies

3.1.1 Property, plant and equipment

Owned assets

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method over the estimated useful life of related assets at the rates specified in Note 4 to the financial statements. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which an asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of property, plant and equipment are included in current income.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to accumulated loss through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to accumulated loss through statement of comprehensive income.

Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

3.1.2 Intangible assets

Intangible assets are recognized as assets if it is probable that future economic benefits will flow to the Company and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Company comprise of computer softwares which are being amortized applying the reducing balance method over the estimated useful life of related assets at the rate specified in Note 5 to the financial statements. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

3.1.3 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the profit and loss account.

Where impairment loss subsequently reverses, impairment loss is reversed to the extent that the remaining impairment loss is in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations and the carrying value of the assets represent the estimated net future cash flows from the assets.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.1.4 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

3.1.5 Investments

All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investments except in case of held for trading investments, in which case transaction cost is charged to profit and loss account. All purchases and sales of investments are recognised / derecognised on the trade date. After initial recognition, these are categorised and accounted for as follow:

3.1.5.1 Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the profit and loss account.

3.1.5.2 Held-to-maturity

Investments with fixed maturity, where management has both intention and the ability to hold to maturity, are classified as held to maturity. These investments are initially recorded at cost. Such investments are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. Any gain / loss arising on derecognition / impairment in value of such investments, is recognised in profit and loss account.

3.1.5.3 Available-for-sale

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available for sale. These are initially measured at cost, being fair value of the consideration given. After initial recognition, the above investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at their declared net asset value per unit). Any resultant gain or loss is taken directly to equity, until the investments are sold or until the investments are determined to be impaired, at which time the cumulative gain or loss previously reported in the equity is included in the current year's profit and loss account.

Fair value of unquoted investment is estimated based on appropriate valuation method, if it is practicable to determine the fair value.

3.1.5.4 Investments in joint ventures

These investments are accounted for using equity method of accounting. Under the equity method, an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition changes in equity of the joint venturer and dividend received during the year.

3.1.6 Net investment in Ijarah finance / assets under Ijarah arrangements, musharakah finance, long term and short term loans / finances

Ijarah agreements commenced on or before June 30, 2008 and after July 01, 2011 are accounted for as finance lease and are included in the financial statements as 'Net investment in Ijarah finance' at an amount equal to the present value of the lease payments, including estimated residual value (net of allowance for non-operating lease).

Ijarah agreements commenced between July 01, 2008 and June 30, 2011 are stated at cost less accumulated depreciation and impairment losses, if any in accordance with the Islamic Financial Accounting Standard 2 'Ijarah'. Depreciation is charged on these assets by using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing amount of the corresponding assets.

Other lending arrangements comprising of musharakah finance, long term and short term loans / finances are stated net of impairment losses, if any.

Allowance against non-performing balance is made in accordance with Prudential Regulations for NBFC's issued by SECP and is charged to profit and loss account currently.

3.1.7 Assets acquired in satisfaction of finances

These are initially stated at lower of recoverable amount or the original claim of the Company. Difference between the above two is charged to profit and loss account. Subsequently, these are stated at carrying value less impairment loss, if any.

3.1.8 Receivable from terminated / matured contracts

These are stated net of impairment losses, if any. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for NBFCs issued by SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.1.9 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on the review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

3.1.10 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.1.11 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in their present condition.

Non-current assets held for sale are measured at the lower of their previous carrying amounts and fair value less costs to sell.

Non-current assets held for sale that no longer meet the criteria of classification as held for sale are transferred to non-current assets at the lower of :

- Their carrying amounts before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Their recoverable amounts at the date of the subsequent decision not to sell.

Gains and losses on disposal / transfers are included in current income.

3.1.12 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary.

3.1.13 Murabaha borrowings and financing

In accordance with the requirements of Islamic Financial Accounting Standards 1 'Murabaha', issued by the Institute of Chartered Accountants of Pakistan, the Company accounts for murabaha as follows:

Funds disbursed for purchase of goods are recorded as 'Advance for murabahas'. On the culmination of murabaha i.e. on sale of goods to customers, murabaha financing are recorded at the deferred sale price net of profit.

Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.

Profit on murabaha is recognised on accrual basis. However, profit for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately at the time of culmination.

Funds received against sale of goods are recorded as 'murabaha payables'. On the culmination of murabaha i.e. on purchase of goods from the counter party, murabaha payables are recorded at the deferred purchase price net of expenses.

Expenses on murabaha are recognised on accrual basis. However, expenses for the period from the date of receipt to the date of culmination of murabaha are recognised immediately at the time of culmination.

3.1.14 Gain on sale and lease back transaction

This is amortised over the period of the related lease obligation.

3.1.15 Securities purchased / sold under resale / repurchase agreements (repo borrowings and reverse repo landings)

Securities sold under repurchase agreements (repo) are retained in books as investments and its counter-part liability is included in repurchase agreement borrowings. The difference between sale and repurchase price is treated as mark-up expense and recognised over the period of contract.

Securities purchased under agreements to resell (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is treated as mark-up income and recognised over the period of the contract.

3.1.16 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

3.1.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.1.18 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and charge / credit for prior years or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in

the financial statements and their tax base on the basis of expected manner of realization or settlement of carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced, if it is no longer probable that the related tax benefit will be realized. The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets adjusted against the related deficit / surplus in accordance with requirements of International Accounting Standards (IAS-12) - Income Taxes.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit and loss account.

3.1.19 Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupee at exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the exchange rates prevailing at the balance sheet date. Exchange differences are taken to profit and loss account.

3.1.20 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the current income.

3.1.21 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.1.22 Revenue recognition

3.1.22.1 Finance lease / Ijarah income

The Company follows finance method for recognising income on Ijarah contracts and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under the Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce the constant rate of return on net investment in the Ijarah.

For Ijarah arrangements & Ijarah rentals are recognised as income on accrual basis, as and when the rentals become due.

Documentation charges, front-end fee and other Ijarah income is recognised as income on receipt basis. Unrealized lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

Leases in which a significant portion of the risk and reward is retained by the Company are classified as operating lease. Rental income from operating leases is recognised on a straight line under the time proportion basis.

3.1.22.2 Income on debt investment securities, bank deposits, long term loans and balances receivable under reverse repurchase agreement, murabaha and musharkaha investments and finances

Income on above assets is recognised on a time proportion basis under the effective yield method.

3.1.22.3 Dividend income

Dividend income from investments is recognised when the right to receive the same is established.

3.1.22.4 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary (on non-performing assets including the non-performing lease / ljarah portfolio, musharakah, murabaha, and other loans and landings), in accordance with the requirements of the Prudential Regulations for NBFCs issued by SECP. The unrealised suspended income is recognised in income on receipt basis.

3.1.22.5 Sale of CNG / Diesel

Income from sale of CNG / Diesel is recognised on filling of vehicles.

3.1.23 Earning per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary share holders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.1.24 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in business activities in which it earns revenue and incurs expenses, whose operating results are regularly reviewed by the management in decision making and for which discrete financial information is available. The Company's primary format of reporting is based on following operating segments.

Investments / financing

It consists of capital market, money market investments and financing functions. The activities include profit on bank deposits, term deposit receipts, capital gains on equity and debt securities, mark-up income on term finance certificates and sukuku and dividend income.

Leasing / ljarah

It include all types of leases viz operating lease, finance lease and ljarah and is a major source of revenue for the Company.

Other operations

It consists of advisory, consultancy function, musharakah, murabaha and all other functions not included in other segments.

Geographical segments

The Company operates in Pakistan only.

4. Property, plant and equipment
Operating assets

	The Company Owned							Assets held for operating lease	Total
	Land	Buildings	Office premises	Furniture and fixture	Office equipment	Vehicles	Sub total		
At July 01, 2014									
Cost	-	-	-	23,557,184	37,342,197	11,044,307	71,943,688	66,830,636	138,774,324
Accumulated depreciation	-	-	-	(10,230,749)	(27,791,512)	(7,374,870)	(45,397,131)	(22,882,680)	(68,279,811)
Written down value	-	-	-	13,326,435	9,550,685	3,669,437	26,546,557	43,947,956	70,494,513

Reconciliation of written down value at June 30, 2015

Written down value as at July 01, 2014									
Additions	-	-	-	13,326,435	9,550,685	3,669,437	26,546,557	43,947,956	70,494,513
Transferred from non current assets classified as held for sale (Note 18.4)	-	-	-	-	35,000	-	35,000	-	35,000
Less: Disposals	32,627,350	44,251,140	14,409,179	-	-	-	91,287,669	-	91,287,669

Cost	-	-	-	31,788	150,788	1,736,554	1,919,130	-	1,919,130
Accumulated depreciation	-	-	-	(24,516)	(110,834)	(1,372,129)	(1,507,479)	-	(1,507,479)
Less: Depreciation	-	-	-	7,272	39,954	364,425	411,651	-	411,651
Written down value as at June 30, 2015	32,627,350	44,251,140	14,409,179	11,987,247	8,421,682	2,612,893	114,309,491	39,677,032	153,986,523

At June 30, 2015

Cost	32,627,350	44,251,140	14,409,179	23,525,396	37,226,409	9,307,753	161,347,227	66,830,636	228,177,863
Accumulated depreciation	-	-	-	(11,538,149)	(28,804,727)	(6,694,860)	(47,037,736)	(27,153,604)	(74,191,340)
Written down value	32,627,350	44,251,140	14,409,179	11,987,247	8,421,682	2,612,893	114,309,491	39,677,032	153,986,523

Reconciliation of written down value at June 30, 2016

Written down value as at July 01, 2015	32,627,350	44,251,140	14,409,179	11,987,247	8,421,682	2,612,893	114,309,491	39,677,032	153,986,523
Additions	-	-	-	-	20,800	1,970,500	1,991,300	-	1,991,300

Less: Disposals
Cost
Accumulated depreciation

-	-	-	-	-	-	1,000,718	1,000,718	-	1,000,718
-	-	-	-	-	-	(668,684)	(668,684)	-	(668,684)
-	-	-	-	-	-	332,034	332,034	-	332,034
Less: Depreciation	-	2,212,557	720,459	1,198,725	918,362	568,667	5,618,770	4,270,924	9,889,694
Written down value as at June 30, 2016	32,627,350	42,038,583	13,688,720	10,788,522	7,524,120	3,682,692	110,349,987	35,406,108	145,756,095

At June 30, 2016

Cost	32,627,350	44,251,140	14,409,179	23,525,396	37,247,209	10,277,535	162,337,809	66,830,636	229,168,445
Accumulated depreciation	-	(2,212,557)	(720,459)	(12,736,874)	(29,723,089)	(6,594,843)	(51,987,822)	(31,424,528)	(83,412,350)
Written down value	32,627,350	42,038,583	13,688,720	10,788,522	7,524,120	3,682,692	110,349,987	35,406,108	145,756,095
Rate (%)		5	5	10	10, 30	20		10	

4.1 Disposal of operating assets

The following is a statement of assets disposed off during the year:

Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers	Mode of disposal
Rupees						
Vehicles	859,600	(565,310)	294,290	560,000	M/s Eenzee Pharma, Suite No. 121, First Floor, Eden Centre, Jail Road Lahore.	Through Bidding
	37,732	(28,164)	9,568	19,500	WDV of the asset is below Rs. 50,000 so particulars of buyers are not required.	Through Bidding
	13,727	(10,726)	3,001	12,000	WDV of the asset is below Rs. 50,000 so particulars of buyers are not required.	Through negotiation
	35,252	(21,732)	13,520	5,500	WDV of the asset is below Rs. 50,000 so particulars of buyers are not required.	Through negotiation
	54,407	(42,752)	11,655	21,000	WDV of the asset is below Rs. 50,000 so particulars of buyers are not required.	Through Bidding
	1,000,718	(668,684)	332,034	618,000		
2016	1,000,718	(668,684)	332,034	618,000		
2015	1,919,130	(1,507,479)	411,651	1,327,300		

	2016 Rupees	2015 Rupees
5. INTANGIBLE ASSETS		
Computer Software		
At June 30, 2016		
Cost	12,800,000	12,800,000
Accumulated amortisation	<u>(11,409,476)</u>	<u>(10,813,536)</u>
Written down value	<u>1,390,524</u>	<u>1,986,464</u>

5.1 Reconciliation of written down value :

Opening balance	1,986,464	2,837,804
Amortisation	<u>(595,940)</u>	<u>(851,340)</u>
Closing balance	<u>1,390,524</u>	<u>1,986,464</u>
Rate (%)	30%	30%

	Note	2016 Rupees	2015 Rupees
6. LONG TERM INVESTMENTS			
Investment in joint venture	6.1	82,606,677	87,260,850
Available for sale investments			
- At fair value	6.2	17,248,000	17,580,000
- At cost	6.3	-	653,481
		<u>99,854,677</u>	<u>105,494,331</u>

6.1 Investment in joint venture

This represents investment in a CNG filling station. The latest available audited financial statements of joint venture as on June 30, 2016 have been used for the purpose of application of equity method.

	Note	2016 Rupees	2015 Rupees
- Centre Gas (Private) Limited	6.1.1 & 6.1.3	82,606,677	68,981,854
- Ameen Enterprises	6.1.2 & 6.1.3	-	18,278,996
		<u>82,606,677</u>	<u>87,260,850</u>

6.1.1 Centre Gas (Private) Limited

The movement in the Company's share of net assets of Centre Gas (Private) Limited (CGL) is as under:

Cost	34,535,703	34,535,703
(2500 Shares of Rs. 1,000/- each) Shareholding 50%	48,070,974	34,446,151
Cumulative share of profit of joint venture	<u>82,606,677</u>	<u>68,981,854</u>

CGL's paid-up share capital is Rs. 5 million comprising of 5,000 ordinary shares of Rs. 1,000 each. The equity as at June 30, 2016 is Rs 142.45 million (2015:Rs. 115.21 million) including share deposit money of Rs.13.42 million (2015: Rs. 13.42 million). Profit and loss is shared equally.

	Note	2016 Rupees	2015 Rupees
6.1.2 Ameen Enterprises			
The movement in the Company's share of net assets of Ameen Enterprises (AE) is as under:			
Opening capital		18,278,996	19,140,163
Share of (loss) of joint venture for the year		<u>(375,116)</u>	<u>(861,167)</u>
		17,903,880	18,278,996
Less: Impairment loss		<u>(2,903,880)</u>	-
		15,000,000	18,278,996
Transferred to Assets held for sale	18.4	<u>(15,000,000)</u>	-
		<u>-</u>	<u>18,278,996</u>

6.1.3 Summarized financial information of the joint ventures is given below;

	2016		2015	
	CGL	AE	CGL	AE
Rupees				
As at June 30,				
Current Liabilities	(4,644,312)	-	(7,465,820)	(1,445,077)
Cash and cash equivalents	4,112,765	-	2,265,522	38,508
Current assets	125,888,779	-	109,571,751	1,688,414
Non current assets	21,210,776	-	13,099,665	33,561,846
For the year ended June 30,				
Revenue	89,154,874	-	102,911,592	3,995,216
Operating profit / (loss)	27,249,646	-	19,856,878	(1,872,333)
Depreciation	(788,890)	-	(833,791)	(1,653,541)
Income tax expense	(2,101,982)	-	(2,261,889)	(72,629)

6.2 Available for sale investments in Ordinary shares / Term Finance Certificates - at fair value

Number of shares / certificates		Name of company	2016	2015
2015	2016		Rupees	Rupees
		Listed		
112,000	112,000	English Leasing Limited	-	-
135,000	135,000	Zeal Pak Cement Factory Limited	-	-
400,000	400,000	Bank Al-Habib Limited	17,248,000	17,580,000
		Un-Listed		
1,140	1,140	Innovative Investment Bank Limited	-	-
<u>648,140</u>	<u>648,140</u>		<u>17,248,000</u>	<u>17,580,000</u>
		Cost	<u>10,575,476</u>	<u>10,575,476</u>

6.3 Available for sale investments in Term Finance Certificates

Number of certificates		Name of company	Note	2016	2015
2015	2016			Rupees	Rupees
1,000	1,000	Saudi Pak Leasing Corporation Limited	6.3.1	-	-
1,551	-	Trust Investment Bank Limited		-	653,481
<u>2,551</u>	<u>1,000</u>			<u>-</u>	<u>653,481</u>

6.3.1 The principal was receivable in 63 stepped-up unequal installments commenced from January 2012 and ending on March 2017. These carry mark up at the rate of 6% per annum for first three years and 1 month KIBOR for the remaining period. Outstanding markup as of December 2011 and mark-up for first two years was deferred and was payable in three equal annual installments commenced from December 2014 and ending on December 2016. Considering the financial difficulties being faced by investee, the Company had made a provision of Rs. 2.76 million against these TFCs. These were carried at cost less impairment loss as the trading in these Term Finance Certificates (TFCs) is suspended.

	Note	2016 Rupees	2015 Rupees

7. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS

Contracts accounted for as finance lease under IAS 17	7.1	275,841,938	319,692,313
Less : Current portion	15	<u>(208,301,867)</u>	<u>(263,170,189)</u>
		<u>67,540,071</u>	<u>56,522,124</u>

	Note	2016 Rupees	2015 Rupees
8. LONG TERM MUSHARAKAH FINANCES			
Secured			
Considered doubtful			
Companies (non-financial institutions)		83,443,891	83,932,685
Individuals		91,530,125	91,530,125
		<u>174,974,016</u>	<u>175,462,810</u>
Provision against doubtful balances		<u>(45,406,726)</u>	<u>(45,550,272)</u>
		<u>129,567,290</u>	<u>129,912,538</u>
Less: Current portion	15	<u>(129,567,290)</u>	<u>(129,912,538)</u>
		<u>-</u>	<u>-</u>

8.1 These represent investments under musharakah basis for working capital and project financing. These are secured against mortgage of properties, demand promissory notes and personal guarantee of their sponsor directors. Profit rates ranges from 16.00% to 30.00% per annum (2015: 16.00% to 30.00% per annum). These are payable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

	Note	2016 Rupees	2015 Rupees
9. LONG TERM LOANS			
Secured			
Considered good			
Customers	9.1	351,517	7,836,333
Outgoing group	9.2	71,954,665	71,954,665
		<u>72,306,182</u>	<u>79,790,998</u>
Considered doubtful			
Customers	9.1	33,359,296	45,430,245
Ex-employee		528,523	528,523
Provision against doubtful balances		<u>(21,202,956)</u>	<u>(32,582,106)</u>
		<u>12,684,863</u>	<u>13,376,662</u>
		<u>84,991,045</u>	<u>93,167,660</u>
Less: Current portion	15	<u>(20,817,676)</u>	<u>(17,941,759)</u>
		<u>64,173,369</u>	<u>75,225,901</u>

9.1 These carry mark-up at the rate ranging from 11.60% to 22.01% per annum (2015: from 10.49% to 22.01% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

9.2 Rs. 24.58 million is receivable in 08 unequal quarterly installments commencing from December 31, 2016 and ending on September 30, 2018, and balance amount of Rs. 47.37 million is receivable in lump sum on December 31, 2018. It is subject to mark up at the rate of six month KIBOR plus 2% per annum. Effective markup rate charged during the year ranges from 8.51% to 9.04% per annum (2015 : 11.63% to 12.17% per annum)

	Note	2016 Rupees	2015 Rupees
10. LONG TERM SECURITY DEPOSITS			
	10.1	<u>2,278,225</u>	<u>2,614,225</u>

10.1 These represent deposits for utilities, office premises etc.

	Note	2016 Rupees	2015 Rupees
11. DEFERRED TAX ASSET			
	11.1	<u>150,000,000</u>	<u>150,000,000</u>

11.1 As at June 30, 2016 net deferred tax asset works out to Rs. 624.67 million (2015: Rs. 660.20 million) out of which deferred tax asset to the extent of Rs.150 million has been recognized in the financial statements in view of expected future taxable profits. Total net deferred tax asset comprises of:

	Note	2016 Rupees	2015 Rupees
Deferred tax liability:			
Difference in tax and accounting bases of assets		(70,919,289)	(77,296,980)
Deferred tax assets:			
Provisions in respect of non performing receivables		249,549,399	250,660,663
Carry forward tax losses		446,043,287	486,834,398
		<u>624,673,397</u>	<u>660,198,081</u>

12. SHORT TERM INVESTMENTS

Investments at fair value through profit or loss			
Quoted securities	12.1	<u>35,102,031</u>	<u>26,769,394</u>

12.1 Investments at fair value through profit or loss

2015 Number of shares	2016 Number of shares	Name of company	2016 Rupees	2015 Rupees
-	604,500	Faysal Bank Ltd.	7,924,995	-
500,000	500,000	K-Electric Ltd.	4,030,000	4,210,000
-	350,000	NIB Bank Ltd.	668,500	-
-	250,000	Hum Network Ltd.	2,570,000	-
25,000	80,000	Pak Elektron Ltd.	5,172,000	2,068,500
75,000	75,000	Pakgen Power Ltd.	1,803,750	2,250,750
55,000	65,000	Habib Metropolitan Bank Ltd.	1,844,050	1,650,000
52,000	50,000	Engro Fertilizers Ltd.	3,224,000	4,611,880
-	45,000	Pakistan International Bulk Terminal Ltd.	1,443,150	-
25,000	25,000	Engro Powergen Qadirpur Ltd.	723,000	977,000
-	10,000	Treet Corporation Ltd.	494,300	-
-	8,800	Crescent Steel and Allied Products Ltd.	1,008,568	-
10,000	5,000	Engro Corporation Ltd.	1,664,850	2,968,000
1,600	1,600	Siemens (Pakistan) Engineering Co. Ltd.	1,591,328	2,038,768
-	1,000	Indus Motor Company Ltd	939,540	-
35,000	-	Fauji Fertilizer Company Bin Qasim Ltd.	-	1,936,200
20,000	-	Cherat Cement Company Ltd.	-	1,740,600
120	-	Shahzad Textile Mills Ltd.	-	2,896
10,000	-	Mughal Iron & Steel Industries Ltd.	-	562,400
50,000	-	TPL Trakker Ltd.	-	793,000
130,000	-	JS Bank Ltd.	-	959,400
<u>988,720</u>	<u>2,070,900</u>		<u>35,102,031</u>	<u>26,769,394</u>
	Cost		<u>42,339,083</u>	<u>25,661,678</u>

	2016 Rupees	2015 Rupees
13. SHORT TERM MUSHARAKAH FINANCES		
Secured		
Considered doubtful	122,989,708	129,010,182
Provision against doubtful balances	(56,807,405)	(58,518,679)
	<u>66,182,303</u>	<u>70,491,503</u>

13.1 These represent finances disbursed to different companies for working capital purposes for the periods ranging between 92 to 365 days and are secured against mortgaged properties, demand promissory notes and personal guarantee of their sponsor directors. These carry profit at the rates ranging from 10.00% to 34.69% per annum (2015 : 10.00% to 34.69% per annum).

	2016 Rupees	2015 Rupees
14. SHORT TERM FINANCES		
Secured		
Considered doubtful	8,462,742	8,482,742
Provision against doubtful balances	(1,782,867)	(1,782,867)
	<u>6,679,875</u>	<u>6,699,875</u>

14.1 These represent finances receivable within a year. These are secured against registered charge over assets of the customers, pledge / hypothecation of stocks and collateral in certain cases. These carry mark-up at the rates ranging from 15.29% to 22.00% per annum (2015 : 15.29% to 22.00% per annum).

	Note	2016 Rupees	2015 Rupees
15. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in ijarah finance / assets under ijarah arrangen	7	208,301,867	263,170,189
Long term musharakah finances	8	129,567,290	129,912,538
Long term loans	9	20,817,676	17,941,759
		<u>358,686,833</u>	<u>411,024,486</u>
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured			
Considered good			
Advances			
- against purchases and expenses		8,372,728	51,620
- to staff		25,000	25,602
- Income tax - net		8,874,953	6,223,843
Prepayments		20,594	32,026
Other receivables	16.1	10,368,685	31,544,320
		<u>27,661,960</u>	<u>37,877,411</u>
Considered doubtful			
Advances			
- against purchases and expenses		5,350,757	5,350,757
- to ex-staff		484,616	484,616
Deposit with Privatization Commission	16.2	10,000,000	10,000,000
Other receivables	16.1	181,458,725	153,617,124
		<u>197,294,098</u>	<u>169,452,497</u>
Provision against doubtful balances		<u>(197,294,098)</u>	<u>(169,452,497)</u>
		<u>27,661,960</u>	<u>37,877,411</u>

		2016 Rupees	2015 Rupees
16.1 Other receivables			
Unsecured			
Considered good			
Accrued mark up / interest on			
Loans and advances		33,664	28,851
Musharakah investment		2,091	17,590
Long term loan - outgoing group		-	16,911,317
Operating lease rentals receivable		4,708,336	11,089,824
Others		5,624,594	3,496,738
		<u>10,368,685</u>	<u>31,544,320</u>
Considered doubtful			
Accrued mark up / interest on			
Long term loan - outgoing group		22,963,030	-
Operating lease rentals receivable		7,200,894	-
Insurance claims receivable		12,987,760	12,987,760
Net receivable against terminated leases		98,269,741	100,578,339
Others		40,037,300	40,051,025
		<u>181,458,725</u>	<u>153,617,124</u>
		<u>191,827,410</u>	<u>185,161,444</u>

16.2 This represents amount deposited with the Privatization Commission, Government of Pakistan, on behalf of a consortium for the acquisition of 51% shares of First Women Bank Limited. The Company has 9% share in the consortium. The above balance was provided for in the year 2003, in view of the fact that the arrangement with consortium did not materialize.

	Note	2016 Rupees	2015 Rupees
17. BANK BALANCES			
Balance with banks in local currency:			
In current accounts with:			
- State Bank of Pakistan		44,694	44,694
- Commercial banks		7,853	1,226,945
		<u>52,547</u>	<u>1,271,639</u>
In deposit accounts with commercial banks	17.1	<u>3,166,856</u>	<u>755,292</u>
		<u><u>3,219,403</u></u>	<u><u>2,026,931</u></u>

17.1 These bank accounts carry profit at the rates ranging from 2.50% to 4.0% per annum (2015: 4.0% to 5.0% per annum).

18. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale of discontinued operation (Refer Note 18.1) and liabilities directly associated with such assets (Refer Note 18.2) and other non-current assets classified as held for sale (Refer Note 18.1) in their respective categories are summarized hereunder:

	Note	2016 Rupees	2015 Rupees
18.1 Assets held for sale of discontinued operation			
Trade debts - unsecured	18.3	1,127,811	25,249,831
Advances, deposits, prepayments and other receivables		<u>31,772,189</u>	<u>31,772,189</u>
		<u>32,900,000</u>	<u>57,022,020</u>
Non-current assets held for sale	18.4	<u>55,000,000</u>	<u>53,228,591</u>
Total assets classified as held for sale		<u><u>87,900,000</u></u>	<u><u>110,250,611</u></u>

	Note	2016 Rupees	2015 Rupees
18.2 Liabilities directly associated with assets held for sale of discontinued operation			
Short term borrowings	18.3	<u>32,900,000</u>	<u>107,902,479</u>

18.3 The Company had received sale consideration of Rs. 24 million (Refer Note 33) and had transferred major assets (including shares in the wholly owned subsidiary Invest Capital Market Limited) and liabilities to the outgoing group on completion of sale conditions as specified in the agreement. Remaining assets and liabilities will be transferred to the outgoing group on completion of other sale conditions as stipulated in the agreement on or before extended date of December 31, 2016.

	Note	2016 Rupees	2015 Rupees
18.4 Non-current assets held for sale			
Properties	18.4.1	-	110,368,953
Investment in joint venture	6.1.2 & 18.4.2	15,000,000	-
Petrol / diesel filling station related assets		40,000,000	40,000,000
Assets acquired in satisfaction of finances			
NIL (2015: 9) DA Country and Golf Club			
Membership Seats and related deposits		-	12,256,590
		<u>55,000,000</u>	<u>162,625,543</u>
Less : properties transferred to operating assets	4	-	(109,396,953)
		<u><u>55,000,000</u></u>	<u><u>53,228,590</u></u>

18.4.1 Properties

Office premises			
Property no. 2		-	18,457,500
Property no. 3		-	400,000
		-	18,857,500
Buildings			
Property no. 8		-	53,685,744
Property no. 9		-	4,226,359
Property no. 13		-	972,000
		-	58,884,103
Land			
Property no. 10		-	28,500,000
Property no. 11		-	4,127,350
		-	32,627,350
		-	<u>110,368,953</u>

18.4.2 During the year an agreement has been executed to sell this joint venture. Title of share in joint venture will be transferred on receipt of sale consideration of Rs. 15 million receivable in 26 unequal monthly installments commenced from April 2016 and ending in May 2018.

	Note	2016 Rupees	2015 Rupees
19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
86,742,370 (2015: 86,742,370) Ordinary of Rs. 10 each fully paid in cash		867,423,700	867,423,700
198,124,526 (2015: 198,124,526) of Rs. 10 each issued as fully paid under scheme of arrangement for amalgamation		<u>1,981,245,260</u>	<u>1,981,245,260</u>
		<u>2,848,668,960</u>	<u>2,848,668,960</u>
20. STATUTORY RESERVE			
	20.1	<u>101,256,258</u>	<u>93,204,727</u>
20.1 An amount equal to 20% of profit for the year is transferred to reserve as required under regulation No. 16 of Non Banking Finance Companies and Notified Entities Regulations, 2008.			
	Note	2016 Rupees	2015 Rupees
21. SUBORDINATED LOAN FROM DIRECTORS			
	21.1	<u>105,612,586</u>	<u>126,000,000</u>
21.1 These are interest free. These loans are recognised at amortised cost. These will not be repaid before clearance of overdue deposits and creditors, upgradation of the Company's rating to investment grade and compliance of minimum equity requirements. Using prevailing market interest rate for an equivalent loan of 6.06% for loans payable after three years, the fair value of these loans is estimated at Rs. 105.61 million. The difference of Rs. 20.39 million between the gross proceeds and the fair value of these loans is the benefit derived from the interest free loans and is recognised as part of equity.			
	Note	2016 Rupees	2015 Rupees
22. LOAN FROM SPONSOR			
	22.1	<u>197,542,473</u>	-
22.1 It is payable in full in November 2018. It carries mark up at the rate of six month KIBOR. Effective markup rate charged during the year ranges from 6.36% to 7.99% per annum.			
23. SECURITY DEPOSITS FROM LESSEES			
Security deposits under lease contracts	23.1	55,828,560	92,613,737
Less: Current portion	29	<u>(22,143,900)</u>	<u>(52,305,612)</u>
		<u>33,684,660</u>	<u>40,308,125</u>
23.1 These represent security deposits received against finance lease and Ijarah contracts and are repayable / adjustable on the expiry of lease periods.			
	Note	2016 Rupees	2015 Rupees
24. LONG TERM CERTIFICATES OF MUSHARAKAH			
Unsecured	24.1	717,492	3,017,492
Less: Current portion	29	<u>(15,000)</u>	<u>(1,615,000)</u>
		<u>702,492</u>	<u>1,402,492</u>

24.1 These certificates carry profit rates ranging from 0% to 13.00% per annum (2015: 0% to 13.00% per annum). These certificates except certificates of Rs. 0.702 million (2015: Rs. 0.702 million) are repayable in lump sum on different dates commenced from Nov 2015 and ended on June 2016. Certificates of Rs. 0.702 million (2015: Rs. 0.702 million) are repayable in monthly installments over different periods commencing from July 2017 and ending in November 2017.

	Note	2016 Rupees	2015 Rupees
25. LONG TERM CERTIFICATES OF INVESTMENTS			
Unsecured			
For one year or more	25.1	1,401,625	3,501,625
Less: Current portion	29	<u>(1,401,625)</u>	<u>(2,100,000)</u>
		<u>-</u>	<u>1,401,625</u>

25.1 Certificates of Rs. 1.40 million (2015: Rs. 3.50 million) are repayable in 08 monthly installments commencing from July 2016 and ending on February 2017. These are not subject to mark up.

	Note	2016 Rupees	2015 Rupees
26. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	26.1	8,252,027	17,810,402
Murabaha borrowings			
From commercial banks	26.3	-	8,627,234
From financial institutions	26.2	<u>13,635,669</u>	<u>15,831,253</u>
		<u>13,635,669</u>	<u>24,458,487</u>
		<u>21,887,696</u>	<u>42,268,889</u>
Less: Current portion	29	<u>(14,449,832)</u>	<u>(30,225,192)</u>
		<u>7,437,864</u>	<u>12,043,697</u>

26.1 As per terms of the agreement, the Company has paid 10% of the principal amount as down payment and the remaining principal amount of Rs. 30 million along with mark up will be paid in 16 equal quarterly installments commenced from September 30, 2013 and ending on June 30, 2017. Markup outstanding as at October 07, 2013 amounting to Rs. 9.75 million has been deferred and will be repaid in 08 un-equal installments commencing from September 30, 2017 and ending on March 30, 2019. It is subject to mark up at fixed rate of 6.78% per annum (2015 : 6.78% per annum).

	2016 Rupees	2015 Rupees
26.2 Murabaha borrowings		
Murabaha payable - gross	13,635,669	33,473,012
Mark up payable	-	(9,014,525)
Murabaha payable	<u>13,635,669</u>	<u>24,458,487</u>

26.3 These are secured against floating charge on all present and future leased assets and associated lease receivables. Terms of repayment for finance other than syndicated murahaba of Rs. 1.89 million (2015: Rs. 3.59 million) have been revised during the year. As a result of this agreement, principal of Rs. 0.49 million and mark up of Rs. 7.82 million have been waived off. Down payment of Rs. 2.94 million has been paid against markup and Rs. 11.74 million will be paid against principal in thirty equal monthly installments commencing from August 31, 2016 and ending on January 31, 2019. According to the agreement winding up petition filed by the financial institution with the claim of overdues against the Company in the Honorable Sindh High Court will also be withdrawn after obtaining a consent decree. Subsequent to the year end, a consent decree has been obtained. The syndicated murabaha finance amounting to Rs. 1.89 million (2015: 3.59 million) is repayable in monthly and quarterly installments commenced from April 2012 and ending on March 2017. No markup is payable on syndicated murahaba finance.

	Note	2016 Rupees	2015 Rupees
27. REDEEMABLE CAPITAL			
Secured			
Term finance certificates	27.1 & 27.2	90,955,000	91,730,000
Less: Current portion		<u>(83,455,000)</u>	<u>(91,730,000)</u>
		<u>7,500,000</u>	<u>-</u>

27.1 Term finance certificates (TFCs) were issued by the Company on September 05, 2002. These were subject to markup at 5 year PIB plus 275 bps. Markup was payable semi-annually. These were matured in September 05, 2013.

27.2 As a result of Company's request to the TFC holders for restructuring / settlement of principal and markup during the year, agreements have been executed with two TFC holders. As per terms of the agreements, principal of Rs. 0.21 million along with mark up of Rs. 7.73 million has been waived off and overdue principal of Rs. 10.00 million is restructured and payable in 20 equal quarterly installments commenced from June 2016 and ending on January 2018. Company's request to the remaining TFC holders for restructuring / settlement of principal and markup is under their consideration.

	Note	2016 Rupees	2015 Rupees
28. LONG TERM LOANS			
Secured			
From banking companies			
Facility I		-	7,604,611
Facility II & IV		-	<u>2,427,429</u>
		-	<u>10,032,040</u>
Less : Current portion	29	-	<u>(10,032,040)</u>
		-	<u>-</u>

29. CURRENT PORTION OF NON-CURRENT LIABILITIES

Security deposit from lessees	23	22,143,900	52,305,612
Long term certificates of musharakah	24	15,000	1,615,000
Long term certificates of investments	25	1,401,625	2,100,000
Long term musharakah and murabaha borrowings	26	14,449,832	30,225,192
Long term loans	28	-	10,032,040
Redeemable capital	27 & 29.1	83,455,000	91,730,000
		<u>121,465,357</u>	<u>188,007,844</u>

29.1 These certificates alongwith related mark up of Rs. 61.89 million (2015 : Rs. 55.22 million) are over due (Refer Note 27.2).

	2016 Rupees	2015 Rupees
30. SHORT TERM CERTIFICATES OF MUSHARAKAH		
Unsecured		
Individuals	80,000	280,000
Others	<u>2,200,000</u>	<u>13,000,000</u>
	<u>2,280,000</u>	<u>13,280,000</u>

30.1 These finances have been obtained for 90 to 365 days at mark up rates ranging between 8.75% to 11% per annum (2015: 8.75% to 11% per annum).

30.2 Under the Regulation No. 14 of NBFC Regulations, a NBFC can raise funds from general public under the scheme of certificates of deposits. The above funds were generated under an approved scheme of Al-Zamin Leasing Modaraba (now merged with the Company Refer Note 1.2).

30.3 During the year certificates amounting to Rs. 11.00 million (2015: Rs. 12.46 million) have been repaid.

	Note	2016 Rupees	2015 Rupees
31. SHORT TERM CERTIFICATES OF INVESTMENTS			
Unsecured	31.1	-	11,400,000
<p>31.1 During the year, full and final settlement agreement has been executed with certificate holder. As per terms of the agreement, outstanding amount of Rs. 4.10 million has been waived off.</p>			
32. LOAN FROM SPONSOR			
	32.1	-	197,542,473
<p>32.1 During the year, agreement has been executed with the sponsor. As per agreement, it is payable in full in November 2018.</p>			
33. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		586,847	2,732,163
Auditors' remuneration payable		1,040,000	1,440,000
Advance against termination of leases		1,194,504	434,018
Unclaimed dividend		6,057,357	6,067,901
Advance against non current assets held for sale			
Discontinued operation	18.3	24,000,000	24,000,000
Other assets-held for sale		44,757,346	27,640,128
Due to joint venture		47,653,314	37,913,814
Other liabilities		39,034,940	40,304,067
		164,324,308	140,532,091
34. PROFIT / MARK UP PAYABLE			
Profit / mark-up payable on:			
- Certificates of musharakah / investments		2,762,606	2,357,324
- Long term musharakah and murabaha borrowings		-	9,316,606
- Redeemable capital		61,896,315	55,217,062
- Long term loans		-	110,203
- Loan from sponsor		126,702,652	113,035,419
		191,361,573	180,036,614
35. CONTINGENCIES & COMMITMENT			
Contingencies			
Liability for alternative corporate tax not acknowledged in view of petition filed by the Company. The Company is claiming exemption from charge of alternative corporate tax.		18,436,997	9,727,514
Demand of income tax not acknowledged in view of pending appeal.		1,141,501	1,141,501
Commitment			
Under lease financing contracts committed but not executed		13,763,876	-

	Note	2016 Rupees	2015 Rupees
36. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		2,859,696	3,159,996
Staff salaries, allowances and other benefits	36.1	10,293,297	12,614,661
Traveling, conveyance and vehicle running expenses		376,250	630,924
Rent, rates and taxes		1,142,465	2,730,973
Utility charges		391,023	522,107
Postage, telephone and telegram		502,533	538,919
Repairs and maintenance		1,056,343	1,673,051
Insurance		179,581	290,422
Depreciation	4	9,889,694	7,419,008
Depreciation on assets leased out		-	209,513
Amortization	5	595,940	851,340
Fees and subscriptions		670,341	922,887
Entertainment		176,664	216,604
Newspapers and periodicals		10,118	9,970
Printing and stationery		215,962	231,077
Legal and professional charges		985,339	4,226,626
Auditors' remuneration	36.2	1,040,000	1,040,000
Advertisement		30,620	248,467
Brokerage and commission		518,922	513,143
Other		63,656	273,321
		<u>30,998,444</u>	<u>38,323,009</u>

36.1 This includes retirement benefits of Rs. 0.63 million (2015: Rs. 0.71 million) in respect of contribution to the employees' provident fund.

	Note	2016 Rupees	2015 Rupees
36.2 Auditors' remuneration			
Annual audit fee		750,000	750,000
Sundry services		290,000	290,000
		<u>1,040,000</u>	<u>1,040,000</u>

37. FINANCIAL CHARGES

Profit / mark up on :			
- Certificates of musharakah		808,746	2,184,678
- Certificates of investments		-	109,721
- Long term musharakah and murabaha borrowings		2,805,483	4,701,578
- Musharakah term finance certificates		-	-
- Redeemable capital		14,406,527	14,451,597
- Long term loans		120,568	1,936,998
- Loan from sponsors		13,667,233	19,060,792
		<u>31,808,557</u>	<u>42,445,364</u>
Bank charges		9,771	239,485
		<u>31,818,328</u>	<u>42,684,849</u>
Less: mark-up waived off on settlement of loans	37.1	<u>(15,726,062)</u>	<u>(51,452,888)</u>
		<u>16,092,266</u>	<u>(8,768,039)</u>

37.1 Mark up waived off on settlement of loans:

Certificates of musharakah		173,977	-
Long term musharakah and murabaha borrowings	26.3	7,824,811	19,444,911
Long term loans		-	25,105,961
Redeemable capital	27.2	7,727,274	6,902,016
		<u>15,726,062</u>	<u>51,452,888</u>

	Note	2016 Rupees	2015 Rupees
38. OTHER OPERATING EXPENSES			
Loss on disposal of non-current assets held for sale		-	11,818
Impairment loss on long term investment in TFCs		-	1,188,864
Impairment loss charged on reclassification of assets		-	18,109,283
Impairment loss on investment in joint venture		2,903,880	-
		<u>2,903,880</u>	<u>19,309,965</u>

39. OTHER INCOME			
From non financial assets :			
Gain on disposal of operating assets		285,966	915,649
Gain on disposal of non-current assets held for sale		393,409	-
Commission and fee		693,499	94,327
Gain on settlement of liabilities	39.1	55,682,294	10,980,500
Balances written back		-	2,719,700
Rental Income		139,708	-
Others	39.2	1,322,255	1,123,430
		<u>58,517,131</u>	<u>15,833,606</u>

39.1 Gain on settlement of liabilities:

Redeemable capital	27.2	206,250	10,980,500
Long term musharakah and murabaha borrowings	26.3	495,585	-
Short term certificates of investments	31.1	4,100,000	-
Liabilities directly associated with assets held for sale of discontinued operation		50,880,459	-
		<u>55,682,294</u>	<u>10,980,500</u>

39.2 It includes mark up income on deferred payments against agreement of sale of petrol / diesel filling station related assets.

		2016	2015
40. PROVISION FOR TAXATION			
Current			
For the year		464,566	1,529,106
For prior year		(1,530,230)	(840,544)
		<u>(1,065,664)</u>	<u>688,562</u>

40.1 Relationship between tax expense and accounting profit

Relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is either subject to minimum tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

		2016	2015
41. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year	Rupees	40,257,655	6,155,362
Weighted average number of ordinary shares	Number	284,866,896	284,866,896
Earnings per share - Basic and Diluted	Rupees	0.141	0.022

41.1 There is no dilutive effect on the basic earning per share of the Company.

42. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2016			2015		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Managerial remuneration	2,694,900	-	3,751,200	2,692,800	300,000	3,591,000
Retirement benefits	164,796	-	194,784	167,196	-	195,784
	<u>2,859,696</u>	<u>-</u>	<u>3,945,984</u>	<u>2,859,996</u>	<u>300,000</u>	<u>3,786,784</u>
Number of persons	1	-	3	1	1	5

42.1 The Chief Executive Officer and certain Executives are entitled to free use of Company maintained car and other perquisites. The monetary value of these benefits approximates Rs. 836,100/- (2015: Rs. 979,600/-). Some of the directors have waived off their meeting fee, meeting fee paid to other director during the year is Rs 30,000/- (2015: Rs. 120,000/-).

43. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated undertakings, provident fund, directors, other key management personnel and their close family members. Contributions to the provident fund, loans to employees and remuneration of key management personnel are made / paid in accordance with the terms of their employment. Other transactions with related parties are entered into at agreed rates.

The balances due from and due to related parties have been disclosed in the relevant notes to the financial statements. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

		2016 Rupees	2015 Rupees
Nature of relationship	Nature of transaction		
Major shareholder	Mark up / interest on loan from sponsor	13,667,233	19,060,792
Joint venture	Amount received during the year	9,739,500	12,165,500
Provident fund	Contribution made during the year	627,268	717,147

44. NUMBER OF EMPLOYEES

Total number of employees as at June 30,	16	23
Average number of employees during the year	20	27

45. DISCLOSURE WITH REGARD TO PROVIDENT FUND

The following information is based on audited financial statements of the fund as at June 30, 2016.

		2016	2015
Size of the fund	(Rupees)	4,182,047	5,913,966
Cost of investments made	(Rupees)	2,057,500	4,057,500
Percentage of investments made	(% age)	49%	69%
Fair value of investments	(Rupees)	3,582,970	5,459,924

45.1 Breakup of investments

	2016		2015	
	Amount Rupees	%age	Amount Rupees	%age
Defence saving certificates	2,573,436	71.82%	2,338,938	42.84%
Certificate of Investments	1,009,534	28.18%	3,120,986	57.16%
	3,582,970	100.00%	5,459,924	100.00%

45.2 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for these purposes.

46. FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

46.2 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investments. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of NBFC Rules and Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits. The credit quality of the Company's bank balances and investments portfolio are assessed with reference to external credit ratings.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligation to be similarly affected by the changes in economic, political and other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The maximum exposure to credit risk at the reporting date was:

	2016 Rupees	2015 Rupees
Long term investments	-	653,481
Net investment in Ijarah finance / assets under Ijarah arrangements	220,013,378	227,078,576
Long term musharakah finances	129,567,290	129,912,538
Long term loans	84,991,045	93,167,660
Deposits	2,278,225	2,614,225
Short term musharakah finances	66,182,303	70,491,503
Short term finances - secured	6,679,875	6,699,875
Ijarah rentals receivable	1,674,739	1,863,384
Advances and other receivables	18,766,413	31,544,320
Bank balances	3,219,403	2,026,931
	<u>533,372,671</u>	<u>566,052,494</u>

46.2.1 Past due balances and impairment losses

The age analysis of financial assets except bank balances and impairment loss recognized thereon were as follows:

	2016		2015	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	Rupees			
Past due 91 days - 180 days	21,768,766	150,236	29,430,064	-
Past due 181 days to one year	2,376,780	313,056	3,202,832	238,754
Past due one year to two years	14,987,421	4,399,105	52,545,859	14,968,130
More than two years	1,297,006,261	1,025,401,035	1,268,394,476	995,356,918
	<u>1,336,139,228</u>	<u>1,030,263,432</u>	<u>1,353,573,231</u>	<u>1,010,563,802</u>
Not past due	423,958,288	-	451,495,983	-
Total	<u>1,760,097,516</u>	<u>1,030,263,432</u>	<u>1,805,069,214</u>	<u>1,010,563,802</u>

Impairment is recognized by the Company on the basis of provision requirements of Prudential regulations for NBFCs issued by SECP which includes the subjective evaluation of the portfolio carried by the Company on an ongoing basis. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that additional provision against past due balances is not required.

Below are the differences between the balances as per balance sheet and maximum exposure. These differences are due to the fact that these are not exposed to credit risk.

	2016 Rupees	2015 Rupees
Long term investments	99,854,677	104,840,850
Net investments in Ijarah/ assets under Ijarah arrangements	55,828,560	92,613,737
Short term investments	35,102,031	26,769,394
Advances and other receivables	8,895,547	6,255,869
	<u>199,680,815</u>	<u>230,479,850</u>

46.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when due. The Company's approach to manage the liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of financial liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Contractual interest payments are required to be paid on respective contractual maturity at the rates disclosed in respective liabilities notes and are included in this maturity profile (in contractual cash flows).

	2016				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Certificates of musharakah	2,997,492	3,121,527	2,419,035	-	702,492
Certificates of investments	1,401,625	1,401,625	525,000	876,625	-
Musharakah and murabaha borrowin	21,887,696	22,240,672	3,824,405	10,978,404	7,437,863
Redeemable capital	90,955,000	90,955,000	81,955,000	1,500,000	7,500,000
Deferred mark up on long term musharakah	9,747,000	9,747,000	-	-	9,747,000
Loan from sponsor	197,542,473	227,010,871	3,274,266	9,822,799	213,913,805
Subordinated loan from directors	105,612,586	126,000,000	-	-	126,000,000
Accrued and other liabilities	164,324,308	164,324,308	164,324,308	-	-
Profit / mark up payable	191,361,573	191,361,573	191,361,573	-	-
	785,829,753	836,162,576	447,683,587	23,177,828	365,301,160
	2015				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Certificates of musharakah	16,297,492	16,419,011	3,284,750	8,289,750	4,844,511
Certificates of investments	14,901,625	14,901,625	11,925,000	1,575,000	1,401,625
Musharakah and murabaha borrowin	42,268,889	51,585,495	31,510,600	8,031,197	12,043,698
Redeemable capital	91,730,000	98,953,738	98,953,738	-	-
Deferred mark up on long term musharakah	9,747,000	9,747,000	-	-	9,747,000
Loan from sponsor	197,542,473	201,488,384	201,488,384	-	-
Subordinated loan from directors	126,000,000	126,000,000	-	-	126,000,000
Long term loans	10,032,040	10,462,243	10,462,243	-	-
Accrued and other liabilities	140,532,091	140,532,091	140,532,091	-	-
Profit / mark up payable	180,036,614	180,036,614	180,036,614	-	-
	829,088,224	850,126,201	678,193,420	17,895,947	154,036,834

46.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is exposed to interest rate risk and equity price risk only.

46.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments and the periods in which these will mature are as follows:

	2016						Total
	Profit / mark-up bearing		Non-profit/mark-up bearing		Subtotal	Total	
	Upto three months	Three months to one year	Upto three months	More than one year			
							Rupees
Financial assets							
Long term investments	-	-	-	99,854,677	99,854,677	99,854,677	
Net investment in Ijarah / assets under Ijarah arrangements	10,642,261	23,682,254	241,517,423	-	275,841,938	275,841,938	
Long term musharakah finances	129,567,290	-	129,567,290	-	129,567,290	129,567,290	
Long term loans	7,281,701	13,535,975	64,173,369	-	84,991,045	84,991,045	
Deposits	-	-	-	-	2,278,225	2,278,225	
Short term investments	-	-	35,102,031	-	35,102,031	35,102,031	
Short term musharakah finances	66,182,303	-	66,182,303	-	66,182,303	66,182,303	
Short term finances	6,679,875	-	6,679,875	-	6,679,875	6,679,875	
Ijarah rentals receivables	1,674,739	-	1,674,739	-	1,674,739	1,674,739	
Advances, deposits, prepayments and other receivables	-	-	-	-	10,368,685	10,368,685	
Bank balances	3,166,856	-	3,166,856	-	52,547	52,547	
	225,195,025	37,218,229	305,650,792	102,132,902	147,656,165	715,760,211	
Financial liabilities							
Subordinated loan from directors	-	-	-	-	105,612,586	105,612,586	
Certificates of musharakah	-	-	702,492	-	702,492	702,492	
Certificates of investments	-	-	-	876,625	1,401,625	1,401,625	
Long term musharakah and murabaha borrowings	1,674,406	4,523,403	7,437,863	-	13,635,672	13,635,672	
Redeemable capital	81,955,000	1,500,000	7,500,000	-	90,955,000	90,955,000	
Deferred mark up on long term musharakah	-	-	-	-	9,747,000	9,747,000	
Loan from sponsor	-	-	197,542,473	-	197,542,473	197,542,473	
Long term loans	-	-	-	-	-	-	
Security deposits from lessees	-	-	-	9,432,200	36,382,935	55,828,560	
Accrued and other liabilities	-	-	-	-	164,324,308	164,324,308	
Profit / mark up payable	-	-	-	-	191,361,573	191,361,573	
	83,629,406	6,023,403	213,182,828	15,674,187	536,527,676	839,363,313	
	141,565,619	31,194,826	92,507,964	(15,674,187)	(50,486,244)	(123,603,102)	
On balance sheet gap 2016							

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account. At June 30, 2016, financial assets of Rs. 496.15 million (2015: Rs. 550.63 million) and financial liabilities of Rs 0.70 million (2015: Rs 16.30 million) carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

An estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease of profit for the year and decrease / increase in equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed for 2015.

	Effect on profit before tax	Carrying value
	Rupees	
As at 30 June 2016		
Cash flow sensitivity-variable rate financial liabilities	<u>(3,021,331)</u>	<u>(302,133,145)</u>
Cash flow sensitivity-variable rate financial assets	<u>719,547</u>	<u>71,954,665</u>
As at 30 June 2015		
Cash flow sensitivity-variable rate financial liabilities	<u>(3,415,734)</u>	<u>(341,573,402)</u>
Cash flow sensitivity-variable rate financial assets	<u>726,081</u>	<u>72,608,146</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

46.4.2 Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company's policies to manage price risk through diversification and selection of securities within specified limits set by the internal risk management guidelines and NBFC regulations.

As at June 30, 2016, the fair value of equity securities exposed to price risk was Rs. 52.35 million (2015: Rs. 44.35 million).

An increase or decrease of 10% in the fair values of the Company's equity securities, with all other variables held constant, would have resulted in increase / decrease of profit for the year by Rs. 3.51 million (2015: Rs. 2.68 million) and equity by Rs. 5.23 million (2015: Rs. 4.43 million). This level of change is considered to be reasonably possible based on observation of current market conditions.

46.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and fair values. The carrying values of financial assets and financial liabilities approximate their fair values.

Underlying the definition of fair value is the presumption that the Company is a going concern with out any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

46.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue of new shares.

Capital requirement applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan. These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirements by assessing its capital structure against the required level on a regular basis. Pursuant to SRO 1160 (I)/2015 dated November 25, 2015 issued by SECP, the aggregate minimum equity requirements as per NBFC Regulations, 2008 for leasing and investment finance companies has been set at Rs. 1,250 million. The Company is exposed to capital risk as the equity of the Company as at June 30, 2016 is Rs. 1,060.52 million (2015 : Rs. 309.23 million). The Company intends to apply for non deposit taking NBFC's investment finance services and leasing services license. The minimum equity requirement is Rs. 150 million.

47. SEGMENT INFORMATION

	2016				2015			
	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total
	Rupees				Rupees			
Information about reportable segment profit or loss, assets and liabilities								
Revenue from external customers	9,131,911	36,013,911	13,629,419	58,775,241	27,411,589	27,382,552	9,556,788	64,350,929
Interest (reversal) / expense - net	(3,255,077)	(12,837,189)	-	(16,092,266)	4,386,343	4,381,696	-	8,768,039
Depreciation and amortization	2,120,991	8,364,643	-	10,485,634	4,137,365	4,132,983	-	8,270,348
Provision (charged) / Impairment of assets	(14,607,631)	(13,448,160)	(2,953,880)	(31,009,671)	(2,257,488)	(19,836,177)	(2,382,011)	(24,475,676)
Reportable segment (loss) / profit	<u>(6,609,806)</u>	<u>18,093,205</u>	<u>10,675,539</u>	<u>22,158,938</u>	<u>33,677,809</u>	<u>16,061,054</u>	<u>7,174,777</u>	<u>56,913,640</u>
Reportable segment assets	<u>752,683,428</u>	<u>277,516,677</u>	<u>87,900,000</u>	<u>1,118,100,105</u>	<u>781,026,856</u>	<u>333,812,286</u>	<u>97,994,021</u>	<u>1,212,833,163</u>
Reportable segment liabilities	<u>(784,635,249)</u>	<u>(57,023,064)</u>	<u>(32,900,000)</u>	<u>(874,558,313)</u>	<u>(828,654,206)</u>	<u>(93,047,755)</u>	<u>(107,902,479)</u>	<u>(1,029,604,440)</u>
					2016		2015	
					Rupees		Rupees	

Reconciliation of profit

Total profit from reportable segments	11,483,399	49,738,863
Profit from other operations	10,675,539	7,174,777
	22,158,938	56,913,640
Unallocated amounts:		
Other administrative and operating expenses	(41,484,078)	(46,593,357)
Other operating expenses	-	(19,309,965)
Other income	58,517,131	15,833,606
Profit before tax	39,191,991	6,843,924

Reconciliation of assets and liabilities

Assets

Total assets of reportable segments	1,030,200,105	1,114,839,142
Assets of other operations	87,900,000	97,994,021
Total assets	1,118,100,105	1,212,833,163

Liabilities

Total liabilities of reportable segments	(841,658,313)	(921,701,961)
Liabilities of other operations	(32,900,000)	(107,902,479)
Total liabilities	(874,558,313)	(1,029,604,440)

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2016 by the Board of Directors of the Company.

49. GENERAL

49.1 NOMENCLATURE

Nomenclature of "Net investment in lease finance / assets under ijarah arrangements", "Cash and bank balances" and "Office rent" has been changed to "Net investment in ijarah finance / assets under ijarah arrangements", "Bank balances" and "Rent, rates and taxes" respectively for better presentation.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director

Proxy Form

INVEST CAPITAL INVESTMENT BANK LIMITED

A-603-604, Lakson Square Building No: 3, Sarwar Shaheed Road, Karachi

I, _____ S/o, W/o, D/o

a member of **Invest Capital Investment Bank Limited** and holder of _____ shares as per Registered Folio

No. _____ and / or CDC participant I.D. No. _____ and Sub Account

No. _____ do hereby appoint _____

of _____ (full address) or failing

him/her _____

of _____

(full address) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders to be held at 6: 30 p.m. on Monday, October 31, 2016 and at any adjournment thereof.

Signed this _____ day of _____ 2016.

Signature and or Seal of Member _____

Please affix
Rs.5/-
Revenue
Stamp

In the presence of

Signature : _____

Signature: _____

Name : _____

Name : _____

Address : _____

Address : _____

CNIC No : _____

CNIC No : _____

Notes:

1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney dully authorized in writing. If a member is a corporation, either its common seal be affixed to the proxy form or the Board of Director's resolution /power of attorney along with specimen signature of the nominee shall be submitted with the proxy form. The proxy shall have a right to attend, speak and vote in place of the member.
2. Proxies in order to be effective must be received at the office of Share Registrar of the Company, M/s CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting and must be dully stamped, signed and witnessed.
3. A proxy need not be a Member of the Company.
4. Beneficial owner of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or original passport, Account, Sub-Account number and Participant's number in Central Depository System for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the company with in stipulated time, duly witnessed by two persons whose name, address and NIC number must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the company.

پراکسی فارم

انویسٹ کیپٹل انویسٹمنٹ بینک لمیٹڈ

اے 603-604، لیکسن سکوائر بلڈنگ نمبر 3، ہرور شہید روڈ، کراچی

مسمی _____ ولد / بنت ازہجہ _____ انویسٹ کیپٹل

انویسٹمنٹ بینک لمیٹڈ کا / کی ممبر ہوں اور _____ شیئرز کا مالک ہوں برطابق رجسٹرڈ فولیو نمبر _____ اور ایسی ڈی سی

پارٹیسپنٹ نمبر (شراکت داری شناختی نمبر) _____ اور سب اکاؤنٹ نمبر _____

میں جناب / جنابہ _____ ساکن (مکمل پتہ) _____

یا متبادل طور پر جناب / جنابہ _____ ساکن (مکمل پتہ) _____

کولپور پراکسی مقرر کرتا / کرتی ہوں۔ جو کہ میری / ہماری جگہ 31 اکتوبر 2016 بروز سوموار شام 6:30 بجے یا بصورت التوا نجی مقرر کردہ تاریخ پر حصص یافتگان کے

سالانہ جنرل اجلاس میں شرکت کرے، حصہ لے اور ووٹ کا سٹ کرے

دستخط کئے گئے مورخہ _____ 2016

برائے مہربانی 5 روپے
والی ٹکٹ لگائیں

ممبر کے دستخط اور مہر

گواہ

گواہ

دستخط _____

دستخط _____

نام _____

نام _____

پتہ _____

پتہ _____

شناختی کارڈ نمبر _____

شناختی کارڈ نمبر _____

نوٹ:

1- ایک ممبر جو کہ مذکورہ اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا اہل ہے وہ کسی بھی دوسرے شخص کو اپنا اپنی پراکسی مقرر کر سکتا / سکتی ہے۔ پراکسی مقرر کرنے کی دستاویز پرممبر یا اس کے وکیل کی طرف سے دونوں اطراف سے دستخط شدہ تحریری اجازت ہو۔ اگر رکن ایک کارپوریشن ہے، تو وہ اپنی عام مہر پراکسی فارم پر لگائے یا نامزد افراد کے نمونہ دستخطوں کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد یا مختار عام پراکسی فارم کیساتھ پیش کرے۔ پراکسی کو (اجلاس میں) شرکت کرنے، حق رائے فہم کرنے اور رکن کی جگہ ووٹ ڈالنے کا حق حاصل ہوگا۔

2- پراکسیاں تا آئندہ موثر ہو سکیں کمپنی کے شیئرز رجسٹرار کے دفتر میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 1503 ای جوہر ٹاؤن لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور یہ گواہان کی موجودگی میں دو طرفہ مہر شدہ، دستخط شدہ ہوں۔

3- پراکسی کیلئے ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔

4- سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کے رجسٹرڈ شیئرز کے بینیفیشل اوزار اور انکی پراکسیوں کیلئے ضروری ہے کہ وہ اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ، اکاؤنٹ، ذیلی اکاؤنٹ نمبر اور شناختی مقصد کیلئے سینٹرل ڈیپازٹری سسٹم کا پارٹیسپنٹ نمبر مہیا کریں۔ پراکسی فارم کمپنی میں مقررہ وقت میں جمع کرانا ضروری ہے، دو افراد کی گواہی کیساتھ جن کے نام، ایڈریس اور شناختی کارڈ نمبر فارم میں ضروری لکھے ہوئے ہوں، ہمراہ بینیفیشل اوزار پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ بقول کے۔

5- کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کا ریگولیشن یا پاور آف آٹارنی بمع مزید کے نمونہ دستخط کے کمپنی کے پراکسی فارم کے ساتھ منسلک کریں۔

Our Network

Registered Office - Karachi

603-604, 6Th Floor, Lakson Square
Building No. 3, Sarwar Shaheed Road,
Karachi.

Tel: 021-35661968

Fax: 021-35654022

Website: www.icibl.com

Head Office - Lahore

2-H, Jail Road, Gulberg II,
Lahore.

Tel: 042-35777285

Fax: 042-35777286

Islamabad

Office No. 02, Ground Floor,
Rahim Plaza,
Main Muree Road, Saddar,
Rawalpindi Cantt.

Tel: 0301-8651067

Peshawar

C/o Centre Gas (Pvt.) Limited,
Chughal Pura, G.T Road,
Peshawar.

Tel: 091-2262966 & 2262866

Faisalabad

20-Bilal Road, Civil Lines,
Faisalabad.

Tel: 041- 2409221

Gujranwala

50-H, Trust Plaza, G.T Road,
Gujranwala.

Tel: 055-3730308, 3730300

Fax: 055-3731108



INVEST CAPITAL INVESTMENT BANK LIMITED

Registered Office:

603-604, 6th Floor, Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.

Tel: (92-21) 35661968, Fax: (92-21) 35654022

Website: www.icibl.com

Head Office:

2-H, Jail Road,
Gulberg II, Lahore.

Tel: +92 42 35777285

Fax: +92 42 35777286