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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

Mr. Ahmed Kamran	-Chairman
Mr. Muhammad Asif	-Chief Executive
Mr. Basheer A. Chowdry	-Director
Mr. Shaukat Ali	-Director
Mr. Muhammad Qasim	-Director
Ms. Ayesha Zahid	-Director
Ms. Fiza Zahid	-Director

Audit Committee

Mr. Shaukat Ali	-Chairman
Mr. Ahmed Kamran	-Member
Ms. Fiza Zahid	-Member

Human Resource Committee

Mr. Shaukat ALi	-Chairman
Mr. Muhammad Asif	-Member
Ms. Ayesha Zahid	-Member
Ms. Fiza Zahid	-Member

Cheif Financial Officer & Company Secretary
Mr. M. Naim Ashraf

Auditors
Avais Hyder Liaquat Nauman
Chartered Accountants

Legal Advisors
Ahmed & 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
Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Burj Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
State Bank of Pakistan

Registered Office
801-802,8th Floor, Lakson Square Building
No. 3, Sarwar Shaheed Road, Karachi.
Tel : 021 - 35661968
Fax : 021 - 35654022
Website: www.icibl.com

Head Office
701-A, City Tower, 6-K Main Boulevard,
Gulberg II, Lahore.
Tel : 042 - 35770383-84
Fax : 042 - 35788711

National Tax Number
0656427-7

Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 3:30 p.m. on Saturday, 26th October, 2013 at 1st Floor Hall, The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 20th Annual General Meeting of the Shareholders held on 30th November, 2012.

2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30th June 2013.

3. To appoint auditors and fix their remuneration for the year ending 30th June, 2014. The present auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4. To consider any other business with the permission of the Chair.

Karachi — By Order of the Board

October 02, 2013

M. Naim Ashraf
Company Secretary

NOTES:

1. The Members' Register will remain closed from 17th October, 2013 to 25th October 2013 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 16th October, 2013 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

The Board of Directors of Invest Capital Investment Bank Limited (the 'Company') is pleased to present before members the audited financial statements of the Company for the year ended June 30, 2013 along with the Auditors' report thereon.

We are pleased to inform you that the new management of the Company has completed another year of successful operations. Despite the challenging conditions, by the grace of Almighty ALLAH, we have almost achieved the goal of making the Company a viable and performing institution. You will note with satisfaction that during this year your Company has earned a net after tax profit of Rs. 351.81 million, as compared to the net profit of Rs. 9.30 million earned during the last year ended 30th June 2012. Since the new management coming in place, both the financial years have closed in profit with the support of all stake holders, concerted efforts of the management team and guidance of regulatory authorities. This marks a turnaround in the Company's operations which will be further consolidated and improved in the coming years.

After a considerable gap, the Company re-started last year its leasing activities which continued despite handicapped cash flows. The Company was able to disburse Rs.91.90 million (Rs. 143.37 million in the year 2012) in the car leasing business at attractive rates with reasonable deposit margins. Learning from the past experience and having limited resources, the management is very cautious in selection of the prospective lessees. The total portfolio of Non-Performing lease and loan receivables as at June 30, 2013 amounted to Rs. 1,584.63 million as compared to Rs. 1,897.26 million of the previous year-end which indicates the trend of recoveries made during the year.

The comparative operating results for the last three years are as under, which clearly depict the performance of your Company. Details of the major achievements shall be discussed in the subsequent paragraphs.

	------------	Rupess in million	------------
	2013	2012	2011
Financial Highlights			
Gross revenue	**107.92**	190.14	215.46
Administrative expenses	**101.62**	156.94	228.67
Other operating expenses	**42.44**	0	0
Financial charges (Net)	**(29.79)**	110.53	325.59
Provisions and write offs	**77.81**	63.14	106.17
Other income	**289.28**	151.45	18.42
Profit / (loss) for the year before taxation	**205.12**	10.98	(435.90)
Taxation - net	**146.69**	(1.68)	(0.71)
Profit / (loss) from discontinued operations	**-**	-	(88.92)
Profit / (loss) for the year after taxation	**351.81**	9.30	(525.54)
Earnings / (loss) per share - basic	**1.24**	0.03	(1.53)

The Gross revenue showed a decrease of almost 43% from the last year's figures due to the declining lease and loan portfolio of the Company. The management has curtailed its administrative expenses by 35% approx as compared to year 2012. The major source of income during the year as well as the previous year has been the gain on settlement of liabilities against immovable properties, discount in principal repayments and waiver of related unpaid mark-up. The Company gained Rs. 289.28 million alongwith waiver of unpaid mark-up of Rs.133.19 million from settlement of liabilities.

Economic Review

There are some positive economic sentiments emanating to a newly elected Government, resultant consumer confidence, improving trend in Large Scale Manufacturing (LSM) sector, controlled inflation expectations, adjustment of Rs. 480 billion on account of circular debt by the government and recent understanding for three year $ 6.6 billion extended fund facility from IMF. The market sentiment can be gauged by the recent performance of KSE-100 index backed by improved dividend yield from the corporate sector and growing interest of foreign investors.

However, weak fiscal position arising from low tax revenue base and high subsidies, vulnerable external account position putting pressure on exchange parity, persistent power shortage and sensitive security conditions remain formidable socio-economic challenges and continue to be strong impediments to growth.

Continuous broad-based deceleration in inflation has been the beacon of hope for the economy; in May 2013, at 5.1 percent, the year-on-year CPI inflation was witnessed at its lowest since October 2009. The average CPI inflation for FY 13 is expected to be considerably lower than the target of 9.5 percent. However, the increase in the General Sales Tax to 17 percent, along with other changes in taxation of goods and services as well as government's plans to revise electricity tariffs upward in phases poses a risk of driving inflation beyond the budget target.

The performance of NBF sector during the year under review still remained under pressure mainly due to the non-availability of liquidity for fresh business, toughest recovery from NPL's due to economic meltdown and depletion of earning assets, which not only impaired the profitability of the sector but also adversely affected the repayment capacity. However the performance of Modaraba sector was better in this year.

The Company is now on its path of stability but the macro economic factors still continue affecting its performance. The most important aspect is non-availability of funds from financial institutions, which is hampering the achievement of business targets and accordingly compelling the organizations to modify their business plans. However, your management is confident that the trend for the year's profit shall prevail in coming years, if no major negative deviation in the economic condition occurs.

Achievements of the Year

Dear Shareholders, the management team had formulated and implemented it's plans and put all its experience to keep your Company afloat. We are happy to report that the targets set by the management have been achieved to a great extent by the blessing of Almighty ALLAH, and with the cooperation of all stake holders. The main focus areas of the plan were, settlement with financial institutions and depositors, effecting recoveries from NPLs, achieving reduction in administrative expenses and writing of new lease business. These focus areas are briefly discussed hereunder:

- **Settlement of Liabilities:-**

  The management is pleased to inform you that up-till end of June 30, 2013 around 81% 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 / restructured as at June 30, 2013	1,261.57
Outstanding amount pending settlement	299.91

Whereas, liability amounting to Rs. 38.92 million has been principally agreed for settlement / rescheduling by the lender, and advanced stage negotiations are in process for the remaining amount. Best 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 come down to Rs. 134.93 million as on balance sheet date. Category-wise detail is given below:

Category	June 30, 2013	June 30, 2012	June 30, 2011
Financial Institutions	**24.10**	126.12	249.31
Corporate	**55.60**	141.64	228.90
Individuals	**55.41**	67.78	124.63
Total	**135.11**	335.54	602.84

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 the deposit holders 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 big 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 stands at Rs. 1,584.63 million as on June 30, 2013. Your Company has recovered 94% of the total billing amount as compared to 93% during the year ended 2012 and 55% during the year ended 2011. The team is happy on this achievement and is determined to continue their best efforts, energy, experience and skills in future to improve the performance.

- **Reduction in Administrative Cost**

  Reduction in the administrative cost without affecting the operational efficiency was a tough task. In the previous years 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 have reduced by around 35% as compared to year 2012 and 56% as compared to 2011.

- **Disposal of Non-Core Assets**

  The management focused on disposal of its non-core assets and was able to dispose off properties having book value of Rs. 441.26 million up to June 30, 2013 (Since the change of management) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs.105.47 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.

Future Strategy

As 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:** SECP is in the process of introducing major reforms for the revival of NBF sector, which has been in deep crisis since the economic meltdown. One of the proposed reforms is to drastically reduce the minimum equity requirement for NBFCs and link it to their specific business activities. It is hoped that the proposed changes will be notified in the near future.

The Management is confident that with the implementation of above stated reforms, the Company will be equity compliant in the coming years.

- **Settlement of Liabilities and Transfer of Brokerage Related Assets and Liabilities:** Management is making hectic efforts to conclude these two areas at the earliest. However during the year under review, liabilities amounting to Rs. 434 million have been settled and remaining amount of Rs.186 million is expected to be concluded in the months to come.

- **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 in addition, Company would also focus on some risk free service based income, as well as, regular review of the operating expenditure. This will improve profitability and will also enhance the share holders' wealth.

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 therefrom;

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. Naveed Amin (CEO)	5	Resigned during the year
Mr. Ahmed Kamran	0	Out of country
Mr. Basheer A. Chowdry	5	
Mr. Shaukat Ali	5	
Mr. Muhammad Qasim	5	
Mr. Muhammad Asif	4	
Ms. Fiza Zahid	5	
Ms. Ayesha Zahid	5	

No trading in shares was done by the Directors/CEO of the company during the year 2012-2013.

During the year under review, five (5) meetings of the Audit Committee were held. The attendance by each Director is as follows:

Name	Meetings attended	Designation
Mr. Shaukat Ali	5	Chairman
Mr. Ahmed Kamran	0	Member
Ms. Fiza Zahid	5	Member

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 up-graded to at least minimum investment grade as soon as the process of settlements of liabilities is concluded.

Auditors

The present auditors, M/s Avais Hyder Liaquat Nauman, Chartered Accountants retire, and being eligible, offer themselves for re-appointment.

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 note 1.3 to the financial statements and also requested the SECP for relaxation of the rules and regulations referred to in note 1.4 to the financial statements. The management is hopeful that the requested relaxations will be granted.

Chief Executive Officer

Consequent upon resignation of Mr. Naveed Amin Chief Executive and his release from the Company to pursue further career opportunities, Mr Muhammad Asif has been designated as the Chief Executive of the Company. In the capacity of its Chief Operating Officer and Director, Mr. Muhammad Asif has been closely involved in the restructuring and revival of the Company in the recent past and will ensure continuity of the overall improvement brought about by the new management upon its taking over the control.

Pattern of Shareholding

The pattern of shareholding as of June 30, 2013 is enclosed herewith.

Acknowledgments

I, on behalf of the Board of Directors 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

Lahore
September 30, 2013

Muhammad Asif
Chief Executive Officer

Pattern of Shareholding

As at June 30, 2013

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1,200	1	100	46,212
3,635	101	500	816,375
589	501	1,000	430,166
2,836	1,001	5,000	5,831,062
490	5,001	10,000	3,601,888
155	10,001	15,000	1,953,078
106	15,001	20,000	1,910,219
60	20,001	25,000	1,388,256
38	25,001	30,000	1,052,153
30	30,001	35,000	995,707
24	35,001	40,000	910,905
20	40,001	45,000	842,981
31	45,001	50,000	1,524,799
8	50,001	55,000	415,884
12	55,001	60,000	701,825
4	60,001	65,000	250,497
7	65,001	70,000	476,336
6	70,001	75,000	438,000
7	75,001	80,000	545,436
3	80,001	85,000	252,499
4	85,001	90,000	349,221
3	90,001	95,000	280,683
30	95,001	100,000	2,982,789
4	100,001	105,000	406,412
2	105,001	110,000	219,000
1	110,001	115,000	113,500
3	115,001	120,000	357,502
5	120,001	125,000	619,592
2	125,001	130,000	256,100
5	130,001	135,000	662,709
1	135,001	140,000	140,000
2	140,001	145,000	281,900
3	145,001	150,000	446,500
1	155,001	160,000	159,500
3	160,001	165,000	492,208
1	165,001	170,000	169,322
2	170,001	175,000	348,500
1	175,001	180,000	175,137
1	180,001	185,000	184,236
1	190,001	195,000	191,500
7	195,001	200,000	1,395,190
2	205,001	210,000	415,060
1	210,001	215,000	215,000
1	215,001	220,000	215,519
1	220,001	225,000	225,000
1	225,001	230,000	229,348
2	230,001	235,000	460,722
1	235,001	240,000	240,000
1	240,001	245,000	242,340
2	245,001	250,000	495,000
2	255,001	260,000	519,764
2	270,001	275,000	541,260
1	280,001	285,000	280,800
1	290,001	295,000	291,000
1	295,001	300,000	300,000
1	305,001	310,000	305,422
1	315,001	320,000	320,000
2	330,001	335,000	664,500
1	345,001	350,000	350,000
1	360,001	365,000	363,475
1	365,001	370,000	366,000
1	370,001	375,000	372,500
2	395,001	400,000	798,000
2	400,001	405,000	800,571
1	480,001	485,000	481,260
2	495,001	500,000	999,000
2	515,001	520,000	1,035,500
1	555,001	560,000	559,000
1	580,001	585,000	583,080
1	650,001	655,000	652,147
2	660,001	665,000	1,328,060
1	695,001	700,000	700,000
1	765,001	770,000	770,000
2	900,001	905,000	1,802,965
1	1,085,001	1,090,000	1,085,500
1	1,095,001	1,100,000	1,095,158
1	1,115,001	1,120,000	1,117,876
1	1,195,001	1,200,000	1,200,000
1	1,405,001	1,410,000	1,405,537
1	1,850,001	1,855,000	1,852,721
1	2,420,001	2,425,000	2,424,076
2	2,495,001	2,500,000	5,000,000
1	2,595,001	2,600,000	2,600,000
1	3,350,001	3,355,000	3,354,135
1	3,705,001	3,710,000	3,705,680
1	3,910,001	3,915,000	3,914,892
1	4,245,001	4,250,000	4,246,917
1	5,540,001	5,545,000	5,544,059
1	7,840,001	7,845,000	7,840,349
1	13,290,001	13,295,000	13,294,982
1	14,195,001	14,200,000	14,198,692
1	40,220,001	40,225,000	40,224,125
1	53,995,001	54,000,000	54,000,000
1	64,220,001	64,225,000	64,224,125
Total: 9,409			**284,866,896**

Pattern of Shareholding

As at June 30, 2013

Categories of Shareholders	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Naveed Amin	-	1,000	1,000	0.00
Directors				
Ms. Ayesha Zahid	-	40,224,125	40,224,125	14.12
Ms. Fiza Zahid	-	64,224,125	64,224,125	22.55
Mr. Ahmed Kamran	1,000	-	1,000	0.00
Mr. Basheer Ahmed	-	24,000	24,000	0.01
Mr. Basheer Ahmed & Nishat Basheer	-	26,000	26,000	0.01
Mr. Muhammad Asif	-	500	500	0.00
Mr. Muhammad Qasim	-	1,000	1,000	0.00
Mr. Shaukat Ali	1,000	-	1,000	0.00
Subtotal	**2,000**	**104,500,750**	**104,502,750**	**36.68**
Associated Companies, Undertakings & Related Parties				
Al-Zamin Modaraba Management (Pvt) Ltd.	-	7,912,349	7,912,349	2.78
Subtotal	**-**	**7,912,349**	**7,912,349**	**2.78**
NIT & ICP (Name Wise Detail)				
Investment Corporation of Pakistan	105,913	-	105,913	0.04
National Dev. Finance Corp. (Investor)	-	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
NBP - Trustee Department NI (U)T Fund	-	14,198,692	14,198,692	4.98
Subtotal	**169,311**	**14,198,718**	**14,368,029**	**5.04**
Mutual Funds (Name Wise Detail)				
Growth Mutual Fund	96	-	96	0.00
Subtotal	**96**	-	**96**	**0.00**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**47,629**	**11,050,011**	**11,097,640**	**3.90**
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.	**2,414,874**	**12,442,904**	**14,857,778**	**5.22**
General Public *(Local)*	**9,894,372**	**119,083,296**	**128,977,668**	**45.28**
Total	**13,232,692**	**271,634,204**	**284,866,896**	**100.00**

Shareholders holding More Than 5.00%

Ms. Fiza Zahid	64,224,125	22.55
Mr. Muhammad Zahid	54,000,000	18.96
Ms. Ayesha Zahid	40,224,125	14.12

Key Financial and Operating Data

Balance Sheet	2013	2012	2011	2010	2009	2008
	Rupess in thousand					
Ordinary share capital	**2,848,669**	2,848,669	2,848,669	2,848,669	2,727,669	746,424
Equity	**69,925**	(290,305)	(297,995)	224,723	978,923	507,424
Net Investment in Lease	**428,302**	584,681	812,558	1,676,055	2,707,581	-
Musharakah/Finances	**234,218**	286,740	307,707	366,898	506,698	-
Trade debts	**-**	-	-	1,005,106	1,445,526	1,352,384
Profit & Loss Account						
Total Income	**397,195**	341,593	233,886	697,102	636,587	298,511
Finance & Other Charges	**48,022**	173,673	325,595	561,067	60,849	88,794
Admin & Operating Expense	**144,057**	156,938	228,676	612,798	236,134	211,663
Profit / (Loss) Before Tax	**205,116**	10,982	(524,837)	(704,625)	175,970	(4,521)
Profit / (Loss) After Tax	**351,809**	9,305	(525,548)	(748,874)	165,350	(19,468)
Break up Value of Share	**0.25**	(1.02)	(1.05)	0.79	3.59	6.80
Market Value per Share	**1.56**	0.81	0.32	0.85	1.55	11.84
Financial Ratios:						
Earning per share	**1.237**	0.033	(1.847)	(2.629)	0.606	(0.261)
Revenue per share	**1.394**	1.199	0.821	2.447	2.334	3.999

Statement of Compliance

With Best Practices of Code of Corporate Governance
For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No. 35 of listing regulations of all the Stock Exchanges in Pakistan 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. Ahmed Kamran Mr. Shaukat Ali
Executive Directors	Mr. Muhammad Asif Mr. Naveed Amin (CEO resigned during the year)
Non-Executive Directors	Mr. Basheer A. Chowdry Mr. Muhammad Qasim Ms. Ayesha Zahid Ms. Fiza Zahid

The independent Directors meet the criteria of independence under clause i (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. Six resident Directors of the Company are registered as taxpayers and no director has defaulted in payment of any loan to a banking company, a DFI or an NBFI.

4. During the year, no casual vacancy occurred on the Board.

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 alongwith the dates on which they 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 and other Executive Director have been taken by the Board.

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 five times during the year. 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. The Company Secretary attended all the meetings of the Board. The CFO attended all meetings except one where he was granted leave of absence.

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the corporate and other laws, if any. One Director of the Company is exempt from the requirement of certification under the Directors Training Program.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as recommended by the CEO.

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 of whom one is Non-Executive Director and two are Independent Directors including Chairman of the Committee.

16. During the year, five meetings of the Audit Committee were held before approval of Annual and Quarterly accounts by the Board of Directors of the Company. The terms of reference of the Committee have been formed and advised to the committee for compliance.

17. The Board has formed Human Resource and Remuneration Committee. It comprises of five members of whom two are Executive Directors, two are Non-executive Directors and one is independent director who is also Chairman of the Committee.

18. The Board has set up an effective internal audit function with employees who are 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 institute of Chartered Accountants of Pakistan (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 related party transactions and pricing methods have been placed before the Audit committee and approved by the Board of Directors. The transactions were made on terms equivalent to those that prevail in arm's length transactions.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

23. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Muhammad Asif
Chief Executive Officer

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, 2013 prepared by the Board of Directors of Invest Capital Investment Bank Limited (the company) to comply with the Listing Regulation No. 35 of all the Stock Exchanges in Pakistan (the stock exchanges) where the company is listed.

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 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 wether the Board's statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub- Regulation (x) of Listing Regulation No. 35 of the stock exchanges requires the company to 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) One director of the company is not a registered taxpayer (Refer paragraph (3) in the Statement of Compliance).

b) A meeting of the Board of Directors held on November 30, 2012 was not attended by Chief Financial Officer of the company. He was granted leave of absence.

c) No meeting of the Board has been attended by the designated Chairman of Board of Dierctors. However, the meetings of the Board were presided over by different directors elected as Chairman by the Board in respective meetings.

d) The internal audit department of the company comprise of only one person designated as head of internal audit who is not eleigible for appointment as head of internal audit of the listed company as per requirements of the Code.

e) As per clause (xi) of the Code, it is mandatory for all the directors of the company to have certification under any director's training programme by institutions-local or foreign-that meet the criteria specified by the SECP. A minumum of one director is required to acquire the said certification every year from June 30, 2012 to June 30, 2016. No director of the company has acquired the said certification during the year.

Based on our review, with the exception of the matters described in the preceding paragraphs (a) to (e), 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, 2013.

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: Hamid Masood

Date: September 30, 2013
Place: Faisalabad

Auditors' Report to the Members

We have audited the annexed balance sheet of Invest Capital Investment Bank Limited (the company) as at June 30, 2013 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 accounts 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, 2013 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. 755.25 million and current liabilities of the company exceed its current assets by Rs. 239.01 million. These conditions, 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 the regulatory requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 as detailed in the said note.

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: Hamid Masood

Date: September 30, 2013
Place: Faisalabad

Financial Statements

For the year ended June 30, 2013

Balance Sheet

As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	**80,511,871**	199,006,045
Intangible assets	5	**3,711,149**	3,944,500
Long term investments	6	**74,719,200**	84,906,325
Net investment in Ijarah finance / assets under Ijarah arrangements	7	**198,327,537**	166,730,118
Long term musharakah finances	8	**16,658,032**	36,716,079
Long term loans	9	**10,654,216**	15,086,800
Long term security deposits	10	**2,948,225**	10,090,940
Deferred tax asset	11	**150,000,000**	-
		537,530,230	516,480,807
Current assets			
Short term investments	12	**34,903,415**	4,514,349
Short term musharakah finances	13	**73,185,784**	85,546,806
Short term finances	14	**8,954,453**	8,133,810
Ijarah rentals receivables	7.2.2	**2,427,377**	4,755,446
Current portion of non-current assets	15	**354,739,685**	559,208,823
Advances, deposits, prepayments and other receivables	16	**131,739,303**	157,877,193
Stock in trade		**-**	439,115
Cash and bank balances	17	**11,450,823**	62,198,720
Assets classified as held for sale	18.1	**245,883,502**	787,954,869
		863,284,342	1,670,629,131
TOTAL ASSETS		**1,400,814,572**	2,187,109,938

Balance Sheet
As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
485,000,000 (2012 : 485,000,000) ordinary shares of Rs. 10 each		4,850,000,000	4,850,000,000
Issued, subscribed and paid-up capital	19	2,848,668,960	2,848,668,960
Capital reserve on amalgamation		(2,022,075,992)	(2,022,075,992)
(Loss) on remeasurement of available for sale investments		(1,417,707)	(582,392)
Accumulated loss		(755,249,271)	(1,116,315,761)
		69,925,990	(290,305,185)
Surplus on revaluation of assets		-	9,257,925
Non-current liabilities			
Subordinated loan from directors	20	126,000,000	126,000,000
Security deposits from lessees	21	71,937,653	77,441,761
Long term certificates of musharakah	22	13,908,327	67,878,322
Long term certificates of investments	23	9,201,625	11,824,130
Long term musharakah and murabaha borrowings	24	7,543,754	8,869,916
Musharakah term finance certificates	25	-	53,952,535
Redeemable capital	26	-	128,380,000
Long term loans	27	-	2,194,502
		228,591,359	476,541,166
Current liabilities			
Current portion of non-current liabilities	28	378,892,706	652,962,986
Short term certificates of musharakah	29	45,450,000	118,430,005
Short term certificates of investments	30	25,300,000	75,782,055
Short term musharakah borrowings		-	1,350,000
Loan from sponsor	31	197,542,473	197,542,473
Accrued and other liabilities	32	77,834,668	93,055,716
Profit / mark up payable	33	191,527,619	232,866,973
Liabilities directly associated with assets held for sale of discontinued operation	18.2	185,749,757	619,625,824
		1,102,297,223	1,991,616,032
TOTAL EQUITY AND LIABILITIES		1,400,814,572	2,187,109,938
COMMITMENTS	34	-	-

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

Muhammad Asif
Chief Executive Officer

Fiza Zahid
Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Income			
Income from leasing operations		**43,010,603**	28,798,366
Operating lease rentals		**27,026,357**	57,498,399
Profit on musharakah investments		**5,366,201**	9,446,225
Income from investment and placement		**1,270,318**	310,856
Income from finances		**12,775,630**	42,804,914
Income on deposits with banks		**999,923**	7,294,574
Income from joint ventures		**9,661,593**	16,109,558
Dividend income		**4,482,896**	1,500,090
Net gain on sale of marketable securities		**7,724,987**	28,173,281
Unrealized (loss) on investment in marketable securities - net		**(3,368,541)**	(51,273)
(Loss) from Diesel / CNG filling station - net		**(1,030,970)**	(1,737,109)
		107,918,997	190,147,881
Expenses			
Administrative and operating expenses	35	**(101,618,072)**	(156,938,863)
Financial charges - net	36	**29,787,292**	(110,536,239)
Other operating expenses	37	**(42,439,319)**	-
		(114,270,099)	(267,475,102)
		(6,351,102)	(77,327,221)
Other income	38	**289,276,886**	151,445,750
		282,925,784	74,118,529
Provision (charged) / reversed on non-performing loans and write-offs			
(Provision) against doubtful finance lease receivable and lease rentals - net		**(36,293,870)**	(37,560,608)
Reversal / (provision) against long term / short term musharakah finances		**3,587,963**	(10,449,954)
(Provision) against long term / short term loan		**(13,980,800)**	(12,371,304)
(Provision) against other receivables		**(2,968,666)**	-
Impairment loss on investment in joint venture		**-**	(133,236)
Doubtful lease receivables written-off		**(4,812,294)**	-
Musharakah receivables written-off		**(14,925,155)**	-
Other receivables written-off		**(8,416,285)**	(2,621,925)
		(77,809,107)	(63,137,027)
Profit before taxation		**205,116,677**	10,981,502
Provision for taxation	39	**146,691,888**	(1,676,377)
Profit for the year		**351,808,565**	9,305,125
Earnings per share - Basic and Diluted	40	**1.235**	0.033

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

Muhammad Asif
Chief Executive Officer

Fiza Zahid
Director

Statement of Comprehensive Income

For the year ended June 30, 2013

	2013 Rupees	2012 Rupees
Profit for the year	**351,808,565**	9,305,125
Other comprehensive income / (loss)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus realized on disposal of revalued assets	**9,257,925**	-
Unrealized loss / (gain) on available for sale investment reclassified to profit and loss account on disposal	**457,725**	(823,072)
Items that may be reclassified subsequently to profit or loss		
Unrealized (loss) on remeasurement of available for sale investments	**(1,293,040)**	(791,948)
	8,422,610	(1,615,020)
Total comprehensive income for the year	**360,231,175**	7,690,105

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

Muhammad Asif
Chief Executive Officer

Fiza Zahid
Director

Cash Flow Statement

For the year ended June 30, 2013

	2013 Rupees	2012 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	205,116,677	10,981,502
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	11,993,330	15,468,727
Amortization of intangible assets	1,233,351	1,690,500
Depreciation on assets leased out	30,110,193	59,962,381
Provisions / (reversals) against:		
Long term / short term musharakah finances	(3,587,963)	10,449,954
Long term / short term loan	13,980,800	12,371,304
Other receivables	2,968,666	-
Finance lease receivable and lease rentals - net	36,293,870	37,560,608
Balances written off / (written back)		
Doubtful lease receivables	4,812,294	-
Musharaka receivables	14,925,155	-
Other receivables	8,416,285	2,621,925
Other liabilities	-	(1,000,000)
Loss / (gain) on disposal of:		
Operating assets	19,881,333	(12,650,682)
Non-current assets held for sale	(28,494,397)	(88,872,887)
Unrealised loss on investments in marketable securities	3,368,541	51,273
Impairment loss on assets	21,868,531	133,236
Financial charges - net	(29,787,292)	110,536,239
Gain on settlement of liabilities	(260,782,489)	(40,869,794)
Operating cash flows before working capital changes	52,316,885	118,434,286
Changes in working capital		
(Increase) / decrease in current assets		
Short term investments	(33,757,607)	15,790,138
Short term musharakah finances	8,705,706	5,368,106
Short term finances	5,644,035	19,714,140
Ijarah rentals receivables	2,328,069	(4,663,824)
Advances, deposits, prepayments and other receivables	14,814,828	22,526,815
Stock in trade	439,115	181,130
(Decrease) / increase in current liabilities		
Short term certificates of musharakah	(37,980,005)	(241,089,141)
Short term certificates of investments	(500,000)	(9,443,583)
Accrued and other liabilities	(15,221,048)	7,305,206
	(55,526,907)	(184,311,013)
Cash (used in) operations	(3,210,022)	(65,876,727)
Financial charges paid	(11,552,062)	(48,657,034)
Income tax paid	(3,370,001)	(9,031,821)
Net cash (used in) operating activities	(18,132,085)	(123,565,582)

Cash Flow Statement

For the year ended June 30, 2013

	2013 Rupees	2012 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in :		
Operating assets	(242,778)	(1,557,257)
Intangible assets	(1,000,000)	-
Long term investments	9,351,810	(157,726)
Net investment in Ijarah finance / assets under Ijarah arrangements	(6,321,607)	19,626,394
Long term musharakah finances	5,866,997	20,081,399
Long term loans	6,988,596	14,825,199
Long term security deposits	3,492,715	2,867,355
Proceeds from disposal of:		
Operating assets	26,393,759	96,622,082
Non-current assets held for sale	30,600,000	266,831,186
Net cash generated from investing activities	75,129,492	419,138,632
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Subordinated loan from directors	-	126,000,000
Repayment of liability against assets subject to finance lease	-	(7,579,128)
Security deposits from lessees	27,192,025	14,344,205
Repayment of :		
Long term certificates of musharakah	(39,234,158)	(21,835,007)
Long term certificates of investments	(1,045,000)	5,900,000
Long term musharakah and murabaha borrowings	(6,377,085)	(96,489,577)
Musharakah term finance certificates	(83,456,402)	(141,875,480)
Long term loan	(3,474,684)	(56,605,405)
Deferred liability	-	(1,102,062)
Net decrease in :		
Short term borrowings	-	(93,301,015)
Short term musharakah borrowings	(1,350,000)	(1,350,000)
Amount received against assets classified as held for sale	-	24,000,000
Net cash (used in) financing activities	(107,745,304)	(249,893,469)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	(50,747,897)	45,679,581
Cash and cash equivalents at the beginning of the year	62,198,720	16,519,139
Cash and cash equivalents at the end of the year	11,450,823	62,198,720

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

Muhammad Asif
Chief Executive Officer

Fiza Zahid
Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	Gain on remeasurement of available for sale investments	Accumulated loss	Total
	Rupees				
Balance as at July 01, 2011	2,848,668,960	(2,022,075,992)	1,032,628	(1,125,620,886)	(297,995,290)
Total comprehensive income / (loss) for the year					
Profit for the year	-	-	-	9,305,125	9,305,125
Items that may be reclassified subsequently to profit or loss					
Unrealized (loss) on remeasurement of available for sale investments	-	-	(791,948)	-	(791,948)
Items that will not be reclassified subsequently to profit and loss					
Unrealized loss / (gain) on available for sale investment reclassified to profit and loss account on disposal	-	-	(823,072)	-	(823,072)
	-	-	(1,615,020)	9,305,125	7,690,105
Balance as at June 30, 2012	2,848,668,960	(2,022,075,992)	(582,392)	(1,116,315,761)	(290,305,185)
Total comprehensive income / (loss) for the year					
Profit for the year	-	-	-	351,808,565	351,808,565
Items that may be reclassified subsequently to profit or loss					
Unrealized (loss) on remeasurement of available for sale investments	-	-	(1,293,040)	-	(1,293,040)
Items that will not be reclassified subsequently to profit and loss					
Surplus realized on disposal of revalued assets	-	-	-	9,257,925	9,257,925
Unrealized loss / (gain) on available for sale investment reclassified to profit and loss account on disposal	-	-	457,725	-	457,725
	-	-	(835,315)	361,066,490	360,231,175
Balance as at June 30, 2013	**2,848,668,960**	**(2,022,075,992)**	**(1,417,707)**	**(755,249,271)**	**69,925,990**

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

Muhammad Asif
Chief Executive Officer

Fiza Zahid
Director

Notes to the Financial Statements
For the year ended June 30, 2013

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 all the stock exchanges of Pakistan. The registered office of the Company is situated at 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 losses till 2011 and, as at the balance sheet date, the accumulated loss is Rs. 755.25 million (2012: Rs. 1,116.32 million) and the current liabilities of the Company exceed its current assets by Rs. 239.01 million (2012: Rs. 320.99 million).

- net shareholders equity of the Company as at June 30, 2013 is Rs. 195.93 million (2012: Negative by Rs. 164.31 million) (inclusive of sub-ordinated loan of Rs. 126 million) as compared to the minimum equity level of Rs. 1,700 million (2012: Rs. 1,200 million) required under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). The Company has been unable to comply with certain prudential regulations as stipulated under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and NBFC Regulations, 2008 (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 windinup of the Company filed by a creditor of the Company having a stake of 1.24% of the total liabilities as at 30th June 2013 amounting to Rs. 17.41 million.

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 recommenced leasing business from September 2011 after a considerable gap. 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. 91.90 million (2012: Rs. 143.37 million) have been disbursed. Leasing business is resulting in profits thereby improving the operational results and equity position of the Company.

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

Management has made great progress in settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of Company's lease / loan portfolio and immovable properties / shares / other assets with waiver of mark-up. During the year liabilities amounting to Rs. 516.31 million (2012: Rs. 745.26 million) have been settled / rescheduled, the percentage of liabilities settled to date is 80.79% whereas, liability amounting to Rs. 38.92 (2.49%) million has been principally agreed for settlement / rescheduling by the lender, and 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 focused on disposal of its non-core assets, during the year the management has disposed off properties having book value of Rs. 182.55 million (2012: Rs. 258.71 million) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs. 12.34 million (2012: Rs. 93.13 million) on this account. Also, properties having book value of Rs. 80.46 million has been agreed for disposal against settlement of liabilities as well as cash, and requirements in this regard shall be completed in due course. This has resulted in reduction of its liabilities and 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 of Rs. 433.88 million (2012: Rs. 390.60 million) have been transferred to the outgoing group against payment / settlement of equivalent borrowings of brokerage business by the outgoing group. This transaction will result in net saving of approximately Rs. 146.83 million for the Company and, therefore, will result in improvement in financial performance and equity of the Company.

(f) Improved recovery of leases and loans portfolio

Recovery from leases and loans portfolio has been substantially improved in relation to the previous financial years. Net recovery during the year is Rs. 216.19 million (2012: Rs. 288.99 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 paras (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, 2013, the Company could not meet the regulatory requirements of NBFC Rules, 2003 and Non-Banking Finance Companies and NBFC Regulations, 2008 mentioned as under:

- Regulation 14(4)(i) : An NBFC shall invest at least 15% of the funds raised through certificate of investment / musharakah, excluding the certificate of investment / musharakah held by financial institutions, in Government securities.

- Regulation 17(1) : Total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 30% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the NBFC's equity.

- Regulation 17(2) : Total outstanding exposure (fund and non-fund based) of an NBFC to any group shall not exceed 50% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 35% of the NBFC's equity.

The Company's request to SECP to allow relaxation of the above-mentioned regulatory requirements and compliance of minimum equity requirement for a period of four years in view of the operational and financial difficulties faced by the Company, is under consideration of SECP. The management expects a favorable response from SECP.

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:

1 - Property, plant and equipment (Note 4)
2 - Intangible assets (Note 5)
3 - Net investment in Ijarah finance / assets under Ijarah arrangements (Note 7)
4 - Ijarah rentals receivables (Note 7.2.2)
5 - Long term musharakah finance (Notes 8)
6 - Long term loans (Note 9)
7 - Deferred tax asset (Note 11)

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, 2012 and therefore, have been applied in preparing these financial statements:

- IAS 1 "Presentation of Financial Statements". The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss' whose use is not mandatory. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The Company is continuing use of existing terminology. The presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit and loss, other comprehensive income and total comprehensive income.

- IFRS 7 "Financial Instruments Disclosures". The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. These amendments do not have any material impact on 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, 2012 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 7 (Amendments) "Financial Instruments Disclosures" on offsetting financial assets and financial liabilities. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments are effective for accounting periods of the Company beginning on or after July 01, 2013. The Company does not have any offsetting arrangements in place. The amendments will have no material impact on the disclosures.

- IFRS 9 "Financial Instruments". IFRS 9 (as originally issued in 2009) introduces new requirements for the classification and measurement of financial assets and financial liabilities. IFRS 9 is effective for the accounting periods beginning on or after July 01, 2015. IFRS 9 contains a number of transitional provisions.

- The standard requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised 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 amortised cost at the end of subsequent accounting periods. All other debt instruments must be measured at fair value through profit or loss. All equity investments within the scope of IAS 39 are to be measured in the statement of financial position at fair value, with the gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at fair value through other comprehensive income, with only dividend income generally recognised in profit or loss. The standard requires that changes in the fair value of a financial liability designated as at fair value through profit or loss attributable to changes in the credit risk of that liability, presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

- The IASB has issued exposure drafts to propose new category of debt instruments, more forward looking impairment model and new hedge accounting.

- It is not practicable to provide a reasonable estimate of impact until a final standard is issued and detailed review has been completed.

- A package of five standards on consolidation, Joint arrangements, associates and disclosures was issued comprising IFRS 10, 11, 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

  Subsequent to the issue of these standards, amendments to IFRS 10,11 and 12 were issued to clarify certain transitional guidance on the first time application of the standards. The standards are effective for accounting periods of the Company beginning on or after July 01, 2013.

- **The impact of these standards is set out below:**

  - IFRS 10 "Consolidated Financial Statements". replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. A more robust definition of control has been developed in IFRS 10 in order to capture unintentional weaknesses of the definition of control set out in the previous version of IAS 27. A new definition of control contains three elements: a) power ever an investee, b) exposure or rights to variable returns from its involvement with the investee and c) ability to use its power over the investee to affect the amount of the investor's returns. The standard adds application guidance to assist in assessing whether an investor controls an investee in complex scenarios. The application of the standard is not expected to have any material impact on the Company's financial statements.

  - IFRS 11 "Joint Arrangements". replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

    "IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Joint ventures have rights to the net assets of the arrangement. Equity method of accounting is used and proportionate consolidation is not allowed. Joint operators have rights to the assets and obligations of the arrangement. Each joint operator recognizes its share of the assets, liabilities, revenues and expenses. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

- IFRS 12 "Disclosures of interest in other entities". This is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

- IFRS 12 establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives. The objective of IFRS 12 is that entities should disclose information that helps users of financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on their financial statements. The application of the standard may result in additional disclosures.

- IAS 27 (as revised in 2011) separate financial statements. The revised standard sets out the requirements regarding separate financial statements only. Requirements of consolidated financial statements are covered in IFRS-10. The application of the standard is not expected to have any material impact on the Company's financial statements.

- IAS 28 (as Revised in 2011) "Associates and joint Ventures". The revised standard deals with how to apply the equity method of accounting for investment in joint ventures, as well as associates, following the issue of IFRS 11 which requires investments in Joint ventures to be accounted for using the equity method of accounting. The application of the standard is not expected to have any material impact on the Company's financial statements.

- IFRS 13 "Fair Value Measurement" establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value for financial reporting purposes, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of IFRS 13 may result in changes in how entities determine fair values for financial reporting purposes. IFRS 13 requires extensive disclosures about fair value measurements. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures are extended by IFRS 13 to cover all assets and liabilities within its scope. The standard is effective for accounting periods of the Company beginning on or after July 01, 2013. The application of the standard may result in more extensive disclosures in financial statements.

- IAS 19 "Employee Benefits". The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Net interest: recognised in profit or loss and calculated by applying the discount rate at the beginning of each reporting period to the net defined benefit liability or asset at the beginning of that reporting period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. The amendments are effective for accounting periods of the Company beginning on or after July 01, 2013.The amendments to IAS-19 require retrospective application. Based on the preliminary assessment, the application of the amendments will not have material impact on the retained earnings of the Company due to recognition of current cumulative un-recognised actuarial losses next year.

- IAS 32 (Amendment) "Financial Instruments: Presentation". This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment is effective for accounting periods of the Company beginning on or after July 01, 2014. The application of the amendment 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 rate specified in Note 4 to these 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 is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit / (accumulated loss) through statement of comprehensive income. Surplus realised on disposal of revalued asset is transferred to unappropriated profit / (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 these 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 these are charged to the 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 commencing 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 commencing 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 provisions, 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 / mature 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 Stock in trade

These are valued at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and cost to sell. Cost is determined under the First In First Out (FIFO) basis.

3.1.11 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.

3.1.12 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 of Non-current asset (or disposal group) held for sale are included in current income.

3.1.13 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.

3.1.14 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.

3.1.15 Gain on sale and lease back transaction

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

3.1.16 Securities purchased / sold under resale / repurchase agreements (repo borrowings and reverse repo lendings)

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.

3.1.17 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.

3.1.18 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.

3.1.19 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 liabilities on surplus on revaluation of fixed assets and surplus /deficit on available-for-sale investments, which is charged to related surplus / deficit in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

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

3.1.20 Foreign currency transactions

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

3.1.21 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 the 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.

3.1.22 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.

3.1.23 Revenue recognition

3.1.23.1 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 (on an accrual basis).

3.1.23.2 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.

3.1.23.3 Dividend income

Dividend income from investments (other than investments in joint ventures Refer Note 3.2.5.4) is recognised when the right to receive the same is established.

3.1.23.4 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary (on non-performing assets including the non-performing lease / Ijarah 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.

3.1.23.5 Sale of CNG / Diesel

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

3.1.24 Earning per share

Basic EPS is calculated by dividing the profit and 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 and loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.1.25 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 sukuks and dividend income.

Leasing / Ijarah

It include all types of leases viz operating lease, finance lease and Ijarah 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.

	Note	**2013 Rupees**	2012 Rupees
4. Property, plant and equipment			
Operating assets	4.1	**80,511,871**	198,287,059
Capital work in progress			
Renovation and office equipment		-	718,986
		80,511,871	199,006,045

4 Operating assets

	Company owned								Assets subject to finance lease			Assets held for operating lease	Total
	Land		Buildings	Furniture and fixture	Office equipment	Vehicles	Plant and machinery	Sub total	Vehicles	Office equipment	Sub total	Generators	
	Freehold	Leasehold											
	Rupees												
At July 01, 2011													
Cost	119,698,000	16,000,000	31,974,006	22,604,737	20,861,155	25,926,032	14,395,635	251,459,565	2,707,775	20,926,378	23,634,153	86,931,340	362,025,058
Accumulated depreciation/amortisation	-	(324,862)	(2,344,227)	(9,997,142)	(10,976,582)	(9,882,226)	(3,318,187)	(36,843,226)	(1,890,384)	(15,391,298)	(17,281,682)	(11,298,717)	(65,423,625)
Written down value	119,698,000	15,675,138	29,629,779	12,607,595	9,884,573	16,043,806	11,077,448	214,616,339	817,391	5,535,080	6,352,471	75,632,623	296,601,433
Reconciliation of written down value at June 30, 2012													
Written down value as at July 01, 2011	119,698,000	15,675,138	29,629,779	12,607,595	9,884,573	16,043,806	11,077,448	214,616,339	817,391	5,535,080	6,352,471	75,632,623	296,601,433
Additions	6,247,000	-	-	7,533,096	68,026	773,879	-	14,622,001	-	-	-	-	14,622,001
Transfer from leased to owned assets								-			-		-
Cost	-	-	-	-	-	2,707,775	-	2,707,775	(2,707,775)	-	(2,707,775)	-	-
Accumulated depreciation	-	-	-	-	-	(1,890,384)	-	(1,890,384)	1,890,384	-	1,890,384	-	-
	-	-	-	-	-	817,391	-	817,391	(817,391)	-	(817,391)	-	-
Less: Disposals													
Cost	80,747,000	-	-	2,102,268	224,745	9,924,689	-	92,998,702	-	-	-	12,475,763	105,474,465
Accumulated depreciation	-	-	-	(1,059,395)	(133,819)	(4,786,291)	-	(5,979,505)	-	-	-	(2,027,312)	(8,006,817)
	80,747,000	-	-	1,042,873	90,926	5,138,398	-	87,019,197	-	-	-	10,448,451	97,467,648
Less: Depreciation/amortisation	-	159,960	1,481,477	1,257,191	1,690,236	2,808,453	1,107,745	8,505,062	-	553,508	553,508	6,410,157	15,468,727
Written down value as at June 30, 2012	45,198,000	15,515,178	28,148,302	17,840,627	8,171,437	9,688,225	9,969,703	134,531,472	-	4,981,572	4,981,572	58,774,015	198,287,059
At June 30, 2012													
Cost	45,198,000	16,000,000	31,974,006	28,035,565	20,704,436	19,482,997	14,395,635	175,790,639	-	20,926,378	20,926,378	74,455,577	271,172,594
Accumulated depreciation/amortisation	-	(484,822)	(3,825,704)	(10,194,938)	(12,532,999)	(9,794,772)	(4,425,932)	(41,259,167)	-	(15,944,806)	(15,944,806)	(15,681,562)	(72,885,535)
Written down value	45,198,000	15,515,178	28,148,302	17,840,627	8,171,437	9,688,225	9,969,703	134,531,472	-	4,981,572	4,981,572	58,774,015	198,287,059
Rate (%)	-	1.03	5	10	10	20	10		20	10		10	
Reconciliation of written down value at June 30, 2013													
Written down value as at July 01, 2012	45,198,000	15,515,178	28,148,302	17,840,627	8,171,437	9,688,225	9,969,703	134,531,472	-	4,981,572	4,981,572	58,774,015	198,287,059
Additions	-	-	-	961,764	-	-	-	961,764	-	-	-	-	961,764
Transfer from leased to owned assets								-			-		-
Cost	-	-	-	-	20,926,378	-	-	20,926,378	-	(20,926,378)	(20,926,378)	-	-
Accumulated depreciation	-	-	-	-	(15,944,806)	-	-	(15,944,806)	-	15,944,806	15,944,806	-	-
	-	-	-	-	4,981,572	-	-	4,981,572	-	(4,981,572)	(4,981,572)	-	-
Transfer to held for sale								-			-		-
Cost	(45,198,000)	-	(7,707,900)	(38,300)	(45,000)	-	(14,395,635)	(67,384,835)	-	-	-	-	(67,384,835)
Accumulated depreciation	-	-	1,440,906	37,528	14,969	-	5,422,902	6,916,305	-	-	-	-	6,916,305
	(45,198,000)	-	(6,266,994)	(772)	(30,031)	-	(8,972,733)	(60,468,530)	-	-	-	-	(60,468,530)
Less: Disposals								-			-		-
Cost	-	16,000,000	24,266,106	4,461,206	3,861,937	4,843,006	-	53,432,255	-	-	-	7,624,941	61,057,196
Accumulated depreciation	-	(629,946)	(3,646,373)	(2,935,122)	(3,003,521)	(2,749,864)	-	(12,964,826)	-	-	-	(1,817,278)	(14,782,104)
	-	15,370,054	20,619,733	1,526,084	858,416	2,093,142	-	40,467,429	-	-	-	5,807,663	46,275,092
Less: Depreciation/amortisation	-	145,124	1,261,575	1,860,008	1,284,216	1,771,032	996,970	7,318,925	-	-	-	4,674,405	11,993,330
Written down value as at June 30, 2013	-	-	-	15,415,527	10,980,346	5,824,051	-	32,219,924	-	-	-	48,291,947	80,511,871
At June 30, 2013													
Cost	**-**	**-**	**-**	**24,497,823**	**37,723,877**	**14,639,991**	**-**	**76,861,691**	**-**	**-**	**-**	**66,830,636**	**143,692,327**
Accumulated depreciation/amortisation	**-**	**-**	**-**	**(9,082,296)**	**(26,743,531)**	**(8,815,940)**	**-**	**(44,641,767)**	**-**	**-**	**-**	**(18,538,689)**	**(63,180,456)**
Written down value	**-**	**-**	**-**	**15,415,527**	**10,980,346**	**5,824,051**	**-**	**32,219,924**	**-**	**-**	**-**	**48,291,947**	**80,511,871**
Rate (%)	**-**	**1.03**	**5**	**10**	**10**	**20**	**10**		**20**	**10**		**10**	

4.1.1 Petrol / diesel filling station related assets:

Detail of petrol / diesel filling station related assets included in note 4.1 is as follows :

	2013					
	Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
	Rupees					
Cost	45,198,000	7,707,900	14,395,635	38,300	45,000	67,384,835
Accumulated depreciation	-	(1,440,906)	(5,422,902)	(37,528)	(14,969)	(6,916,305)
Written down value	45,198,000	6,266,994	8,972,733	772	30,031	60,468,530
Impairment charged during the year	(16,345,921)	(2,266,467)	(3,245,002)	(279)	(10,861)	(21,868,530)
	28,852,079	4,000,527	5,727,731	493	19,170	38,600,000
Related long term security deposits						1,400,000
Net Value of the petrol / diesel filling station related assets						40,000,000
Transferred to non-current assets held for sale						(40,000,000)
						-

	2012					
	Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
	Rupees					
Cost	45,198,000	7,707,900	14,395,635	38,300	45,000	67,384,835
Accumulated depreciation	-	(1,201,386)	(4,425,931)	(10,946)	(12,137)	(5,650,400)
Written down value	45,198,000	6,506,514	9,969,704	27,354	32,863	61,734,435

4.1.2 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					
Office Premises						
	12,914,544	(1,581,653)	11,332,891	8,550,000	Mr. Yahya, 52-Kokan Society, Block 3, Near Haider Ali Road Karachi	Through bidding
	27,351,562	(2,694,667)	24,656,895	10,000,000	Syed Mudasar Hussain, H # 15-A, west street DHA Karachi	Through bidding
	40,266,106	(4,276,320)	35,989,786	18,550,000		
Furniture and fixture	4,461,206	(2,935,122)	1,526,084	539,355	WDV of each asset is below Rs. 50,000 so particulars of the buyer are not required.	Through bidding
Office equipment	3,861,937	(3,003,521)	858,416	466,904	WDV of each asset is below Rs. 50,000 so particulars of the buyer are not required.	Through bidding
Vehicles						
	504,000	(266,918)	237,082	415,000	EFU Karachi	Insurance Claim
	709,000	(343,471)	365,529	700,000	M. Shafqat Elahi. Razaabad, Faisalabad	Through bidding
	63,000	(8,190)	54,810	495,000	Mr. S. M. Ather Imam, Karachi	Through bidding
	879,000	(704,980)	174,020	800,000	Ms. Fareeha Butt, Co. Operative Housing Society, Lahore.	Through bidding
	199,717	(105,924)	93,793	400,000	Mr. Abdul Majeed. Karachi	Through bidding
	476,474	(242,110)	234,364	770,000	Mr. Sufyan, Sheikhupura.	Through bidding
	1,414,000	(694,410)	719,590	1,250,000	M. Shafqat Elahi. Razaabad, Faisalabad	Through bidding
	597,815	(383,860)	213,955	232,500	WDV of each asset is below Rs. 50,000 so particulars of the buyer are not required.	Through bidding
	4,843,006	(2,749,863)	2,093,143	5,062,500		
Generators	7,624,941	(1,817,278)	5,807,663	1,775,000	Jameel Ahmad and Brothers, Karachi	Through bidding
2013	**61,057,196**	**(14,782,104)**	**46,275,092**	**26,393,759**		
2012	105,474,465	(8,006,817)	97,467,648	110,118,330		

	Note	2013 Rupees	2012 Rupees

5. INTANGIBLE ASSETS

At June 30,

Cost		**12,500,000**	11,500,000
Accumulated amortisation		**(8,788,851)**	(7,555,500)
Written down value		**3,711,149**	3,944,500

5.1 Reconciliation of written down value :

Opening balance		**3,944,500**	5,635,000
Additions		**1,000,000**	-
Amortisation		**(1,233,351)**	(1,690,500)
Closing balance		**3,711,149**	3,944,500
Rate (%)		**30%**	30%

6. LONG TERM INVESTMENTS

Investment in joint ventures	6.1	**53,401,960**	54,539,585
Available for sale investments			
- At fair value	6.2	**18,593,664**	27,362,922
- At cost	6.3	**2,723,576**	3,003,818
		74,719,200	84,906,325

6.1 Investment in joint ventures

This represents investment in CNG filling stations. The latest available audited financial statements of joint ventures as on June 30, 2013 have been used for the purpose of application of equity method.

- Centre Gas (Private) Limited	6.1.1	**33,139,088**	35,007,566
- Ameen Enterprises	6.1.2	**20,262,872**	19,532,019
		53,401,960	54,539,585

6.1.1 Centre Gas (Private) Limited

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

Cost	**34,535,703**	34,535,703
Share of profit of joint venture	**16,073,773**	5,742,251
Dividend received	**(17,470,388)**	(5,270,388)
	33,139,088	35,007,566

Summarized financial information of the joint venture is given below ;

	Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
2013	**69,475,651**	**84,247,818**	**5,340,120**	**5,340,120**	**96,516,908**	**20,663,044**
2012	48,767,981	64,492,606	6,344,512	6,344,512	91,991,300	15,159,736

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, 2013 is Rs 65.48 million (2012: 58.14 million). Profit and loss is shared equally.

6.1.2 Ameen Enterprises

The movement in Company's share of net assets of Ameen Enterprises is as under:

Cost	**20,622,015**	20,622,015
Share of profit of joint venture	**5,576,047**	6,245,976
Drawings	**(5,935,190)**	(7,335,972)
	20,262,872	19,532,019

Summarized financial information of the joint venture is given below;

	Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	(Loss) / profit for the year
2013	**2,517,117**	**39,340,079**	**2,415,941**	**2,415,941**	**23,998,083**	**(1,339,858)**
2012	3,503,202	41,613,710	2,549,673	2,549,673	36,256,534	3,772,436

The Company entered in a partnership agreement under which the Company provided equipments for the CNG station and beared 50% of the cost of construction whereas the other partner provided land for the CNG station and beared remaining 50% of the cost of construction. Profit and loss is shared equally.

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

Number of shares / certificates 2012	2013	Name of company	Note	2013 Rupees	2012 Rupees
		Listed			
112,000	**112,000**	English Leasing Limited		**-**	-
135,000	**135,000**	Zeal Pak Cement Factory Limited		**-**	-
265,000	**-**	National Bank of Pakistan		**-**	11,538,100
555,842	**683,842**	Bank Al-Habib Limited		**18,593,664**	15,824,822
		Un-Listed			
1,140	**1,140**	Innovative Investment Bank Limited		**-**	-
1,068,982	**931,982**			**18,593,664**	27,362,922
		Cost		**19,887,869**	27,681,314

6.3 Available for sale investments in Term Finance Certificates

Number of certificates 2012	2013	Name of company	Note	2013 Rupees	2012 Rupees
		Listed			
1,000	**1,000**	Saudi Pak Leasing Corporation Limited	6.3.1	**1,469,094**	1,749,336
1,551	**1,551**	Trust Investment Bank Limited	6.3.2	**1,254,482**	1,254,482
2,551	**2,551**			**2,723,576**	3,003,818

6.3.1 The principal is 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 will be deferred and will be paid in three equal annual installments commencing from December 2014 and ending on December 2016. Considering the financial difficulties being faced by investee, the Company has made a provision of Rs. 1.57 million against these TFCs in the previous years. These are carried at cost as the trading in these Term Finance Certificates (TFCs) is suspended.

6.3.2 The principal and related markup is receivable in 10 semi-annual installments commenced from January 2009 and ending on July 2013. These are subject to markup at the rate of 6 months KIBOR plus 1.85% per annum. Considering the financial difficulties being faced by investee, the Company has made a provision of Rs. 1.62 million against these TFCs in the previous years. The principal amounting to Rs. 0.84 million (2012 Rs. Nill) alongwith mark up of Rs. 0.37 million (2012: Nill) are over due. These are carried at cost as the trading in these Term Finance Certificates (TFCs) is suspended.

	Note	2013 Rupees	2012 Rupees
7. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS			
Contracts accounted for as finance lease under IAS 17	7.1	**404,849,680**	490,875,295
Contracts accounted for under IFAS 2	7.2	**23,452,162**	93,805,950
		428,301,842	584,681,245
Less : Current portion	15	**(229,974,305)**	(417,951,127)
		198,327,537	166,730,118

7.1 Net investment in Ijarah finance

Following is a statement of lease receivables accounted for under IAS 17:

	2013			2012		
	Due within one year	**Due after one year but within five years**	**Total**	Due within one year	Due after one year but within five years	Total
	Rupees			Rupees		
Minimum lease payments receivable	**848,193,450**	**135,414,788**	**983,608,238**	930,258,956	95,938,038	1,026,196,994
Residual value of leased assets	**13,260,940**	**71,369,853**	**84,630,793**	48,769,918	57,593,783	106,363,701
Lease contracts receivable	**861,454,390**	**206,784,641**	**1,068,239,031**	979,028,874	153,531,821	1,132,560,695
Unearned lease income (including suspended income)	**(173,863,224)**	**(17,497,938)**	**(191,361,162)**	(184,412,301)	(21,538,780)	(205,951,081)
Provision for potential lease losses	**(457,616,861)**	**(14,411,328)**	**(472,028,189)**	(376,665,446)	(59,068,873)	(435,734,319)
	(631,480,085)	**(31,909,266)**	**(663,389,351)**	(561,077,747)	(80,607,653)	(641,685,400)
	229,974,305	**174,875,375**	**404,849,680**	417,951,127	72,924,168	490,875,295

7.1.1 These finances carry profit rates ranging from 9.97% to 26.8% per annum (2012: 9.97% to 26.8% per annum). These agreements usually are for three to five years period and are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

7.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 629.72 million (2012: Rs. 710.57 million). Detail of non performing leases is as follows:

	2013			2012		
Category of classification	**Principal outstanding**	**Provision required**	**Provision held**	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Other assets especially mentioned	-	-	-	36,067,942	-	-
Substandard	**33,212,765**	**8,303,192**	**8,303,192**	72,077,773	14,415,554	14,415,554
Doubtful	**19,742,553**	**9,871,283**	**9,871,283**	100,450,331	39,780,525	39,780,525
Loss	**576,773,347**	**453,853,714**	**453,853,714**	501,977,788	381,538,240	381,538,240
	629,728,665	**472,028,189**	**472,028,189**	710,573,834	435,734,319	435,734,319

7.2 Assets under Ijarah arrangement

Following is a statement of assets leased out and accounted for under IFAS 2:

	2013						
	COST			**DEPRECIATION**			
	As at July 01, 2012	**Additions / (disposals)**	**As at June 30, 2013**	**As at July 01, 2012**	**For the year / (adjustment on disposals)**	**As at June 30, 2013**	**Net carrying value as at June 30, 2013**
	Rupees						
Plant and machinery	**21,850,000**	**-**	**6,815,640**	**12,378,176**	**2,696,172**	**5,733,108**	**1,082,532**
		(15,034,360)			**(9,341,240)**		
Equipment	**145,785,038**	**-**	**60,598,103**	**92,073,338**	**17,989,085**	**43,520,351**	**17,077,752**
		(85,186,935)			**(66,542,072)**		
Vehicles	**69,637,081**	**-**	**14,953,150**	**42,049,187**	**8,592,839**	**9,661,272**	**5,291,878**
		(54,683,931)			**(40,980,754)**		
Livestock	**6,743,380**	**-**	**-**	**3,708,848**	**832,097**	**-**	**-**
		(6,743,380)			**(4,540,945)**		
	244,015,499	**-**	**82,366,893**	**150,209,549**	**30,110,193**	**58,914,731**	**23,452,162**
		(161,648,606)			**(121,405,011)**		

	2012						
	COST			DEPRECIATION			
	As at July 01, 2011	Additions / (disposals)	As at June 30, 2012	As at July 01, 2011	For the year / (adjustment on disposals)	As at June 30, 2012	Net carrying value as at June 30, 2012
	Rupees						
Plant and machinery	59,609,500	-	21,850,000	28,092,390	9,278,087	12,378,176	9,471,824
		(37,759,500)			(24,992,301)		
Equipment	199,816,669	-	145,785,038	92,217,952	31,101,024	92,073,338	53,711,700
		(54,031,631)			(31,245,638)		
Vehicles	112,729,462	-	69,637,081	54,475,186	17,546,092	42,049,187	27,587,894
		(43,092,381)			(29,972,091)		
Livestock	13,088,380	-	6,743,380	6,853,462	2,037,177	3,708,848	3,034,532
		(6,345,000)			(5,181,791)		
	385,244,011	-	244,015,499	181,638,990	59,962,381	150,209,549	93,805,950
		(141,228,512)			(91,391,822)		

7.2.1 Above Ijarah arrangements carry profit rates ranging from 9.55% to 27.03% per annum (2012: 9.55% to 28.0% per annum).

	2013 Rupees	2012 Rupees
7.2.2 Ijarah rentals receivable		
Ijarah rentals receivable	**94,188,757**	76,035,859
Less : Provision against Ijarah rentals receivable	**(91,761,380)**	(71,280,413)
	2,427,377	4,755,446

7.2.2.1 Provision against Ijarah rentals receivable

	2013			2012		
Category of classification	**Rental receivable**	**Rental suspension**	**Suspension held**	Rental receivable	Rental suspension	Suspension held
	Rupees			Rupees		
Other assets especially mentioned	-	-	-	12,700,517	12,700,517	12,700,517
Substandard	**5,445,549**	**5,445,549**	**5,445,549**	29,459,543	29,459,543	29,459,543
Doubtful	**14,046,566**	**14,046,566**	**14,046,566**	18,030,238	18,030,238	18,030,238
Loss	**72,269,265**	**72,269,265**	**72,269,265**	11,090,115	11,090,115	11,090,115
	91,761,380	**91,761,380**	**91,761,380**	71,280,413	71,280,413	71,280,413

7.2.3 Contractual rentals receivable

	2013			2012		
	Due within one year	**Due after one year but within five years**	**Total**	Due within one year	Due after one year but within five years	Total
	Rupees			Rupees		
Total rentals receivable	**101,123,736**	**527,642**	**101,651,378**	125,430,185	7,587,119	133,017,304

	Note	2013 Rupees	2012 Rupees

8. LONG TERM MUSHARAKAH FINANCES

	Note	2013 Rupees	2012 Rupees
Secured			
Considered good			
Companies (non-financial institutions)		-	2,784,311
Individuals		1,015,043	4,284,033
		1,015,043	7,068,344
Considered doubtful			
Companies (non-financial institutions)		84,830,076	89,412,257
Individuals		95,924,371	96,076,482
		180,754,447	185,488,739
Provision against doubtful balances		(46,816,510)	(44,055,230)
		133,937,937	141,433,509
		134,952,980	148,501,853
Less: Current portion	15	(118,294,948)	(111,785,774)
		16,658,032	36,716,079

8.1 These represent investments under musharakah basis for working capital and project financing. These are secured against mortgage of properties, musharakah finance (borrowing), demand promissory notes and personal guarantee of sponsor directors. Profit rates ranges from 13.5% to 30.0% per annum (2012: 13.5% to 30.0% per annum). These are payable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

9. LONG TERM LOANS

	Note	2013 Rupees	2012 Rupees
Considered good			
Employees	9.1	557,175	1,228,470
Considered doubtful			
Customers	9.2	52,792,442	59,109,743
Provision against doubtful balances		(36,224,969)	(15,779,491)
		16,567,473	43,330,252
		17,124,648	44,558,722
Less: Current portion	15	(6,470,432)	(29,471,922)
		10,654,216	15,086,800

9.1 These represent house loans provided to employees as per the Company's policy. The loans are repayable in 240 monthly installments and carry mark-up rate based on State Bank of Pakistan discount rate prevailing on January 1 and July 1 of a calendar year minus 400 bps with a minimum of 5.0% per annum. The loans are secured by equitable mortgage on the property through the title documents of the property.

9.2 These carry mark-up at the rate ranging from 10.49% to 25.0% per annum (2012: 10.49% to 25.0%). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

	Note	2013 Rupees	2012 Rupees
10. LONG TERM SECURITY DEPOSITS	10.1	2,948,225	10,090,940

10.1 These represent deposits for utilities, office premises etc. During the year security deposits amounting to Rs. 3.65 million have been transferred to non current assets held for sale (Refer note 4.1.1 and 18.4.2).

11. DEFERRED TAX ASSET

	Note	2013 Rupees	2012 Rupees
Recognized during the year	11.1	150,000,000	-

11.1 As at June 30, 2013 net deferred tax asset works out to Rs. 773.61 million (2012: Rs. 946.22 million) out of which deferred tax asset to the extent of Rs. 150 million (2012: Nil) has been recognized in these financial statements in view of expected future taxable profits. Total net deferred tax asset of Rs. 773.61 million (2012: Rs. 946.22 million) comprises of :

	Note	2013 Rupees	2012 Rupees
Deferred tax liability:			
Difference in tax and accounting bases of assets		**(78,288,291)**	(61,916,980)
Deferred tax asset:			
Provisions in respect of non performing receivables		**266,646,352**	262,477,917
Carry forward tax losses		**585,254,453**	745,656,687
		773,612,514	946,217,624

12. SHORT TERM INVESTMENTS

	Note	2013 Rupees	2012 Rupees
Investments at fair value through profit and loss			
Quoted securities - different listed companies	12.1	**30,952,615**	3,778,349
Available for sale investments			
Quoted securities			
National Bank of Pakistan	12.2	**3,700,800**	-
Un-quoted securities			
Dawood Family Takaful Limited - Held for sale	12.3	**250,000**	736,000
		34,903,415	4,514,349

12.1 Investments at fair value through profit and loss

Number of shares 2012	Number of shares 2013	Name of company	Note	2013 Rupees	2012 Rupees
-	**45,000**	Pakistan Telecommunication		**998,550**	-
-	**8,000**	Pakistan Oil Field Ltd		**3,978,960**	-
-	**15,000**	Fauji Fertilizar Bin Qasim Ltd		**563,100**	-
4,650	**45,000**	Pakistan Petroleum Ltd		**9,521,100**	875,549
-	**5,000**	Nishat Mills Ltd		**471,050**	-
-	**70,000**	Askari Bank Ltd		**1,065,400**	-
-	**2,000**	Adamjee Insurance Ltd		**152,160**	-
-	**50,000**	Sui Southern Gas Compnay Ltd		**976,000**	-
5,000	**36,500**	Engro Corporation Ltd		**4,448,255**	509,200
-	**10,000**	Pakistan Reinsurance Ltd		**236,300**	-
-	**155,000**	TRG Pakistan Ltd		**1,579,450**	-
-	**10,000**	Dawood Hercules Chemicals Ltd		**461,100**	-
50,000	**20,000**	Fatima Fertilizar Company Ltd		**496,600**	1,233,500
-	**5,000**	National Refinary Ltd		**1,202,900**	-
-	**125,000**	BYCO Petroleum Ltd		**1,305,000**	-
-	**2,000**	IGI Insurance Ltd		**288,000**	-
-	**40,000**	Pakgen Power Ltd		**981,200**	-
-	**50,000**	Bank Islami Pakistan Ltd		**325,500**	-
-	**43,000**	Tariq Glass Ltd		**946,000**	-
-	**7,000**	Mari Petroleum Company		**955,990**	-
18,000	-	Engro Foods Limited		-	1,160,100
77,650	**743,500**			**30,952,615**	3,778,349
		Cost		**33,656,102**	3,829,622

12.2 Available for sale investment

Number of shares 2012	Number of shares 2013	Name of company	Note	2013 Rupees	2012 Rupees
-	**90,000**	National Bank of Pakistan		**3,700,800**	-
-	**90,000**			**3,700,800**	-
		Cost		**3,824,302**	-

12.3 These are carried at their recoverable amounts.

	Note	**2013 Rupees**	2012 Rupees

13. SHORT TERM MUSHARAKAH FINANCES

Secured			
Considered doubtful		**131,707,746**	152,117,825
Provision against doubtful balances		**(58,521,962)**	(66,571,019)
		73,185,784	85,546,806

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 10.0% to 34.69% per annum.

14. SHORT TERM FINANCES

Secured			
Considered doubtful		**15,303,460**	15,247,681
Provision against doubtful balances		**(6,349,007)**	(7,113,871)
		8,954,453	8,133,810

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 13.97% to 25.0% per annum.

15. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in lease finance / assets under Ijarah arrangements	7	**229,974,305**	417,951,127
Long term musharakah finances	8	**118,294,948**	111,785,774
Long term loans	9	**6,470,432**	29,471,922
		354,739,685	559,208,823

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Unsecured			
Considered good			
Advances			
- against purchases and expenses		**349,164**	1,093,295
- to staff		**811,194**	715,746
- Income tax - net		**7,812,616**	7,750,727
Prepayments		**140,625**	5,174,486
Other receivables	16.2	**111,683,882**	122,264,486
		120,797,481	136,998,740
Considered doubtful			
Advances			
- against purchases and expenses		**6,191,097**	5,240,000
- to staff		**-**	130,546
Deposit with Privatization Commission	16.1	**10,000,000**	10,000,000
Other receivables	16.2	**159,578,013**	167,517,540
		175,769,110	182,888,086
Provision against doubtful balances		**(164,827,288)**	(162,009,633)
		131,739,303	157,877,193

16.1 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	2013 Rupees	2012 Rupees
16.2 Other receivables			
Unsecured			
Considered good			
Accrued interest / mark-up on loans and advances		**586,094**	13,102,487
Accrued profit on musharakah investment		**716,652**	2,643,506
Insurance claims receivable		**785,000**	10,000
Other terminated lease / musharakah receivable		**3,710,928**	10,490,159
Insurance premium recoverable		**1,766,187**	1,766,187
Operating lease rentals receivable		**2,196,334**	1,576,480
Others	16.2.1	**101,922,687**	92,675,667
		111,683,882	122,264,486
Considered doubtful			
Insurance claims receivable		**11,739,351**	12,864,615
Other terminated lease / musharakah receivable		**66,068,179**	67,572,658
Repossessed assets (against terminated leases)		**32,286,033**	30,928,252
Operating lease rentals receivable		**7,890,577**	8,038,494
Others		**41,593,873**	48,113,521
		159,578,013	167,517,540
		271,261,895	289,782,026

16.2.1 This includes an amount of Rs.72.552 million (2012: Rs.72.552 million) and related profit of Rs. 21.54 million (2012: Rs. 12.64 million) receivable from outgoing group under an agreement for transfer of brokerage related assets and liabilities (Refer Note 18.3). This carries markup at the rate of six month KIBOR plus 2% per annum (2012: fixed rate of 15% per annum). The effective interest rate is 12.69% per annum (2012: 15% per annum).

17. CASH AND BANK BALANCES

	Note	2013 Rupees	2012 Rupees
Balance with banks in local currency:			
In current accounts with:			
- State bank of Pakistan		**44,694**	44,694
- Commercial banks		**722,957**	15,422,161
		767,651	15,466,855
In deposit accounts with commercial banks	17.1	**10,683,172**	46,354,950
Cash in hand - in local currency		**-**	376,915
		10,683,172	46,731,865
		11,450,823	62,198,720

17.1 These bank accounts carry profit at the rates ranging from 5.0% to 10.0% per annum (2012: 6.0% to 11.0% 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	2013 Rupees	2012 Rupees
18.1 Assets held for sale of discontinued operation	18.3		
Property, plant and equipment		-	22,931,330
Intangible assets		-	1,691,183
Long term loans		-	4,950,889
Long term security deposits and receivables		-	512,749
Short term investments		-	25,314,534
Trade debts - unsecured		**25,249,831**	306,484,568
Advances, deposits, prepayments and other receivables		**37,664,802**	37,664,802
Cash and bank balances		-	752,169
Properties		-	96,488,476
		62,914,633	496,790,700
Non-current assets held for sale	18.4	**182,968,869**	291,164,169
Total assets classified as held for sale		**245,883,502**	787,954,869

	Note	2013 Rupees	2012 Rupees
18.2 Liabilities directly associated with assets held for sale of discontinued operation	18.3		
Long term loan		**5,294,936**	5,294,936
Short term borrowings		**107,902,479**	541,778,546
Other liability		**72,552,342**	72,552,342
		185,749,757	619,625,824

18.3 The Company has entered into an agreement for transfer of assets and liabilities related to its brokerage business to the outgoing group. The agreement is effective from July 01, 2011. As per terms of the agreement, the outgoing group was liable to pay sale consideration of Rs. 24 million and other liability of Rs. 72.552 million (Refer Note16.2.1) and the Company was liable to transfer the assets (including shares in the wholly owned subsidiary Invest Capital Markets Limited (ICML) and liabilities to the outgoing group on completion of other sale conditions as stipulated in clause 5 of the agreement on or before March 31, 2012. The Company has received sale consideration of Rs. 24 million and has transferred certain assets and liabilities under the agreement to the outgoing group against payment / settlement of brokerage business related borrowings of Rs. 1047.17 million (2012: Rs. 613.29 million) by the outgoing group.

Transfer of remaining assets and liabilities is taking time, therefore, the outgoing group has requested the Company to grant extension in time which is under consideration.

18.4 Non-current assets held for sale

	Note	2013 Rupees	2012 Rupees
Properties	18.4.1	**127,988,620**	213,664,169
Petrol / diesel filing station related assets	4.1.1	**40,000,000**	-
Investment in joint venture		**-**	28,000,000
Assets acquired in satisfaction of finances 11 (2012: 38) DA Country and Golf Club Membership Seats and related deposits	18.4.2	**14,980,249**	49,500,000
		182,968,869	291,164,169

18.4.1 Board of Directors of the Company has approved the disposal of these properties. Active campaign is being undertaken to dispose-off these properties at the earliest including settlement against liabilities, if appropriate. During the year properties of Rs. 82.75 million (2012: Rs. 177.96 million) have been disposed-off against settlement of liabilities.

	2013 Rupees	2012 Rupees
Office premises		
Property no. 1	**18,591,667**	18,591,667
Property no. 2	**18,457,500**	18,457,500
Property no. 3	**400,000**	400,000
Property no. 4	**-**	7,187,500
Property no. 5	**-**	20,761,373
	37,449,167	65,398,040
Buildings		
Property no. 6	**-**	36,531,596
Property no. 7	**-**	18,275,080
Property no. 8	**53,685,744**	53,685,744
Property no. 9	**4,226,359**	4,226,359
	57,912,103	112,718,779
Land		
Property no. 10	**28,500,000**	28,500,000
Property no. 11	**4,127,350**	4,127,350
Property no. 12	**-**	2,920,000
	32,627,350	35,547,350
	127,988,620	213,664,169

18.4.2 During the year, long term security deposit related to these seats amounting to Rs. 2,250,000 (2012: Nil) has been transferred from long term security deposits to this head.

	Note	2013 Rupees	2012 Rupees

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2013 Rupees	2012 Rupees
86,742,370 (2012: 86,742,370) Ordinary shares of Rs. 10 each fully paid in cash		**867,423,700**	867,423,700
198,124,526 (2012: 198,124,526) Ordinary shares of Rs. 10 each issued as fully paid under scheme of arrangement for amalgamation		**1,981,245,260**	1,981,245,260
		2,848,668,960	2,848,668,960

20. SUBORDINATED LOAN FROM DIRECTORS

	Note	2013 Rupees	2012 Rupees
SUBORDINATED LOAN FROM DIRECTORS	20.1	**126,000,000**	126,000,000

20.1 It is interest free. It 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.

21. SECURITY DEPOSITS FROM LESSEES

	Note	2013 Rupees	2012 Rupees
Security deposits under lease contracts	21.1	**104,633,786**	168,926,413
Less: Current portion	28	**(32,696,133)**	(91,484,652)
		71,937,653	77,441,761

21.1 These represent security deposits received against finance lease and Ijarah contracts and are repayable / adjustable on the expiry of the lease periods.

22. LONG TERM CERTIFICATES OF MUSHARAKAH

	Note	2013 Rupees	2012 Rupees
Unsecured			
Associated undertaking		-	500,000
Others	22.1	**52,158,335**	127,579,993
		52,158,335	128,079,993
Less: Current portion	28	**(38,250,008)**	(60,201,671)
		13,908,327	67,878,322

22.1 These certificates carry profit rates ranging from 0% to 13% per annum (2012: 0% to 13.75% per annum).These Certificates except certificates of Rs. 19.35 million (2012: Rs. 20.72 million) are repayable in lump sum on different dates commenced from May 2013 and ending in February 2018. Certificates of Rs. 19.35 million (2012: 20.72 million) are repayable in monthly installments over different periods commenced from July 2012 and ending on November 2017.

23. LONG TERM CERTIFICATES OF INVESTMENTS

	Note	2013 Rupees	2012 Rupees
Unsecured			
For one year or more	23.1 & 23.2	**12,200,000**	13,245,000
Less: Current portion	28	**(2,998,375)**	(1,420,870)
		9,201,625	11,824,130

23.1 These certificates of Rs. 6.3 million (2012: Rs. 7.35 million) were issued for different terms ranging from three to five years and are repayable in lump sum on different dates commenced from December 2012 and ending on October 2014. The markup thereon is ranging from 0% to 12.5% per annum (2012: 12.5% to 14.25% per annum).

23.2 Terms of certificates of Rs. 5.9 million (2012: Rs. 5.9 million) were revised during the year and these are repayable in 34 monthly installments commencing from May 2014 and ending on February 2017. These are not subject to mark up.

	Note	2013 Rupees	2012 Rupees

24. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS

	Note	2013 Rupees	2012 Rupees
Secured			
Musharakah borrowings			
From commercial banks	24.1	**33,333,336**	33,333,336
Murabaha borrowings			
From commercial banks	24.3 & 24.5	**41,262,929**	51,609,813
From financial institutions	24.4, 24.5	**18,631,253**	22,694,790
	24.2	**59,894,182**	74,304,603
		93,227,518	107,637,939
Less: Current portion	28	**(85,683,764)**	(98,768,023)
		7,543,754	8,869,916

24.1 These finances carry mark up at the rate of three months KIBOR plus 1.50% per annum and are payable in quarterly installments. These are secured against first pari passu floating charge over all present and future leased assets and associated lease receivables. The maturity date was April 7, 2011. As at the balance sheet date these finances along with mark-up amounting to Rs. 14.5 million (2012: Rs. 9.71 million) are overdue, and the Company's application for its restructuring / settlement is pending with the lender bank.

24.2 Murabaha borrowings

	2013	2012
Murabaha payable - gross	**83,787,760**	90,876,382
Mark up payable	**(23,893,578)**	(16,571,779)
Murabaha payable	**59,894,182**	74,304,603

24.3 These finances are secured against floating charge on all present and future leased assets and associated lease receivables. These finances except syndicated murahaba of Rs. 0.74 million (2012: Rs. 2.49 million) are subject to mark up at the rate ranging from six months KIBOR plus 3.0% per annum and three months KIBOR plus 2.5% to 2.75% per annum and were payable till June 2012. The terms of the finance of Rs0.74 million (2012: Rs. 2.49 million) are revised during the year and it is repayable in monthly installments till March 2014.

24.4 These are secured against floating charge on all present and future leased assets and associated lease receivables. These finances except syndicated murahaba of Rs. 6.39 million (2012: Rs. 8.72 million) carry mark up at the rate of six months KIBOR plus 3.0% per annum, no markup is payable on syndicated murahaba finance. These finances except syndicated murahaba of Rs. 6.39 million (2012: Rs. 8.72 million) were payable in monthly installments during the period from July 2010 to June 2012. The syndicated murabaha finance amounting to Rs. 6.39 million (2012: 8.72 million) is repayable in monthly installments commenced from April 2012 and ending on March 2017. A financial institution has file a windinup petition with the claim of overdues against the Company in the Honorabale Sindh High Court. The related outstanding murabaha borrowing is Rs. 12.24 million alongwith along with mark up of Rs. 5.17 million.

24.5 During the year, the Company has repaid finances amounting to Rs. 6.64 million (2012: Rs. 5.42 million) and settled finances amounting to Rs. 8.03 million (2012: Rs. 131.93) million against assets. As at the balance sheet date, finances amounting to Rs. 49.11 million (2012: Rs 63.094 million) along with related unpaid mark up of Rs. 23.89 million (2012: Rs. 16.572 million) are overdue, and the Company's applications for restructuring / settlement are pending with the lenders.

	Note	2013 Rupees	2012 Rupees

25. MUSHARAKAH TERM FINANCE CERTIFICATES
TFCs - privately placed and secured

	Note	2013 Rupees	2012 Rupees
Secured			
Commercial banks	25.1	-	167,567,225
Financial institutions	25.1	-	196,564,233
Other	25.2	38,923,611	38,923,611
		38,923,611	403,055,069
Less: Current portion	28	(38,923,611)	(347,846,773)
		-	55,208,296
Total initial transaction cost		7,400,000	7,400,000
Less : Amortization to date		(7,400,000)	(6,144,239)
		-	1,255,761
		-	53,952,535

25.1 These finances has been paid/settled during the year. Finances amounting to Rs. 284.33 million have been settled in cash @ 25% of the outstanding principal and finances amounting to Rs. 66.17 million (2012: 141.88 million) have been settled against the Company's assets along with waiver of related unpaid mark-up.

25.2 These are secured against first pari passu charge over specific leased assets and associated lease receivables of the Company. These finances carry mark up at the rate of six months average KIBOR plus 1.90% per annum. As at the balance sheet date, finances amounting to Rs. 38.92 million (2012: Rs. 201.72 million) along with related mark-up of Rs. 15.4 million (2012: Rs. 99.12 million) are overdue and the Company's application for restructuring / settlement is pending with lender.

26. REDEEMABLE CAPITAL

	Note	2013 Rupees	2012 Rupees
Secured			
Term finance certificates	26.1	128,380,000	128,380,000
Less: Current portion		(128,380,000)	-
		-	128,380,000

26.1 Term finance certificates (TFCs) were issued by the Company on September 05, 2002. These are subject to markup at 5 year PIB plus 275 bps. Markup is payable semi-annually. PIB is defined as the cut off yield on the last successful State Bank of Pakistan auction of five year Pakistan Investment Bond (PIB) during last six months. These are secured by way of first pari passu charge over all present and future assets and associated lease rentals receivables of the Company with 25% margin. These are perpetual unless put / call options are exercised on option date(s). Option date(s) means the date falling at the end of five years from the issue date and the date(s) falling at the end of every three year thereafter. The next option date is September 05, 2013. Subsequently, none of the TFC holders exercised their put option. The Company's request to the TFC holders for restructuring / settlement of principal and markup is under their consideration.

27. LONG TERM LOANS

	Note	2013 Rupees	2012 Rupees
Secured			
From banking companies			
Facility I	27.1	38,022,287	38,022,287
Facility II, III & IV	27.2	12,136,902	14,613,212
		50,159,189	52,635,499
Unsecured			
From non-banking finance companies	27.3	1,801,626	2,800,000
		51,960,815	55,435,499
Less : Current portion	28	(51,960,815)	(53,240,997)
		-	2,194,502

27.1 This facility was repayable in monthly installments commenced from January 13, 2007 and ending on January 13, 2011 and carries mark-up at the rate of six months KIBOR plus 2.0% per annum. It is secured by joint pari-passu charge on all present and future leased assets and related lease receivables. As at the balance sheet date, the loan along with related mark-up of Rs. 13.06 million (2012 Rs. Rs. 10.23 million) were overdue and Company's application for its restructuring / settlement is pending with the lender.

27.2 These facilities carry mark-up at the rate of six months KIBOR plus 2.0% per annum and were payable in monthly installments commenced from June 30, 2007 and ended on December 31, 2010. These are secured by joint pari passu charge on all present and future leased assets and related lease receivables. These loans along with related mark-up amounting to Rs. 6.17 million (2012: Rs.3.34 million) are overdue. The Company's application for restructuring / settlement of the loans is pending with lenders.

27.3 The terms of this finance were revised during the year and is repayable in monthly installments till May 2014. This is not subject to markup.

	Note	**2013 Rupees**	2012 Rupees
28. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Security deposit from lessees	21	**32,696,133**	91,484,652
Long term certificates of musharakah	22	**38,250,008**	60,201,671
Long term certificates of investments	23	**2,998,375**	1,420,870
Long term musharakah and murabaha borrowings	24	**85,683,764**	98,768,023
Musharakah term finance certificates	25	**38,923,611**	347,846,773
Redeemable capital	26	**128,380,000**	-
Long term loans	27	**51,960,815**	53,240,997
		378,892,706	652,962,986
29. SHORT TERM CERTIFICATES OF MUSHARAKAH			
Unsecured			
Financial institutions		-	35,000,002
Public and private companies		-	5,500,000
Individuals		**10,850,000**	17,080,000
Others		**34,600,000**	60,850,003
		45,450,000	118,430,005

29.1 Above finances have been obtained for 90 to 365 days at mark up rates ranging between 0% to 11% per annum (2012: 0% to 12.5% per annum).

29.2 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).

29.3 During the year certificates amounting to Rs. 37.98 million (2012: Rs. 189.83 million) have been repaid, certificates amounting to Rs. 25 million (2012: Rs. 45 million) have been settled against the Company's assets, while certificate amounting to Rs.10 million (2012: 6.25 million) have been rescheduled and converted into long term certificate of musharakah.

30. SHORT TERM CERTIFICATES OF INVESTMENTS

	Note	**2013 Rupees**	2012 Rupees
Unsecured	30.1	**25,300,000**	75,782,055

30.1 This represents the scheme of registered certificate of Investments (COIs) for resource mobilization. The term of COIs ranges from one month to one year commenced from September 2011 and ending on March 2014 and return thereon ranges from 0% to 10.0% per annum (2012: 0% to 15.0% per annum). During the year COIs amounting to Rs. 49.9 million (2012: Nil) are settled against the properties of the Company.

	Note	2013 Rupees	2012 Rupees
31. LOAN FROM SPONSOR	31.1	**197,542,473**	197,542,473

31.1 It carries mark up at the rate of six month KIBOR (2012: fixed rate of 13.5% per annum). Effective markup rate charged during the year ranges from 9.57% to 13.5% per annum (2012: 13.5% per annum).

32. ACCRUED AND OTHER LIABILITIES

	Note	2013 Rupees	2012 Rupees
Accrued expenses		**3,171,912**	4,614,589
Advance lease rentals / security deposits		**-**	1,809,077
Auditors' remuneration payable		**2,520,000**	3,475,000
Advance against termination of leases		**461,477**	4,056,213
Unclaimed dividend		**6,071,707**	6,076,082
Provision against overhauling of generators		**-**	4,201,238
Advance against non current assets held for sale			
of discontinued operation			
Other assets	18.3	**24,000,000**	24,000,000
		5,000,000	-
Other liabilities		**36,609,572**	44,823,517
		77,834,668	93,055,716

33. PROFIT / MARK UP PAYABLE

	2013 Rupees	2012 Rupees
Profit / mark-up payable on:		
- Certificates of musharakah / investments	**7,046,804**	24,107,297
- Long term musharakah and murabaha borrowings	**38,160,814**	26,290,285
- Musharakah term finance certificates	**15,403,893**	99,128,623
- Redeemable capital	**36,864,834**	16,644,988
- Long term loans	**19,232,638**	13,359,316
- Loan from sponsor	**74,818,636**	53,336,464
	191,527,619	232,866,973

34. COMMITMENTS

34.1 Commitments

	2013	2012
Under lease financing contracts committed but not executed	**36.40**	5.20

35. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2013 Rupees	2012 Rupees
Directors' remuneration		**6,975,996**	5,898,380
Staff salaries, allowances and other benefits	35.1	**27,829,451**	24,773,684
Traveling, conveyance and vehicle running expenses		**2,072,516**	7,902,546
Office rent		**5,110,767**	4,338,079
Utility charges		**1,586,614**	1,893,814
Postage, telephone and telegram		**2,024,906**	2,316,628
Repairs and maintenance		**3,251,262**	6,985,476
Insurance		**1,017,489**	2,536,933
Depreciation	4.1.	**11,993,330**	15,468,727
Depreciation on assets leased out	7.2	**30,110,193**	59,962,381
Amortization	5	**1,233,351**	1,690,500
Fees and subscriptions		**2,564,697**	7,442,257
Entertainment		**651,219**	800,473
Newspapers and periodicals		**47,903**	46,550
Printing and stationery		**800,685**	1,252,398
Legal and professional charges		**2,031,910**	5,250,296
Auditors' remuneration	35.2	**1,045,000**	1,725,000
CDC charges		**-**	23,333
Consultancy fees		**-**	4,133,917
Advertisement		**313,970**	188,251
Brokerage and commission		**461,618**	174,705
Operating lease rentals		**-**	1,614,375
Other		**495,195**	520,160
		101,618,072	156,938,863

35.1 This includes retirement benefits of Rs. 1.26 million (2012: Rs. 1.94 million) in respect of contribution to the employees' provident fund.

	Note	2013 Rupees	2012 Rupees
35.2 Auditors' remuneration			
Annual audit fee		750,000	1,500,000
Sundry services		295,000	225,000
		1,045,000	1,725,000

36. FINANCIAL CHARGES

	Note	2013 Rupees	2012 Rupees
Profit / mark up on :			
- Certificates of musharakah		6,932,552	24,176,502
- Certificates of investments		6,995,878	13,976,933
- Long term musharakah and murabaha borrowings		12,135,756	29,741,017
- Musharakah term finance certificates		29,397,386	75,922,865
- Redeemable capital		20,219,846	20,275,243
- Long term loans		5,873,322	15,442,981
- Liabilities against assets subject to finance lease		-	4,043,700
- Short term musharakah borrowings		-	927,730
- Loan from sponsors		21,482,172	26,668,232
		103,036,912	211,175,203
Bank charges		362,757	18,811
		103,399,669	211,194,014
Less: mark-up waived off on settlement of loans	36.1	(133,186,961)	(100,657,775)
		(29,787,292)	110,536,239

36.1 Mark up waived off on settlement of loans:

	Note	2013 Rupees	2012 Rupees
Certificates of investments		21,055,362	1,843,465
Long term musharakah and murabaha borrowings		265,227	34,627,172
Musharakah term finance certificates		111,866,372	36,071,763
Long term loans		-	14,432,112
Running finance		-	7,624,789
Short term borrowings		-	6,058,474
		133,186,961	100,657,775

37. OTHER OPERATING EXPENSES

	Note	2013 Rupees	2012 Rupees
Impairment loss on non current assets classified as held for sale	4.1.1	21,868,531	-
Loss on disposal of operating assets		19,881,333	-
Other		689,455	-
		42,439,319	-

38. OTHER INCOME

	Note	2013 Rupees	2012 Rupees
From non financial assets :			
Gain on disposal of operating assets		-	12,650,682
Gain on disposal of non-current assets held for sale		28,494,397	88,872,887
Commission and fee		-	4,415,951
Gain on settlement of liabilities		260,782,489	40,869,794
Balances written back		-	1,000,000
Others		-	3,636,436
		289,276,886	151,445,750

39. PROVISION FOR TAXATION

	Note	2013 Rupees	2012 Rupees
Current			
For the year		2,884,432	1,676,377
For prior year		423,680	-
Deferred	11	(150,000,000)	-
		(146,691,888)	1,676,377

39.1 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.

		2013 Rupees	2012 Rupees

40. EARNINGS PER SHARE - BASIC AND DILUTED

		2013 Rupees	2012 Rupees
Profit after taxation for the year	Rupees	**351,808,565**	9,305,125
Weighted average number of ordinary shares	Number	**284,866,896**	284,866,896
Earnings per share - Basic and Diluted	Rupees	**1.235**	0.033

41. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2013			2012		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees					
Managerial remuneration	**4,620,000**	**1,920,000**	**4,279,752**	4,362,050	1,320,000	7,609,452
Retirement benefits	**307,992**	**128,004**	**285,300**	128,330	88,000	457,297
	4,927,992	**2,048,004**	**4,565,052**	4,490,380	1,408,000	8,066,749
Number of persons	**1**	**1**	**5**	1	1	9

41.1 The Chief Executive Officer and certain Excecutives are entitled to free use of Company maintained car and other perquisites. The monetary value of these benefits approximates Rs. 2,505,605/- (2012: Rs. 3,399,550). Some of the directors have waived off their meeting fee, meeting fee paid to other directors during the year is Rs. 323,600 (2012: Nil).

42. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated undertakings, staff retirement fund, directors, other key management personnel and their close family members. Contributions to the staff retirement fund, loans to the 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:

	2013 Rupees	2012 Rupees
Transactions during the year		
Contribution to staff retirement fund	**1,266,475**	1,943,758
Repayment of long term certificates of musharakah to associated undertaking	**500,000**	8,500,000

43. FINANCIAL RISK MANAGEMENT

43.1 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.

43.2 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:

	2013 Rupees	2012 Rupees
Long term investments	**2,723,576**	3,003,818
Net investment in Ijarah finance / assets under Ijarah arrangements	**323,668,056**	415,754,832
Long term musharakah finances	**134,952,980**	141,433,509
Long term loans	**17,124,648**	44,558,722
Deposits	**2,948,225**	10,090,940
Short term investments	**250,000**	736,000
Short term musharakah finances	**73,185,784**	85,546,806
Short term finances - secured	**8,954,453**	8,133,810
Ijarah rentals receivable	**2,427,377**	4,755,446
Advances and other receivables	**123,786,062**	64,821,477
Bank balances	**11,450,823**	62,198,720
	701,471,984	841,034,080

43.2.1 Past due balances and impairment losses

The age analysis of net investment in finance lease / Ijarah, musharakah finance and other receivables and impairment loss recognized thereon were as follows:

	2013		2012	
	Gross	**Impairment loss recognised**	Gross	Impairment loss recognised
	Rupees			
Past due 91 days - 180 days	-	-	4,435,951	390,615
Past due 181 days to one year	**52,165,932**	**17,125,646**	21,907,611	10,762,682
Past due one year to two years	**44,998,651**	**35,127,381**	337,863,501	74,050,305
More than two years	**1,116,010,471**	**777,019,928**	951,096,617	717,340,375
	1,213,175,054	**829,272,955**	1,315,303,680	802,543,977
Not past due	**371,459,351**	-	581,950,898	-
Total	**1,584,634,405**	**829,272,955**	1,897,254,578	802,543,977

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.

	2013 Rupees	2012 Rupees
Long term investments	**71,995,624**	81,902,507
Net investments in Ijarah/ assets under Ijarah arrangements	**104,633,786**	168,926,413
Short term investments	**30,952,615**	3,778,349
Other receivables	**7,953,241**	93,055,716
	215,535,266	347,662,985

43.3 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 summaries 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).

	2013				
	Carrying amount	**Contractual cash flows**	**Up to three months**	**Over three months to one year**	**Over one year**
	Rupees				
Certificates of musharakah	**97,608,335**	**104,580,938**	**37,370,285**	**56,955,653**	**10,255,000**
Certificates of investments	**37,500,000**	**44,403,750**	**2,148,125**	**29,143,125**	**13,112,500**
Musharakah and murabaha borrowings	**93,227,518**	**95,700,956**	**85,746,359**	**2,410,844**	**7,543,753**
Musharakah term finance certificates	**38,923,611**	**40,091,313**	**40,091,313**	-	-
Redeemable Capital	**128,380,000**	**133,434,963**	**133,434,963**	-	-
Loan from sponsor	**197,542,473**	**202,481,035**	**202,481,035**	-	-
Long term loans	**51,960,815**	**53,465,591**	**52,188,965**	**1,276,626**	-
Accrued and other liabilities	**77,834,668**	**76,989,674**	**76,989,674**	-	-
Profit / mark up payable	**191,527,619**	**191,527,619**	**191,527,619**	-	-
	914,505,039	**942,675,839**	**821,978,338**	**89,786,248**	**30,911,253**

	2012				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Liability against assets subject to finance lease	-	-	-	-	-
Certificates of musharakah	246,509,998	249,383,615	47,531,537	133,973,757	67,878,322
Certificates of investments	89,027,055	110,260,735	98,436,605	-	11,824,130
Musharakah and murabaha borrowings	107,637,939	133,928,224	133,928,224	-	-
Musharakah term finance certificates	403,055,069	502,183,692	368,053,472	78,921,924	55,208,296
Redeemable Capital	128,380,000	145,024,988	16,644,988	-	128,380,000
Loan from sponsor	197,542,473	250,878,937	250,878,937	-	-
Long term loans	52,635,499	65,994,815	65,994,815	-	-
Accrued and other liabilities	93,055,716	93,055,716	93,055,716	-	-
	1,317,843,749	1,550,710,722	1,074,524,294	212,895,681	263,290,748

43.4 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 rate risk only.

43.4.1 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:

	2013					
	Profit / mark-up bearing					
	Upto three months	Three months to one year	More than one year	Sub-total	Non-profit/mark-up bearing	Total
	Rupees					
Financial assets						
Long term investments	1,334,282	239,400	1,149,894	2,723,576	71,995,624	74,719,200
Net investment in Ijarah / assets under Ijarah arrangements	165,588,504	64,385,801	174,875,375	404,849,680	-	404,849,680
Long term musharakah finances	105,641,667	12,653,281	16,658,032	134,952,980	-	134,952,980
Long term loans	2,189,930	4,280,502	10,654,216	17,124,648	-	17,124,648
Deposits	-	-	-	-	2,948,225	2,948,225
Short term investments	-	-	-	-	34,903,415	34,903,415
Short term musharakah finances	73,185,784	-	-	73,185,784	-	73,185,784
Short term finances	58,243	8,896,210	-	8,954,453	-	8,954,453
Ijarah rentals receivables	-	-	-	-	2,427,377	2,427,377
Advances, deposits, prepayments and other receivables	72,552,000	-	-	72,552,000	58,697,514	131,249,514
Cash and bank balances	10,683,172	-	-	10,683,172	767,651	11,450,823
	431,233,582	90,455,194	203,337,517	725,026,293	171,739,806	896,766,099
Financial liabilities						
Subordinated loan from directors	-	-	-	-	126,000,000	126,000,000
Certificates of musharakah	24,370,000	38,017,232	7,075,000	69,462,232	28,146,103	97,608,335
Certificates of investments	1,200,000	26,800,000	3,600,000	31,600,000	5,900,000	37,500,000
Long term musharakah and murabaha borrowings	82,447,921	-	-	82,447,921	10,779,597	93,227,518
Musharakah term finance certificates	38,923,611	-	-	38,923,611	-	38,923,611
Redeemable Capital	128,380,000	-	-	128,380,000	-	128,380,000
Loan from sponsor	197,542,473	-	-	197,542,473	-	197,542,473
Long term loans	50,159,190	-	-	50,159,190	1,801,625	51,960,815
Security deposits from lessees	-	-	-	-	104,633,786	104,633,786
Creditors, accrued and other liabilities	-	-	-	-	77,834,668	77,834,668
Mark up payables	-	-	-	-	191,527,619	191,527,619
	523,023,195	64,817,232	10,675,000	598,515,427	546,623,398	1,145,138,825
On balance sheet gap 2013	(91,789,613)	25,637,962	192,662,517	126,158,866	(374,883,592)	(248,372,726)

	2012					
	Profit / mark-up bearing					
	Upto three months	Three months to one year	More than one year	Sub-total	Non-profit/mark-up bearing	Total
	Rupees					
Financial assets						
Long term investments	1,029,038	1,149,140	825,640	3,003,818	78,898,689	81,902,507
Net investment in Ijarah / assets under Ijarah arrangements	376,156,014	41,795,113	166,730,118	584,681,245	-	584,681,245
Long term musharakah finances	100,607,197	11,178,577	36,716,079	148,501,853	-	148,501,853
Long term loans	26,524,730	2,947,192	15,086,800	44,558,722	-	44,558,722
Deposits	-	-	-	-	10,090,940	10,090,940
Short term investments	-	-	-	-	4,514,349	4,514,349
Short term musharakah finances	85,546,806	-	-	85,546,806	-	85,546,806
Short term finances	8,133,810	-	-	8,133,810	-	8,133,810
Ijarah rentals receivables	-	-	-	-	4,755,446	4,755,446
Advances, deposits, prepayments and other receivables	-	-	-	-	157,877,193	157,877,193
Cash and bank balances	46,354,950	-	-	46,354,950	15,843,770	62,198,720
	644,352,545	57,070,022	219,358,637	920,781,204	271,980,387	1,192,761,591
Financial liabilities						
Subordinated loan from directors	-	-	-	-	126,000,000	126,000,000
Certificates of musharakah	44,657,919	133,973,757	67,878,322	246,509,998	-	246,509,998
Certificates of investments	77,202,925	-	11,824,130	89,027,055	-	89,027,055
Long term musharakah and murabaha borrowings	107,637,939	-	-	107,637,939	-	107,637,939
Musharakah term finance certificates	268,924,849	112,500,009	21,630,211	403,055,069	-	403,055,069
Redeemable Capital	16,644,988	-	128,380,000	145,024,988	-	145,024,988
Loan from sponsor	197,542,473	-	-	197,542,473	-	197,542,473
Long term loans	52,635,499	-	-	52,635,499	-	52,635,499
Short term borrowings	-	-	-	-	-	-
Creditors, accrued and other liabilities	-	-	-	-	93,055,716	93,055,716
	765,246,592	246,473,766	229,712,663	1,241,433,021	219,055,716	1,460,488,737
On balance sheet gap 2012	(120,894,047)	(189,403,744)	(10,354,026)	(320,651,817)	52,924,671	(267,727,146)

The on balance sheet gap represents the net amounts of on balance sheet items.

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, 2013, financial assets of Rs. 649.75 million and financial liabilities of Rs 101.06 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 2012.

	Effect on profit / (loss) before tax	Carrying value
	——— Rupees ———	
As at 30 June 2013		
Cash flow sensitivity-variable rate financial liabilities	**(4,974,532)**	**497,453,195**
Cash flow sensitivity-variable rate financial assets	**752,756**	**75,275,576**
As at 30 June 2012		
Cash flow sensitivity-variable rate financial liabilities	(7,083,535)	708,353,495
Cash flow sensitivity-variable rate financial assets	30,038	3,003,818

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

43.4.2 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, 2013, the fair value of equity securities exposed to price risk was Rs. 53.5 million (2012: Rs. 31.87 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 been resulted in increase / decrease of profit for the year by Rs. 3.10 million (2012: Rs. 0.38 million) and equity by Rs, 5.35 (2012: Rs. 3.19 million). This level of change is considered to be reasonably possible based on observation of current market conditions.

43.5 Fair value of financial instruments

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

43.6 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 764 (I)/2009 dated September 02, 2009 issued by SECP, the following aggregate minimum equity requirements as per NBFC Regulations, 2008 for leasing and investment finance companies has been set:

Year ending	Rs. in million
June 30, 2011	850
June 30, 2012	1,200
June 30, 2013 and onwards	1,700

44. SEGMENT INFORMATION

	2013				2012			
	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	28,251,491	70,036,960	9,630,546	107,918,997	98,293,651	86,296,765	5,557,465	190,147,881
Interest expense-net	8,561,895	21,225,397	-	29,787,292	(58,860,100)	(51,676,138)	-	(110,536,238)
Depreciation and amortization	(3,801,804)	(9,424,877)	-	(13,226,681)	(9,137,219)	(8,022,008)	-	(17,159,227)
Impairment of assets	(36,702,943)	(41,106,164)	-	(77,809,107)	(25,576,419)	(37,560,608)	-	(63,137,027)
Reportable segment profit / (loss)	(3,691,361)	40,731,316	9,630,546	46,670,501	4,719,913	(10,961,989)	5,557,465	(684,611)
Reportable segment assets	724,201,851	445,709,468	230,903,253	1,400,814,572	799,627,438	599,527,631	787,954,869	2,187,109,938
Reportable segment liabilities	(1,040,043,562)	(105,095,263)	(185,749,757)	(1,330,888,582)	(1,673,739,671)	(174,791,703)	(619,625,824)	(2,468,157,198)

	2013 Rupees	2012 Rupees
Profit or loss		
Total profit / (loss) for reportable segments	37,039,955	(6,242,076)
Other profit	9,630,546	5,557,465
Unallocated amounts:		
Other administrative and operating expenses	(130,830,710)	(139,779,636)
Other income	289,276,886	151,445,750
Profit before tax	205,116,677	10,981,503
Assets		
Total assets for reportable segments	1,169,911,319	1,399,155,069
Other assets	230,903,253	787,954,869
Company's assets	1,400,814,572	2,187,109,938
Liabilities		
Total liabilities for reportable segments	1,145,138,825	(1,848,531,374)
Other liabilities	185,749,757	(619,625,824)
Company's liabilities	1,330,888,582	(2,468,157,198)

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2013 by the Board of Directors of the Company.

Muhammad Asif
Chief Executive Officer

Fiza Zahid
Director

Proxy Form

INVEST CAPITAL INVESTMENT BANK LIMITED
B-801, 802, 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) of 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 21st Annual General Meeting to be held at 03:30 p.m. on Saturday 26th October 2013 and at any adjournment thereof.

Signed this ___________ day of _____________ 2013

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. ___________________________

Note:

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 meetings 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.

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Affix
Revenue
Stamp

The Company Secretary
Invest Capital Investment Bank Limited
701-A, 7th Floor, City Tower, 6-K
Main Boulevard, Gulberg II, Lahore.
Tel : 042 - 3577 0383 - 84
Fax : 042 - 3578 8711

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