Annual Report 2012

INVEST CAPITAL INVESTMENT BANK LIMITED

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Vision Statement

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

Mission Statement

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

Company Information

Board of Directors

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

Chief Financial Officer
Mr. M. Naim Ashraf

Company Secretary
Mr. Syed Shahid Owais

Auditors
Avais Hyder Liaquat Nauman
Chartered Accountants

Legal Advisors
Ahmed & Qazi

Share Registrar
CorpTec Associates (Private) Limited,
7/3-G, Mushtaq Ahmed Gurmani Road,
Gulberg - II, Lahore.
Tel: 042-35788097-98 / 042-35755216 (Direct)
Fax: 042-35755215
Email: mimran.csbm@gmail.com

Bankers
Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
State Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd
United Bank Limited

Registered Office
801-802, 8th Floor, Lakson Square Building
No. 3, Sarwar Shaheed Road, Karachi.
Tel: (92-21) 35205110 / 35661938, 48,58
Fax: (92-21) 35658409 / 35661988
Website: www.icibl.com

Head Office
701-A, City Tower, 6-K Main Boulevard,
Gulberg II, Lahore.
Tel: (92-42) 35770383-86
Fax: (92-42) 35788710

Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 11:30 a.m. on Friday, 30th November, 2012 at Moosa G. Desai Auditorium, 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 19th Annual General Meeting of the Shareholders held on 27th April, 2012.
2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30th June 2012.
3. To appoint auditors and fix their remuneration for the year ending 30th June 2013. The present auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible, offer themselves for the re-appointment.
4. To consider any other business with the permission of the Chair.

Karachi — By Order of the Board

November 08, 2012

Syed Shahid Owais
Company Secretary

NOTES :

1. The Members' Register will remain closed from 23rd November, 2012 to 30th November, 2012 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 22nd November 2012 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, 7 / 3 - G, Mushtaq Ahmed Gurmani Road, Gulberg – II, 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 signature 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 copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.

(iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.

(iii) 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

Directors' Report

The Board of Directors of Invest Capital Investment Bank Limited (the 'Bank') is pleased to present before members the audited financial statements of the Bank for the year ended June 30, 2012 along with Auditors' report thereon.

Operational Review

Dear Shareholders,

We are pleased to inform you that the new management of the Bank has completed its first year of operations successfully, and by the grace of Almighty ALLAH , achieved its targets designed to keep afloat your Bank. You will be happy to note that during the year under review your Bank has earned a net profit after tax of Rs. 9.30 million, after a long time. Converting the net loss of Rs 525.55 million reported on 30th June 2011 into a profit figure was not an easy task which has been successfully achieved with the support of all stake holders, concerted efforts of management team and guidance of regulatory authorities. This marks a turn around in the Bank's operations which will be further consolidated and improved in the coming years.

The Bank has recommenced its leasing operations after a considerable gap of over two years. Up to the end of October 2012, the Bank has disbursed Rs.175.16 million (Rs. 143.37 million at June 30, 2012). This new business has been carried out mainly in car leasing segment and at a very attractive IRR and reasonable deposit margin. The management is very vigilant in doing new business. The total portfolio of receivables as at June 30, 2012 stood at Rs. 1,897.26 million as compared to Rs. 2,060.32 million at the end of the preceding year of which due recoveries have been effected during the year.

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

Financial Highlights

--------Rupees in million--------

	2012	2011	2010
Gross revenue	190.14	215.46	644.67
Operating expenses	156.94	228.67	612.79
Financial charges	110.53	325.59	561.06
Provisions and write off	63.14	106.17	227.86
Other income	151.45	18.42	52.42
Profit / (loss) for the year before taxation	10.98	(435.90)	(704.62)
Taxation – net	(1.68)	(0.71)	(44.24)
Profit / (loss) from discontinued operations	-	(88.92)	-
Profit / (loss) for the year after taxation	9.30	(525.54)	(748.87)
Earnings / (loss) per share – basic	0.03	(1.53)	(2.69)

Gross revenue registered a decline of around 11.75% owing to the fact that Bank's lease and loan portfolio is reaching maturity and the income stream is declining. The management has substantially curtailed its administrative and other operating expenses. As compared to year 2011 the expenses have been reduced by around 31%. Further, consequent to the settlement of liabilities against immovable properties, the Bank gained Rs. 162.17 million along with waiver of unpaid mark-up of Rs. 100.66 million from settlement with financial institution.

Directors' Report

Economic Review

Despite numerous challenges, like sharp increase in fuel and commodity prices, recessionary trend globally and weak inflows, Pakistan's economy performed better in 2011-12 than many developed and developing economies. Domestically, economy was struck by heavy rains in Sindh and parts of Baluchistan. Notwithstanding these challenges, the Gross Domestic Product growth this year was around 3.7% as compared to 3.0% percent last year. Pakistan, despite global slowdown, has managed to maintain its exports to last year's level which saw a phenomenal growth. Recessionary trend globally have, however, impacted capital flows to Pakistan. Current account balance was affected due to sharp increase in oil prices and import of fertilizer. The economy is now showing signs of modest recovery. The agriculture sector recorded a growth of 3.1%, while the manufacturing sector grew by 3.6%. These indicators show that the country's economy is moving towards stability and the coming years are expected be the more productive for the nation.

The performance of NBFC sector in 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.

Dear Shareholders, your Bank 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 planned business targets and accordingly compeling the organizations to modify their business plan. 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 conditions occurs.

Change of Management

As reported last year, Zahidjee Group acquired major shareholding and management control of the bank effective from July 2011. This group now owns 56.80% of shareholding of the bank. A cash liquidity of Rupees 150 million has been injected, by Zahidjee Group into the bank comprising Rupees 126 million as subordinated loan and Rupees 24 million as consideration for the acquisition of 26% shareholding of the bank from outgoing InvestCap Group along with disposal of brokerage business. All requisite approvals for these transactions were accorded by the SECP.

The transfer of brokerage related assets and liabilities were not concluded in the stipulated time, however the management has take up this matter with InvestCap Group aggressively and expects that this matter shall be concluded in the financial year 2012-2013

The SECP also accorded approval for appointment of the following persons as Chief Executive Officer and Directors of the Bank in place of the previous Chief Executive Officer and Directors, who resigned on July 07, 2011 from their respective positions in terms of clause 3 of the Memorandum of Understanding dated June 27, 2011 signed between two groups with regard to change of management:

New Appointments	Outgoing Directors
Mr. Ahmad Kamran, Chairman	Mr. Aamer Saeed
Mr. Naveed Amin, Chief Executive Officer	Mr. Rehman Ghani
Mr. Bashir A. Chowdry, Director	Mr. Firasat Ali
Mr. Shaukat Ali, Director	Mr. Mohammad Zahid
Mr. Muhammad Qasim, Director	Mr. Najib Amanullah
Mr. Muhammad Asif, Director	Mr. Saeed Iqbal Chaudhry
Ms. Ayesha Zahid, Director	Mr. Nusrat Yar Ahmad
Ms. Fiza Zahid, Director	-

Directors' Report

Further, the above mentioned directors, except Chief Executive Officer, have been re-elected for a further term of three years in the annual general meeting held on April 27, 2012. The Chief Executive Officer was appointed in July 2011, for the term of three years which can be extended for further period .

Achievements in the Year

Dear Shareholders,

As stated in the beginning of the Report, the targets fixed by your Bank's management have been successfully achieved by the blessing of Almighty ALLAH, and the efforts of all stake holders. The management had formulated a comprehensive strategy for the survival of the Bank and focused on the settlement with financial institutions,and depositors, making recoveries from NPLs, achieving reduction in administrative expenses and writing of new business. The brief of achievements in all areas is as under:

- **Settlement of Liabilities:-**

The Bank had defaulted in repayment of its loans in August 2010, which created a massive pressure on the management, coupled with general perceptions created in the market that the Bank is going towards closure or bankruptcy. Accordingly, pressure from depositors also increased for redemption of their funds.

The management is pleased to submit that up-till end of October 31, 2012 around 72% of liabilities have been settled or restructured. The following table depicts the precise numbers in this regard:

Description	Rs. in million
Total liabilities (Loans + Deposits) of Banks / FIs (As at June 30, 2011)	1,561.47
Amount settled / principally agreed for settlement / restructured as on June 30, 2012	973.00
Outstanding	588.47

The update bank settlement position (October 31, 2012) is Rs. 1,132.92 million. The major portion of the loans to be settled in FY 2013 have also been principally agreed with the lenders. However the implementation thereof will take place in FY 2013 upon completion of formalities.

Similarly, the Bank has also addressed the demands of the deposit holders and resolved their reservations through workable solutions. I would like to mention here that the total amount of depositors as on June 30, 2011 was Rs. 602.839 million which is Rs. 335.54 million as on balance sheet date the category-wise details is given below:

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

The management is continously satisfying the depositors especially individual depositors, through repayment as desired by them. Therefore the outstanding deposit has declined to Rs. 256.30 million as on September 30, 2012. It is pertinent to mention here that the co-operation of almost all categories of deposit holders enabled us to achieve the target towards keeping afloat the bank for which the management is grateful.

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

One of the toughest target was to manage the recoveries from NPLs due to overall depressing market conditions. The outstanding portfolio was Rs. 2,060.32 million as on June 30, 2011 which stands at

Rs. 1,897.26 million as on June 30, 2012 (*Figure includes Rs.125 million receivable from fresh business written during the year which is 100% regular*). Your bank has recovered 93% of the total billing amount, which is 39% higher than the previous percentage (54%) of the total billing during the year 2010-11. The team is happy on this achievement and is determined to continue their best efforts, energy, experience and skills in future to improve this performance.

- **Reduction in Operating Cost**

Another challenge was to reduce the administrative cost, which was quite high till June 30, 2010, as compared to the other competitors. The management has taken this issue seriously and executed HR restructuring and controlled un-necessary expenditures. The result of these efforts is that administrative and operating expenses have reduced by around 31% as compared to year 2011 and 75% as compared to 2010.

- **Release of Pending Financial Statements**

When the new management took over in July 2011, four (4) financial statements were pending for release. All pending financial statements have since been released with hectic efforts. The delay from the targeted time was due to the facts of change of auditors as well as new management.

Future Strategy

Management of the Bank has chalked out a detailed plan on the basic premise to further consolidate the Bank 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 NBFC 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 expected that the propsed changes will be notified in the near future.

  Management is confident that with the implementation of above stated reforms ,the Bank will be equity compliant in 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. Management is confident that these shall be positively concluded by end June 2013.

- **Business:** Keeping in view the present economic scenario and our expertise the management in the year 2012-2013 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, bank 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 Bank 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 Bank'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 Bank, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Bank 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.

e) The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal auditor as well as Audit Committee. The Board reviews the effectiveness of established internal control through Audit Committee and further improvement is made in the internal control systems, wherever required.

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 bank 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, four (4) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name	Meetings attended	Remarks
Mr. Aamer Saeed	1	Resigned
Mr. Firasat Ali,	1	Resigned
Mr. Nusrat Yar Ahmad	1	Resigned
Mr. Muhammad Zahid	1	Resigned
Mr. Naveed Amin (CEO)	3	
Mr. Ahmed Kamran	3	
Mr. Basheer A. Chowdry	3	
Mr. Shaukat Ali	2	
Mr. Muhammad Qasim	3	
Mr. Muhammad Asif	3	
Miss Fiza Zahid	2	
Miss Ayesha Zahid	2	

Detail of trading in shares by the Directors/CEO of the company during the year 2011-2012

Name	No. of shares purchased	No. of shares sold
Mr. Ahmed Kamran	1,000	-
Mr. Shaukat Ali	1,000	-
Mr. Muhammad Qasim	1,000	-
Miss Fiza Zahid	64,224,125	-
Miss Ayesha Zahid	40,224,125	-

Details of Meetings of the Audit Committee attended by the Directors during 2011-12

Directors' Report

Name	Meetings attended	Designation
Mr. Shaukat Ali	2	Chairman
Mr. Ahmed Kamran	2	Member
Miss Fiza Zahid	-	Member

Dividend

In continuity of the strategic actions elaborated above which have successfully resulted in a turnaround of the Bank, 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 Bank 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 will be concluded.

Auditors

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

The auditors' 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 note 1.4 to the financial statements. The management is hopeful that the requested relaxations will be granted.

Pattern of Shareholding

The pattern of shareholding as of June 30, 2012 is enclosed herewith.

Acknowledgments

The Board of Directors expresses its gratitude to Securities and Exchange Commission of Pakistan for their kind guidance, persistent support and valuable co-operation extended to our institution. The Board is also grateful to all its depositors, lending institutions, clients and shareholders for their continued support and trust in the Bank's ability to discharge its obligations. In the end, the Board also appreciates the staff members for their efforts, loyalty and significant contribution in the revival of the Bank.

For and on behalf of the Board of Directors

Lahore
November 05, 2012

Naveed Amin
Chief Executive Officer

Pattern of Shareholding

As at June 30, 2012

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1,184	1	100	46,213
3,642	101	500	813,399
590	501	1,000	424,928
2,932	1,001	5,000	6,057,004
510	5,001	10,000	3,780,199
157	10,001	15,000	1,983,630
117	15,001	20,000	2,141,506
74	20,001	25,000	1,716,149
51	25,001	30,000	1,412,884
33	30,001	35,000	1,095,796
25	35,001	40,000	944,077
18	40,001	45,000	758,961
36	45,001	50,000	1,768,409
10	50,001	55,000	522,210
13	55,001	60,000	763,633
13	60,001	65,000	815,560
9	65,001	70,000	618,743
7	70,001	75,000	506,659
4	75,001	80,000	306,386
2	80,001	85,000	163,400
4	85,001	90,000	354,907
6	90,001	95,000	556,961
20	95,001	100,000	1,978,468
4	100,001	105,000	404,633
1	105,001	110,000	106,600
2	110,001	115,000	229,000
4	115,001	120,000	477,502
3	120,001	125,000	365,205
3	125,001	130,000	386,100
6	130,001	135,000	802,592
3	135,001	140,000	420,000
2	140,001	145,000	285,400
2	145,001	150,000	300,000
2	155,001	160,000	319,500
2	160,001	165,000	328,708
1	165,001	170,000	169,322
1	175,001	180,000	175,137
3	180,001	185,000	548,809
3	185,001	190,000	564,481
1	190,001	195,000	194,000
5	195,001	200,000	991,422
1	215,001	220,000	215,519
1	220,001	225,000	223,122
2	225,001	230,000	459,348
1	230,001	235,000	230,222
1	240,001	245,000	242,340

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
2	245,001	250,000	492,759
2	255,001	260,000	514,824
1	270,001	275,000	270,260
1	280,001	285,000	280,800
2	295,001	300,000	600,000
1	305,001	310,000	305,422
1	310,001	315,000	311,700
1	330,001	335,000	335,000
1	345,001	350,000	350,000
1	360,001	365,000	363,475
1	365,001	370,000	368,000
1	390,001	395,000	393,428
1	400,001	405,000	400,500
1	460,001	465,000	462,571
1	480,001	485,000	481,260
2	495,001	500,000	1,000,000
1	500,001	505,000	502,284
1	580,001	585,000	583,080
1	650,001	655,000	652,147
1	690,001	695,000	692,188
1	700,001	705,000	700,142
1	755,001	760,000	757,223
1	895,001	900,000	900,000
1	900,001	905,000	901,965
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	1,550,001	1,555,000	1,555,000
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	14,590,001	14,595,000	14,593,692
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
9,561			284,866,896

Pattern of Shareholding

As at June 30, 2012

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				
Miss Ayesha Zahid	-	40,224,125	40,224,125	14.12
Miss 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
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
National Investment Trust	-	187,251	187,251	0.07
NBP - Trustee Department NI (U)T Fund	-	14,593,692	14,593,692	5.12
Subtotal	**169,311**	**14,780,969**	**14,950,280**	**5.25**
Mutual Funds (Name Wise Detail)				
Growth Mutual Fund	96	-	96	0.00
Banks, NBFCs, DFIs, Takaful, Pension Funds	**47,629**	**12,111,338**	**12,158,967**	**4.27**
Modarabas	**603,738**	**50,663**	**654,401**	**0.23**
Insurance Companies	**100,672**	**2,446,176**	**2,546,848**	**0.89**
Other Companies,Corporate Bodies, Trust etc.	**2,414,874**	**13,229,637**	**15,644,511**	**5.49**
General Public	**9,988,525**	**116,508,169**	**126,496,694**	**44.41**
Total	**13,326,845**	**271,540,051**	**284,866,896**	**100.00**
Shareholders holding more than 5% shares				
Mst. Fiza Zahid			64,224,125	22.55
Mr. Muhammad Zahid			54,000,000	18.96
Mst. Ayesha Zahid			40,224,125	14.12
NBP - Trustee Department NI (U)T Fund			14,593,692	5.12

Key Financial and Operating Data

	-- Rupees --					
Balance Sheet	2012	2011	2010	2009	2008	2007
Ordinary share capital	2,848,669	2,848,669	2,848,669	2,727,669	746,424	100,000
Equity	(290,305)	(297,995)	224,723	978,923	507,424	(257,893)
Net Investment in Lease	584,681	812,558	1,676,055	2,707,581	-	-
Musharakah/Finances	286,740	307,707	366,898	506,698	-	-
Trade debts	-	-	1,005,106	1,445,526	1,352,384	864,532
Profit & Loss Account						
Total Income	341,593	233,886	697,102	636,587	298,511	224,383
Finance & Other Charges	173,673	325,595	561,067	60,849	88,794	51,952
Admin & Operating Expense	156,938	228,676	612,798	236,134	211,663	134,810
Profit / (Loss) Before Tax	10,982	(524,837)	(704,625)	175,970	(4,521)	34,263
Profit / (Loss) After Tax	9,305	(525,548)	(748,874)	165,350	(19,468)	17,889
Break up Value of Share	(1.02)	(1.05)	0.79	3.59	6.80	(25.79)
Market Value per Share	0.81	0.32	0.85	1.55	11.84	4.85
Financial Ratios:						
Earning per share	0.03	(1.85)	(2.63)	0.61	(0.26)	1.79
Revenue Per Share	1.20	0.82	2.45	2.33	4.00	22.44

Statement of Compliance

With Best Practices of the Code of Corporate Governance - 30th June 2012

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No. 35 of listing regulations of 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
Non-Executive Directors	Mr. Basheer A. Chowdry Mr. Muhammad Qasim Miss. Ayesha Zahid Miss. 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. Five 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, seven casual vacancies occurred on the Board which were filled up immediately.

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 four 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 and CFO attended all the meetings of the Board except two meetings where the major agenda of the meeting was change of management and determination and approval of terms of employment of Executive Director and CEO.

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.

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.

Statement of Compliance

With Best Practices of the Code of Corporate Governance - 30th June 2012

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, two meetings of the Audit Committee were held before approval of un-audited interim accounts for the quarter ended September 30, 2010 and half year ended December 31, 2010 and before approval of un-audited accounts for the quarter ended March 31, 2011 and audited accounts for the year ended June 30, 2011 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

Naveed Amin
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, 2012 prepared by the Board of Directors of Invest Capital Investment Bank Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges (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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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) Two directors of the Company are not registered taxpayers. Refer paragraph (3) in the attached Statement of Compliance

b) Two meetings of Board of Directors held on July 07, 2011 and July 11, 2011 were not attended by Chief Financial Officer of the Company.

c) Interim accounts for the quarters ended September 30, 2011 and March 31, 2012 and for the half year ended December 31, 2011 were not published and circulated within the time period specified under Section 245 of the Companies Ordinance, 1984.

Based on our review, with the exception of the matters described in the preceding paragraphs (a) to (c) 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, 2012

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: Syed Ali Adnan Tirmizey

Dated: November 05, 2012
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, 2012 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 except for change in accounting policies as stated in Note 3.1 to the annexed financial statements with which we concur;

   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 fo 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, 2012 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 the operating losses in prior years and as at the balance sheet date, the accumulated loss of the company is Rs. 1,116.32 million and current liabilities of the company exceed its current assets by Rs. 320.99 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: Syed Ali Adnan Tirmizey

Dated: November 05, 2012
Place: Faisalabad

Financial Statements

For the year ended June 30, 2012

Balance Sheet

As at June 30, 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	199,006,045	310,816,667
Intangible assets	5	3,944,500	5,635,000
Long term investments	6	84,906,325	112,881,835
Net investment in Ijarah finance / assets under Ijarah arrangements	7	166,730,118	340,100,486
Long term musharakah finances	8	36,716,079	54,783,657
Long term loans	9	15,086,800	18,783,959
Long term security deposits	10	10,090,940	12,958,295
		516,480,807	855,959,899
Current assets			
Short term investments	11	4,514,349	20,304,487
Short term musharakah finances	12	85,546,806	95,068,952
Short term finances	13	8,133,810	25,769,312
Assets acquired in satisfaction of finances	14	-	49,500,000
Ijarah rentals receivables	15	4,755,446	91,622
Current maturity of non-current assets	16	559,208,823	633,152,862
Advances, deposits, prepayments and other receivables	17	157,877,193	100,496,222
Stock in trade	18	439,115	620,245
Cash and bank balances	19	62,198,720	15,340,619
Assets classified as held for sale	20	787,954,869	1,592,155,293
		1,670,629,131	2,532,499,614
TOTAL ASSETS		2,187,109,938	3,388,459,513

Balance Sheet

As at June 30, 2012

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
485,000,000 (2011 : 485,000,000) ordinary shares of Rs. 10 each		4,850,000,000	4,850,000,000
Issued, subscribed and paid-up capital	21	2,848,668,960	2,848,668,960
Capital reserve on amalgamation		(2,022,075,992)	(2,022,075,992)
(Loss) / gain on remeasurement of available for sale investments	22	(582,392)	1,032,628
Accumulated loss		(1,116,315,761)	(1,125,620,886)
		(290,305,185)	(297,995,290)
Surplus on revaluation of assets	23	9,257,925	9,257,925
Non-current liabilities			
Subordinated loan from directors	24	126,000,000	-
Security deposits from lessees	25	77,441,761	154,582,208
Long term certificates of musharakah / deposits	26	67,878,322	112,085,000
Long term certificates of investments and deposits	27	11,824,130	7,345,000
Long term musharakah and murabaha borrowings	28	8,869,916	30,830,711
Musharakah term finance certificates	29	53,952,535	245,774,486
Redeemable capital	30	128,380,000	128,380,000
Long term loans	31	2,194,502	-
Deferred revenue		-	1,102,062
		476,541,166	680,099,467
Current liabilities			
Current portion of non-current liabilities	32	652,962,986	774,250,980
Short term certificates of musharakah / deposits	33	118,430,005	359,519,146
Short term certificates of investments and deposits	34	75,782,055	85,225,638
Short term borrowings	35	-	93,301,015
Short term musharakah borrowings	36	1,350,000	2,700,000
Loan from sponsor	37	197,542,473	197,542,473
Creditors, accrued and other liabilities	38	93,055,716	62,754,784
Profit / mark up payable	39	232,866,973	170,987,768
Liabilities directly associated with the assets classified as held for sale	20	619,625,824	1,250,815,607
		1,991,616,032	2,997,097,411
TOTAL EQUITY AND LIABILITIES		2,187,109,938	3,388,459,513
CONTINGENCIES AND COMMITMENTS	40	-	-

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

Naveed Amin
Chief Executive Officer

Muhammad Asif
Director

Profit and Loss Account

For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
Income			
Income from leasing operations		28,798,366	65,130,328
Operating lease rentals		57,498,399	109,880,522
Profit on musharakah investments		9,446,225	11,491,404
Income from investment and placement		310,856	1,454,433
Income from finances		42,804,914	7,882,989
Income on deposits with banks		7,294,574	1,617,595
Income from joint ventures		16,109,558	7,856,705
Dividend income		1,500,090	4,575,066
Net gain / (loss) on sale of marketable securities		28,173,281	3,717,553
Unrealized (loss) / gain on investment in marketable securities - net		(51,273)	1,033,046
(Loss) / profit from Diesel / CNG filling station - net		(1,737,109)	827,494
		190,147,881	215,467,135
Expenses			
Administrative and operating expenses	41	(156,938,863)	(228,675,549)
Financial charges - net	42	(110,536,239)	(325,595,276)
Loss on disposal of CNG station		-	(9,348,538)
		(267,475,102)	(563,619,363)
		(77,327,221)	(348,152,228)
Other income	43	151,445,750	18,419,091
		74,118,529	(329,733,137)
Provision (charged)/reversed on non-performing loans and write-offs			
(Provision) against doubtful finance lease receivable and lease rentals - net		(37,560,608)	(92,281,497)
(Provision) against long term / short term musharakah finances		(10,449,954)	(10,224,403)
(Provision) / reversal of provision against long term / short term loan		(12,371,304)	6,447,154
Reversal of provision against other receivables		-	1,928,037
Impairment loss on investment in joint venture		(133,236)	-
Doubtful lease receivables written-off		-	(2,170,033)
Other receivables written-off		(2,621,925)	(9,875,958)
		(63,137,027)	(106,176,700)
Profit / (loss) before taxation		10,981,502	(435,909,837)
Provision for taxation	44	(1,676,377)	(711,117)
Profit / (loss) for the year from continuing operations		9,305,125	(436,620,954)
Discontinued operation			
(Loss) for the year from discontinued operation		-	(88,927,406)
Profit / (loss) for the year		9,305,125	(525,548,360)
Earning / (loss) per share related to continuing operations			
- Basic and Diluted	45	0.033	(1.533)
(Loss) per share related to discontinued operation			
- Basic and diluted		-	(0.312)

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

Naveed Amin
Chief Executive Officer

Muhammad Asif
Director

Statement of Comprehensive Income

For the year ended June 30, 2012

	2012 Rupees	2011 Rupees
Profit / (loss) for the year	**9,305,125**	(525,548,360)
Other comprehensive income / (loss)		
Transfer of (loss) / gain in the value of investment classified as available for sale taken to profit and loss account	**(823,072)**	1,734,955
Unrealized (loss) / gain on remeasurement of available for sale investments	**(791,948)**	1,095,408
	(1,615,020)	2,830,363
Total comprehensive income / (loss) for the year	**7,690,105**	(522,717,997)

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

Naveed Amin
Chief Executive Officer

Muhammad Asif
Director

Cash Flow Statement

For the year ended June 30, 2012

	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	10,981,502	(435,909,837)
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	15,468,727	17,906,405
Amortization of intangible assets	1,690,500	2,415,000
Depreciation on assets leased out	59,962,381	84,300,199
Provision against doubtful finance lease receivable and lease rentals-net	37,560,608	92,281,497
Provision against long term/short term musharakah finances	10,449,954	10,224,403
Provision charged / (reversed) against long term loan/short term loan	12,371,304	(6,447,154)
Provision (reversed) against other receivable	-	(1,928,037)
Doubtful lease receivables written off	-	2,170,033
Impairment loss on investment in joint venture	133,236	-
Other receivables written off	2,621,925	9,875,958
Financial charges - net	110,536,239	325,595,276
(Gain) on disposal of operating assets	(12,650,682)	(5,080,226)
(Gain) on disposal of non-current assets held for sale	(88,872,887)	-
Gain on settlement of liability	(40,869,794)	-
Balances written back	(1,000,000)	-
Unrealised loss / (gain) on investments in marketable securities	51,273	(1,033,046)
	107,452,784	530,280,308
Cash flow from operating activities before working capital changes	118,434,286	94,370,471
(Increase)/decrease in current assets		
Short term investments	15,790,138	42,646,702
Short term musharakah finances	5,368,106	32,575,729
Short term finances	19,714,140	34,967,394
Ijarah rentals receivables	(4,663,824)	9,470,812
Advances, deposits, prepayments and other receivables	22,526,815	36,949,385
Stock in trade	181,130	108,275
	58,916,505	156,718,297
Increase/(decrease) in current liabilities		
Short term certificates of musharakah/deposits	(241,089,141)	(288,580,500)
Short term certificates of investments and deposits	(9,443,583)	(33,294,033)
Creditors, accrued and other liabilities	7,305,206	(23,001,013)
	(243,227,518)	(344,875,546)
Cash flow from operating activities after working capital changes	(65,876,727)	(93,786,778)
Financial charges paid	(48,657,034)	(196,181,375)
Income tax paid	(9,031,821)	(5,698,154)
	(57,688,855)	(201,879,529)
Change in cash flow from operating activities	(123,565,582)	(295,666,307)
Operating cash flows from discontinued operation	-	401,262,933
Net cash flow from operating activities	(123,565,582)	105,596,626

Cash Flow Statement

For the year ended June 30, 2012

	2012 Rupees	2011 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,557,257)	(6,266,862)
Long term investments	(157,726)	132,505,863
Net investment in Ijarah finance / assets under Ijarah arrangements	131,541,793	560,012,936
Long term musharakah finances	20,081,399	22,654,355
Long term loans	14,825,199	12,297,164
Long term security deposits	2,867,355	6,312,946
Disposal of tangible fixed assets	96,622,082	36,617,952
Disposal of non-current assets held for sale	266,831,186	(4,577,638)
Change in cash flow from investing activities	531,054,031	759,556,716
Investing cash flows from discontinued operation	-	23,552,920
Net cash flow from investing activities	531,054,031	783,109,636
CASH FLOWS FROM FINANCING ACTIVITIES		
Subordinated loan from directors	126,000,000	-
Repayment of liability against assets subject to finance lease	(7,579,128)	(10,799,279)
Security deposits from lessees	(97,571,194)	(352,542,623)
Long term certificates of musharakah/deposits	(21,835,007)	(59,615,000)
Long term certificates of investments and deposits	5,900,000	110,000
Long term musharakah and murabaha borrowings	(96,489,577)	(27,458,934)
Musharakah term finance certificates	(141,875,480)	(53,747,122)
Long term loan	(56,605,405)	(22,018,383)
Short term borrowings	(93,301,015)	(3,300,000)
Short term musharakah borrowings	(1,350,000)	-
Loan from sponsor	-	29,520,347
Amount received against assets classified as held for sale	24,000,000	-
Deferred liability	(1,102,062)	(14,134,591)
Change in cash flow from financing activities	(361,808,868)	(513,985,585)
Financing cash flows from discontinued operation	-	(433,519,234)
Net cash flow from financing activities	(361,808,868)	(947,504,819)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	45,679,581	(58,798,557)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	16,519,139	75,317,696
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	62,198,720	16,519,139

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

Naveed Amin
Chief Executive Officer

Muhammad Asif
Director

Statement of Changes in Equity

For the year ended June 30, 2012

	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, 2010	2,848,668,960	(2,022,075,992)	(1,797,735)	(600,072,526)	224,722,707
Total comprehensive income / (loss) for the year					
(Loss) for the year	-	-	-	(525,548,360)	(525,548,360)
Unrealized gain on remeasurement of available for sale investments	-	-	1,095,408	-	1,095,408
Transfer of gain in the value of investment classified as available for sale taken to profit and loss account	-	-	1,734,955	-	1,734,955
	-	-	2,830,363	(525,548,360)	(522,717,997)
Balance as at June 30, 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
Unrealized (loss) on remeasurement of available for sale investments	-	-	(791,948)	-	(791,948)
Transfer of (loss) in the value of investment classified as available for sale taken to profit and loss account	-	-	(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)**

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

Naveed Amin
Chief Executive Officer

Muhammad Asif
Director

Notes to the Financial Statements

For the year ended June 30, 2012

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 Honourable 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 Since year 2009 the Company is facing financial and operational difficulties. These financial and operational difficulties have resulted as under:

- the company has suffered operating losses in the prior years and, as at the balance sheet date, the accumulated loss is Rs. 1,116.32 million and the current liabilities of the Company exceed its current assets by Rs. 320.99 million.

- net shareholders equity of the Company as at June 30, 2012 is negative by Rs. 164.31 million as compared to the minimum equity level of Rs. 1,200 million required under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). The Company is unable to comply with the prudential limits 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 is facing difficulty in recovery of its non-performing leases and loans portfolio.

- the leasing and investment finance services licenses of the Company have expired on December 08, 2010 and February 29, 2011 respectively and renewal is pending.

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 and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

As entailed in Company's preceding financial statements, effective July 2011 new management of the Company have acquired major shareholding and management control of the Company from the outgoing group. A total of Rs. 150 million has been injected by the new management, Rs. 126 million directly as subordinated loan and Rs. 24 million indirectly through outgoing group as consideration of sale of Invest Capital Markets Limited (ICML) – a wholly owned subsidiary – and Company's brokerage business related assets and liabilities. The injection of funds by new management has been very vital and timely support for the Company, and these funds have been solely utilized for payments to depositors. Further, the subordinated loan will also help enable the Company to meet the minimum equity requirement in ensuing years.

The new management is in the process of implementation of a multi-facet plan and is taking measures to address the financial and operational problems being faced by the Company. The plan and efforts are discussed below:

(a) Substantial reduction in administrative and other expenses

The management of the Company has substantially curtailed its administrative and other operating expenses as reflected in the profit and loss account. The management is taking steps to further reduce these expenses to minimum possible level without affecting the operational efficiency of the Company. This will result in improving the operating results and equity position of the Company.

(b) Commencement of new leasing business

The Company has recommenced leasing business from September 2011. The Company is mainly carrying out car leasing business at a very attractive IRR and reasonable deposit margin. Till end of August 2012 a total of Rs. 162.03 million (gross) has been disbursed. Leasing business will result in profits in ensuing years thereby improving the operational results and equity position of the Company.

(c) Settlement / rescheduling of loans / deposits with lending banks / financial institutions

Management is progressing advanced for the settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of Company's lease / loan portfolio and immovable properties / shares / memberships of DA Golf Club with waiver of mark-up. Till end of August 2012 loans / deposits amounting to Rs. 788.05 million have been settled, and loans / deposits amounting to Rs. 124.98 million have been rescheduled. Some other banks / financial institutions have also agreed in principle for settlement / rescheduling of loans amounting to Rs. 169.90 million. The settlement / rescheduling have resulted in capital gain / gain on settlement amounting to Rs. 162.15 million and waiver of un-paid mark-up amounting to Rs. 100.66 million during the year ended June 30, 2012. The management is putting their best efforts to settle / reschedule the left-over loans as early as possible.

(d) Disposal of non-core assets

Management is focusing on disposal of certain non-core assets. During the year, properties having book value of Rs. 258.7 million have been disposed off / transferred in settlement of liabilities at a gain of Rs.93.12 million. Subsequently, properties having book value of Rs. 100.39 million have been principally agreed to be disposed off / transferred against settlement of loans / deposits. Reasonable gain is earned / will be earned from these disposals that will result in improvement in 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 20. 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 non-performing leases and loans portfolio

Recovery from leases and loans portfolio has been substantially improved in relation to the previous financial year. Net recovery for the year ended June 30, 2012 is Rs. 289 million. This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

Management is hopeful that the above mentioned plans / efforts will help overcome the financial and operational problems and will result in the improvement of financial position and financial results 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, 2012 the Company could not meet the regulatory requirements of NBFC Rules, 2003 and Non-Banking Finance Companies and NBFC Regulations, 2008 mentioned as under:

- Rule 7(2)(h) : An NBFC shall not make investment in unquoted shares of any company in excess of 20% of its equity.

- Regulation 5(1) : Aggregate liabilities, excluding contingent liabilities and security deposits, of an NBFC shall not exceed ten times of the Company's equity (in case of operations beyond the first two years).

- Regulation 5(2) : Contingent liabilities of an NBFC shall not exceed ten times of the Company's equity (in case of operations beyond the first two years).

- 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.

- Regulation 28(d) and 30(1) : Total investments of an NBFC in shares, equities or scripts shall not exceed 50% of the NBFC's equity.

- Regulation 28(e) and 30(1) : An NBFC shall not own shares, equities or scripts of any one company in excess of 10% of its own equity or the issued capital of that company, whichever is lower.

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 enabling the Company to recover from this adverse situation.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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, 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) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). 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 the SECP prevail.

SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and the International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 30, 2003 and International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1)/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:

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

- Investments at fair value through profit and loss and Investments available for sale are stated at fair value.

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 follow:

- Net investment in Ijarah finance / assets under Ijarah arrangements (Note 7)
- Musharakah and other finances (Notes 8 and 12)
- Property, plant and equipment (Note 4)
- Intangible assets (Note 5)
- Stock in trade (Note 18)
- Ijarah rentals receivables (Note 15)
- Assets acquired in satisfaction of finances (Note 14)
- Deferred taxation (Note 44.2)
- Long term loans (Note 9)

2.5 Standards, amendments to standards and interpretations effective in current and future periods

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

Following standards, amendments to standards and interpretations have been effective and are mandatory for the accounting periods of the company beginning on or after July 01, 2011 and therefore, have been applied in preparing these financial statements.

- IAS 1 “Presentation of Financial Statements”. The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The Company has chosen to present such an analysis in the statement of changes in equity.

- IFRS 7 (Amendments), “Financial Instruments: Disclosures” emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendments do not have any significant impact on the Company’s financial statements.

- IFRIC 14 “Prepayments of a minimum funding requirement” addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability or reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments do not have 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 new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2011 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 accounting periods of the company beginning on or after their respective effective dates:

- IAS 1 "Presentation of Financial Statements". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single continuous statement or in two separate but consecutive statements. The amendments to IAS 1 require additional disclosures to be made in other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that might 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 amendment is effective for accounting periods of the Company beginning on or after July 01, 2013. The application of the amendment will result in certain disclosures.

- 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 are effective for the accounting periods beginning on or after July 01, 2012. These amendments do not have any material impact on the Company's financial statements.

- IFRS 9 "Financial Instruments". IFRS 9 (as originally issued in 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 is effective for the accounting periods of the Company beginning on or after July 01, 2013. 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 investments and equity investments are measured at their fair values at the end of subsequent accounting periods. 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. The standard is effective for accounting periods of the Company beginning on or after July 01, 2013. The application of the standard is not expected to have any material impact on the Company's financial statements.

- IFRS 12 "Disclosure 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 standard is effective for accounting period of the Company beginning on or after July 01, 2013. The application of the standard may result in additional disclosures.

- 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, 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 standard is effective for accounting periods of the Company beginning on or after July 01, 2013.

- IAS 28 (Revised) "Investment in associates and joint Ventures". The revised standard includes the requirements for joint ventures, as well as associates, to be accounted for under equity method following the issue of IFRS 11. The standard is effective for accounting periods of the Company beginning on or after July 01, 2013. The application of the standard 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 Changes in accounting policies

3.1.1 Investment in joint ventures

In previous periods long term investment in joint ventures were carried at cost in the separate financial statements as the Company was also issuing consolidated financial statements. Effective July 01, 2011 the Company is not required to issue consolidated financial statements owing to disposal of subsidiary and, therefore, the Company has changed its accounting policy for investment in joint ventures from cost to equity method to comply with the requirements of IAS 31 'Investment in joint ventures'.

The change in accounting policy has been applied retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Since the share of profits of joint ventures was accounted for as dividend / distribution of profits from joint ventures, the change in accounting policy has resulted in decrease of long term investment in joint ventures (Note 6.1) and other liabilities (Note 38) by Rs. 0.19 million (2011: Rs. 2.52 million). Prior year figures have been rearranged for the purpose of comparison.

3.1.2 Net investment in Ijarah finance / assets under Ijarah arrangements

Ijarah agreements commencing between July 01, 2008 and June 30, 2011 have been accounted for under Islamic Financial Accounting Standard IFAS 2 'Ijarah'. However, effective from July 01, 2011 the Company has changed its accounting policy as IFAS 2 is no more applicable due to merger of Al-Zamin leasing Modaraba into the Company and the Company is under no legal compulsion to apply IFAS 2 since it is a conventional entity, therefore Ijarah agreements commencing after July 01, 2011 have been accounted for as finance leases in accordance with IAS 17 'Leases', 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-performing lease).

For reason of legal complications it is impracticable for the Company to apply this change in accounting policy retrospectively, and thus the change has been applied prospectively effective from July 01, 2011 in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had the Ijarah agreements executed during the year been recorded under IFAS 2 'Ijarah' (instead of IAS 17 'Leases') the income from lease operations and profit for the year would have been lower by Rs. 1.35 million.

3.2 Significant accounting policies

3.2.1 Property, plant and equipment

Owned

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 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

Assets held under finance lease are accounted for by recording the asset and related liability at the lower of fair value of the asset or present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liability. Depreciation is charged on the leased assets on the basis similar to that of owned tangible asset.

3.2.2 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.

3.2.3 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 standard 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.

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 indication exists, 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.

3.2.4 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.

3.2.5 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:

3.2.5.1 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.

3.2.5.2 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.

3.2.5.3 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.

3.2.5.4 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.

3.2.6 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' (Refer Note 3.1.1). 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.

3.2.7 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.

3.2.8 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.

3.2.9 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.

3.2.10 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.

3.2.11 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.

3.2.12 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.

3.2.13 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.

3.2.14 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.

3.2.15 Gain on sale and lease back transaction

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

3.2.16 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.

3.2.17 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.

3.2.18 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.

3.2.19 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.

3.2.20 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.

3.2.21 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.

3.2.22 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.

3.2.23 Revenue recognition

3.2.23.1 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).

3.2.23.2 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.

3.2.23.3 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.

3.2.23.4 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.

3.2.23.5 Sale of CNG/ Diesel

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

3.2.24 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.

3.2.25 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	2012 Rupees	2011 Rupees
4. Property, Plant and Equipment			
Operating assets	4.1	**198,287,059**	296,601,433
Capital work in progress	4.2	**718,986**	14,215,234
		199,006,045	310,816,667

4.1 Operating assets

	Company owned									Assets subject to finance lease				Assets held for operating lease	Total
	Land		Building	Office renovation	Furniture and fixture	Office equipment	Vehicles	Plant and machinery	Sub total	Vehicles	Plant and machinery	Office equipment	Sub total	Generators	
	Freehold	Leasehold													
	Rupees														
At July 01, 2010															
Cost	119,698,000	16,000,000	46,445,461	585,000	27,197,252	33,314,248	82,109,275	17,934,748	343,283,984	2,707,775	12,610,887	20,926,378	36,245,040	86,931,340	466,460,364
Accumulated depreciation/amortisation	-	(163,264)	(1,854,395)	(268,501)	(10,672,127)	(17,162,893)	(28,186,727)	(2,754,196)	(61,062,103)	(1,704,538)	(1,674,919)	(14,337,856)	(17,717,313)	(5,648,180)	(84,427,596)
Written down value	119,698,000	15,836,736	44,591,066	316,499	16,525,125	16,151,355	53,922,548	15,180,552	282,221,881	1,003,237	10,935,968	6,588,522	18,527,727	81,283,160	382,032,768
Reconciliation of written down value															
at June 30, 2011															
Written down value as at July 01, 2010	119,698,000	15,836,736	44,591,066	316,499	16,525,125	16,151,355	53,922,548	15,180,552	282,221,881	1,003,237	10,935,968	6,588,522	18,527,727	81,283,160	382,032,768
Additions	-	-	-	-	-	899,025	5,376,037	-	6,275,062				-		6,275,062
Transfer between owned and leased assets									-				-		-
Cost	-	-	-	-	-	-	-	12,610,887	12,610,887	-	(12,610,887)	-	(12,610,887)	-	-
Accumulated depreciation	-	-	-	-	-	-	-	(1,674,919)	(1,674,919)	-	1,674,919	-	1,674,919	-	-
	-	-	-	-	-	-	-	10,935,968	10,935,968	-	(10,935,968)	-	(10,935,968)	-	-
Less: Disposals									-				-		-
Cost	-	-	14,471,455	-	678,522	31,500	19,303,071	16,150,000	50,634,548	-	-	-	-	-	50,634,548
Accumulated depreciation	-	-	(1,569,925)	-	(311,215)	(15,370)	(7,745,767)	(3,377,373)	(13,019,650)	-	-	-	-	-	(13,019,650)
	-	-	12,901,530	-	367,307	16,130	11,557,304	12,772,627	37,614,898	-	-	-	-	-	37,614,898
Less: Transfer to assets classified									-				-		-
as held for sale															
Cost	-	-	-	585,000	3,913,993	13,320,618	42,256,209	-	60,075,820	-	-	-	-	-	60,075,820
Accumulated depreciation	-	-	-	(372,946)	(2,053,741)	(7,948,801)	(20,487,780)	-	(30,863,268)	-	-	-	-	-	(30,863,268)
	-	-	-	212,054	1,860,252	5,371,817	21,768,429	-	29,212,552	-	-	-	-	-	29,212,552
Less: Depreciation/amortisation	-	161,598	2,059,757	104,445	1,689,971	1,777,860	9,929,046	2,266,445	17,989,122	185,846	-	1,053,442	1,239,288	5,650,537	24,878,947
Written down value as at June 30, 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
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 between owned and leased 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	33.33	10	10	20	10		20	10	10		10	

Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
4.1.1 Depreciation expense			
Depreciation expense	41	15,468,727	24,878,947
Less: Charged to discontinued operation		-	(3,460,230)
		15,468,727	21,418,717

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

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

2011	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	-	(862,444)	(3,318,187)	(10,152)	(7,538)	(4,198,321)
Written down value	45,198,000	6,845,456	11,077,448	28,148	37,462	63,186,514

4.1.3 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	Gain / (loss)	Particulars of buyers	Mode of disposal
	----------	----------	Rupees	----------	----------		
Land (Plots located at DHA Islamabad)	80,747,000	-	80,747,000	85,000,000	4,253,000	Allied Bank Limited, Clifton, Karachi	Against settlement of liabilities
Furniture and fixture	2,102,268	(1,059,395)	1,042,873	847,650	(195,223)	Particulars of purchasers are not required to be mentioned as written down value of each asset is less than Rs. 50,000.	As per Company policy
Office equipment	224,745	(133,819)	90,926	115,140	24,214	Particulars of purchasers are not required to be mentioned as written down value of each asset is less than Rs. 50,000.	As per Company policy
Vehicles							
	1,169,000	(1,157,362)	11,638	765,000	753,362	Particulars of purchasers are not required to be mentioned as written down value of each asset is less than Rs. 50,000.	Through open bidding
	869,801	(152,698)	717,103	1,520,000	802,897	Tahir Bhatti, Bilal Road, Faisalabad	Through open bidding
	1,389,000	(642,274)	746,726	1,275,000	528,274	Waseem Aftab, Bilal Road, Faisalabad	Through open bidding
	287,413	(50,457)	236,956	530,000	293,044	Tahir Bhatti, Bilal Road, Faisalabad	Through open bidding
	45,000	-	45,000	550,000	505,000	Particulars of purchasers are not required to be mentioned as written down value of each asset is less than Rs. 50,000.	Through open bidding
	170,900	-	170,900	1,500,000	1,329,100	Unicap Modaraba, 101-108, Kassam Court, Clifton, Karachi	Through negotiations
	1,173,277	(760,284)	412,993	1,410,000	997,007	Unicap Modaraba, 101-108, Kassam Court, Clifton, Karachi	Through negotiations
	142,550	(2,376)	140,174	1,410,000	1,269,826	Hamid Rasheed, Gurunanakpura, Jinnah Colony, Faisalabad	Through open bidding
	365,000	(237,157)	127,843	370,000	242,157	Arif Rehman, Karachi	Through open bidding
	584,775	(435,073)	149,702	570,000	420,298	Arif Rehman, Karachi	Through open bidding
	1,414,000	(463,792)	950,208	1,300,000	349,792	Tahir Bhatti, Bilal Road, Faisalabad	Through open bidding
	792,288	(304,580)	487,708	1,325,000	837,292	Unicap Modaraba, 101-108, Kassam Court, Clifton, Karachi	Through negotiations
	1,414,000	(501,268)	912,732	1,350,000	437,268	Abid Raza, Askari III, School Road, Karachi	Through negotiations
	107,685	(78,970)	28,715	80,540	51,825	Particulars of purchasers are not required to be mentioned as book value of each asset is less than Rs. 50,000/-	Through open bidding
	9,924,689	(4,786,291)	5,138,398	13,955,540	8,817,142		
Generators	12,475,763	(2,027,312)	10,448,451	10,200,000	(248,451)	Atlantic Machinery Company	Through open bidding
2012	105,474,465	(8,006,817)	97,467,648	110,118,330	12,650,682		
2011	50,634,548	(13,019,650)	37,614,898	44,946,432	7,331,534		

	Note	2012 Rupees	2011 Rupees
4.2 Capital work in progress			
Development charges relating to freehold land		-	6,247,000
Rennovation and office equipment		718,986	7,968,234
		718,986	14,215,234
5. INTANGIBLE ASSETS			
Computer softwares	5.1	3,944,500	5,635,000
5.1 Computer softwares			
At June 30,			
Cost		11,500,000	16,746,016
Accumulated amortisation		(7,555,500)	(9,419,833)
Transferred to assets classified as held for sale		-	(1,691,183)
Written down value		3,944,500	5,635,000
Reconciliation of written down value :			
Opening balance		5,635,000	10,103,476
Additions		-	350,000
Amortisation	41	(1,690,500)	(3,127,293)
Transferred to assets classified as held for sale			
Cost		-	5,246,016
Accumulated amortisation		-	(3,554,833)
		-	(1,691,183)
Closing balance		3,944,500	5,635,000
6. LONG TERM INVESTMENTS			
Investment in subsidiary - at cost		-	116,850,002
Investment in joint ventures	6.1	54,539,585	80,338,503
Available for sale investments			
- At fair value	6.2	27,362,922	27,164,997
- At cost	6.3	3,003,818	5,378,335
		84,906,325	229,731,837
Transferred to assets classified as held for sale		-	(116,850,002)
		84,906,325	112,881,835

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, 2012 have been used for the purpose of application of equity method.

	Note	2012 Rupees	2011 Rupees
- Centre Gas (Private) Limited	6.1.1	35,007,566	32,698,086
- UMA Enterprises	6.1.2	-	26,894,616
- Ameen Enterprises	6.1.3	19,532,019	20,745,801
		54,539,585	80,338,503

	Note	2012 Rupees	2011 Rupees
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 / (loss) of joint venture		5,742,251	(1,837,617)
Dividend received		(5,270,388)	-
		35,007,566	32,698,086

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
Rupees					
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, 2012 is Rs. 58.14 million. Profit and loss is shared equally.

	Note	2012 Rupees	2011 Rupees
6.1.2 UMA Enterprises			
The movement in Company's share of net assets of UMA Enterprises is as under:			
Cost		27,705,053	27,705,053
Share of profit of joint venture		9,453,768	2,810,296
Dividend received		(9,025,585)	(3,620,733)
		28,133,236	26,894,616
Less: Impairment loss		(133,236)	-
		28,000,000	26,894,616
Transferred to assets classified as held for sale	20.2	(28,000,000)	-
		-	26,894,616
6.1.3 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		6,245,976	4,359,758
Dividend received		(7,335,972)	(4,235,972)
		19,532,019	20,745,801

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
Rupees					
3,503,203	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. The project commenced its operations in March 2010.

Notes to the Financial Statements

For the year ended June 30, 2012

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

Number of shares / certificates 2012	2011	Name of company	Note	2012 Rupees	2011 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	-	Bank Al-Habib Limited		15,824,822	-
		Un-Listed			
-	500,000	Central Depository Company of Pakistan Limited		-	16,125,000
-	1,333,333	Burj Bank Limited		-	11,039,997
1,140	1,140	Innovative Investment Bank Limited		-	-
1,068,982	2,081,473			27,362,922	27,164,997
		Cost		27,681,314	27,333,330

6.3 Available for sale investments - Certificates at cost

Number of certificates 2012	2011	Name of company	Note	2012 Rupees	2011 Rupees
		Listed			
1,000	1,000	Saudi Pak Leasing Corporation Limited	6.3.1	1,749,336	2,331,266
1,551	1,551	Trust Investment Bank Limited	6.3.2	1,254,482	3,047,069
2,551	2,551			3,003,818	5,378,335

6.3.1 The terms and conditions of these listed non traded term finance certificates have been revised during the year. 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. 1.566 million against these TFCs in the previous years. These have been carried at cost as the trading in these TFCs is suspended.

6.3.2 The principal and related markup would be received in 10 semi-annual installments commenced from January 04, 2009 and ending on July 04, 2013. These are subject to markup at the rate of 6 months KIBOR + 1.85% per annum. These have been carried at cost as the trading in these TFCs is suspended.

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

	Note	2012	2011
Contracts accounted for as finance lease under IAS 17	7.1	490,875,295	608,952,856
Contracts accounted for under IFAS 2	7.2	93,805,950	203,605,021
		584,681,245	812,557,877
Less : Current portion	16	(417,951,127)	(472,457,391)
		166,730,118	340,100,486

7.1 Net investment in Ijarah finance

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

	2012			2011		
	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 ----------					
Minimum lease payments receivable	930,258,956	95,938,038	1,026,196,994	921,146,842	134,427,531	1,055,574,373
Residual value of leased assets	48,769,918	57,593,783	106,363,701	94,048,469	64,642,956	158,691,425
Lease contracts receivable	979,028,874	153,531,821	1,132,560,695	1,015,195,311	199,070,487	1,214,265,798
Unearned lease income (including suspended income)	(184,412,301)	(21,538,780)	(205,951,081)	(176,618,864)	(27,093,166)	(203,712,030)
Provision for potential lease losses	(376,665,446)	(59,068,873)	(435,734,319)	(366,119,056)	(35,481,856)	(401,600,912)
	(561,077,747)	(80,607,653)	(641,685,400)	(542,737,920)	(62,575,022)	(605,312,942)
	417,951,127	72,924,168	490,875,295	472,457,391	136,495,465	608,952,856

7.1.1 These finances carry profit rates ranging from 9.97% to 26.8% per annum (2011: 9.97% to 26.8% per annum). These agreements usually are for three to five years period. These 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. 710.57 million (2011: Rs. 735.58 million). Detail of these leases is as follows:

	2012			2011		
Category of classification	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	---------- Rupees ----------					
Other assets especially mentioned	36,067,942	-	-	50,677,628	-	-
Substandard	72,077,773	14,415,554	14,415,554	159,511,556	27,727,047	27,727,047
Doubtful	100,450,331	39,780,525	39,780,525	107,321,329	40,154,895	40,154,895
Loss	501,977,788	381,538,240	381,538,240	418,071,358	333,718,970	333,718,970
	710,573,834	435,734,319	435,734,319	735,581,871	401,600,912	401,600,912

7.2 Assets under Ijarah arrangement

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

	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)		

	2011						
	COST			DEPRECIATION			
	As at July 01, 2010	Additions / (disposals)	As at June 30, 2011	As at July 01, 2010	For the year / (adjustment on disposals)	As at June 30, 2011	Net carrying value as at June 30, 2011
	Rupees						
Plant and machinery	59,609,500	-	59,609,500	15,980,550	12,111,840	28,092,390	31,517,110
		-			-		
Equipment	214,566,669	-	199,816,669	60,088,883	38,308,708	92,217,952	107,598,717
		(14,750,000)			(6,179,639)		
Vehicles	143,489,862	-	112,729,462	33,641,998	31,712,145	54,475,186	58,254,276
		(30,760,400)			(10,878,957)		
Livestock	14,588,380	-	13,088,380	5,203,039	2,167,506	6,853,462	6,234,918
		(1,500,000)			(517,083)		
	432,254,411	-	385,244,011	114,914,470	84,300,199	181,638,990	203,605,021
		(47,010,400)			(17,575,679)		

7.2.1 Above Ijarah arrangements carry profit rates ranging between 9.55% to 27.03% per annum (2011: 9.55% to 28.0% per annum).

	Note	2012 Rupees	2011 Rupees
7.2.2 Ijarah rentals receivable in respect of above assets			
Ijarah rentals receivable	15	76,035,859	44,721,824
Less : Provision against Ijarah rentals receivable	15	(71,280,413)	(44,630,202)
		4,755,446	91,622

7.2.3 Provision against Ijarah rentals receivable

	2012			2011		
Category of classification	Rental receivable	Rental suspension	Suspension held	Rental receivable	Rental suspension	Suspension held
	Rupees					
Other assets especially mentioned	12,700,517	12,700,517	12,700,517	9,720,330	9,720,330	9,720,330
Substandard	29,459,543	29,459,543	29,459,543	13,130,266	13,130,266	13,130,266
Doubtful	18,030,238	18,030,238	18,030,238	12,585,495	12,585,495	12,585,495
Loss	11,090,115	11,090,115	11,090,115	9,194,111	9,194,111	9,194,111
	71,280,413	71,280,413	71,280,413	44,630,202	44,630,202	44,630,202

7.2.4 Contractual rentals receivable

	2012			2011		
	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					
Total rentals receivable	125,430,185	7,587,119	133,017,304	131,168,678	62,698,425	193,867,103

Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
8. LONG TERM MUSHARAKAH FINANCES			
Secured	8.1		
Considered good			
Companies (non-financial institutions)		2,784,311	3,236,547
Individuals		4,284,033	4,502,013
		7,068,344	7,738,560
Considered doubtful			
Companies (non-financial institutions)		89,412,257	103,934,865
Individuals		96,076,482	100,965,057
		185,488,739	204,899,922
Provision against impaired balances	8.2	(44,055,230)	(37,759,316)
		148,501,853	174,879,166
Receivable within one year shown under current assets	16	(111,785,774)	(120,095,509)
		36,716,079	54,783,657

8.1 This represents investments under musharakah basis for working capital and project financing. These are secured against mortgage of properties, musharakah finance (borrowing), demand promissory note and personal guarantee of sponsor directors. Profit rates range between 13.5% to 30.0% per annum (2011: 13.5% to 30.0% per annum). These are payable in monthly / quarterly / semi-annual installments; and upon maturity.

8.2 This represents provision against non-performing receivables amounting to Rs. 134.96 million (2011: Rs. 108.03 million).

	Note	2012 Rupees	2011 Rupees
9. LONG TERM LOANS			
Considered good			
Executives		-	6,643,043
Other employees	9.1	1,228,470	3,440,262
Customers		-	939,937
		1,228,470	11,023,242
Transferred to assets classified as held for sale		-	(8,641,491)
		1,228,470	2,381,751
Considered doubtful			
Customers	9.2	59,109,743	83,268,906
Less : Provision		(15,779,491)	(26,266,736)
		43,330,252	57,002,170
		44,558,722	59,383,921
Current maturity	16	(29,471,922)	(40,599,962)
		15,086,800	18,783,959

9.1 This represents 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 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 (2011: 10.49% to 25.0%). These are secured against registered charge on assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

	Note	2012 Rupees	2011 Rupees
10. LONG TERM SECURITY DEPOSITS			
Unsecured and considered good			
For assets acquired under leases		-	773,820
Others	10.1	10,090,940	12,697,224
		10,090,940	13,471,044
Transferred to assets classified as held for sale		-	(512,749)
		10,090,940	12,958,295

10.1 These represent deposits for utilities, office premises etc.

	Note	2012 Rupees	2011 Rupees
11. SHORT TERM INVESTMENTS			
Investments at fair value through profit and loss			
Quoted securities			
Mutual funds		-	10,585,128
Ordinary shares	11.1	3,778,349	-
Available for sale			
Quoted securities - Mutual funds		-	8,862,359
Un-quoted securities			
Dawood Family Takaful Limited	11.2	736,000	857,000
		4,514,349	20,304,487

11.1 Investments at fair value through profit and loss - ordinary shares

Number of shares 2012	Number of shares 2011	Name of company	2012 Rupees	2011 Rupees
		Listed		
50,000	-	Fatima Fertilizer Company Limited	1,233,500	-
18,000	-	Engro Foods Limited	1,160,100	-
4,650	-	Pakistan Petroleum Limited	875,549	-
5,000	-	Engro Corporation Limited	509,200	-
77,650	-		3,778,349	-
		Cost	3,829,622	-

11.2 Based on the latest available audited financial statements as at December 31, 2011, break-up value of the investment in Dawood Family Takaful Limited is Rs. 7.36 per share.

	Note	2012 Rupees	2011 Rupees
12. SHORT TERM MUSHARAKAH FINANCES			
Secured			
Considered good		-	47,739,863
Impaired balances		152,117,825	109,746,068
Provision against impaired balances		(66,571,019)	(62,416,979)
		85,546,806	47,329,089
		85,546,806	95,068,952

12.1 These represent funds given (investments) 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 sponsor directors and carry profit rates ranging between 10.0% to 34.69% per annum (2011: 10.0% to 34.69% per annum).

	Note	2012 Rupees	2011 Rupees
13. SHORT TERM FINANCES			
Secured			
Considered good		-	15,000,000
Impaired balances		15,247,681	19,961,821
Provision against impaired balances		(7,113,871)	(9,192,509)
		8,133,810	10,769,312
		8,133,810	25,769,312

13.1 These represent short term finances receivable within a year and carry mark-up ranging from 13.97% to 25.0% per annum (2011: 13.97% to 25.0% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

	Note	2012 Rupees	2011 Rupees
14. ASSETS ACQUIRED IN SATISFACTION OF FINANCES			
38 (2011: 45) DA Country and Golf Club Membership Seats	14.1	75,000,000	75,000,000
Less : Provision for impairment		(25,500,000)	(25,500,000)
		49,500,000	49,500,000
Transferred to assets classified as held for sale	20.2	(49,500,000)	-
		-	49,500,000

14.1 This represent exclusive rights of the Company for the memberships of DA Country and Golf Club by virtue of settlement agreement between Innovative Investment Bank Limited and Sysmax- developer of the club through an order passed by the Honourable Sindh High Court.

	Note	2012 Rupees	2011 Rupees
15. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable	7.2.2	76,035,859	44,721,824
Less : Provision against Ijarah rentals receivable	7.2.2	(71,280,413)	(44,630,202)
		4,755,446	91,622
16. CURRENT MATURITY OF NON-CURRENT ASSETS			
Net investment in lease finance / assets under Ijarah arrangements	7	417,951,127	472,457,391
Long term musharakah finances	8	111,785,774	120,095,509
Long term loans	9	29,471,922	40,599,962
		559,208,823	633,152,862

	Note	2012 Rupees	2011 Rupees
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured, considered good			
Advances			
- against purchases and expenses		1,093,295	610,853
- to staff		715,746	816,475
- Income tax - net		7,750,727	48,961,110
Prepayments		5,174,486	4,846,138
Other receivables	17.2	122,264,486	78,442,817
		136,998,740	133,677,393
Unsecured, considered doubtful			
Advances			
- against purchases and expenses		5,240,000	5,680,564
- to staff		130,546	130,546
Deposit with Privatization Commission	17.1	10,000,000	10,000,000
Other receivables	17.2	167,517,540	164,039,324
		182,888,086	179,850,434
Provision against doubtful balances		(162,009,633)	(164,465,778)
		157,877,193	149,062,049
Transferred to assets classified as held for sale		-	(48,565,827)
		157,877,193	100,496,222

17.1 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	2012 Rupees	2011 Rupees
17.2 Other receivables			
Unsecured, considered good			
Accrued interest / mark-up loans and advances		13,102,487	1,485,211
Accrued profit on musharakah investment		2,643,506	208,965
Insurance claims receivable		10,000	5,178,521
Other terminated lease / musharakah receivable		10,490,159	10,490,159
Insurance premium recoverable		1,766,187	1,766,187
Operating lease rentals receivable		1,576,480	1,871,408
Others	17.2.1	92,675,667	57,442,366
		122,264,486	78,442,817
Unsecured, considered doubtful			
Insurance claims receivable		12,864,615	12,864,615
Other terminated lease / musharakah receivable		67,572,658	67,572,658
Repossessed assets (against terminated leases)		30,928,252	30,928,252
Operating lease rentals receivable		8,038,494	6,912,367
Others		48,113,521	45,761,432
		167,517,540	164,039,324
		289,782,026	242,482,141

17.2.1 This includes an amount of Rs. 72.552 million receivable from the outgoing group (Refer Note 20.1). This carries markup at the rate of 15% per annum.

Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
18. STOCK IN TRADE			
Stock of petrol and diesel at Star Filling Station in Faisalabad		439,115	620,245
19. CASH AND BANK BALANCES			
Balance with banks in local currency:			
In current accounts with:			
- State Bank of Pakistan		44,694	100,920
- Commercial Banks		15,422,161	1,344,772
		15,466,855	1,445,692
In deposit accounts with commercial banks		46,354,950	14,584,614
Cash in hand - in local currency		376,915	488,833
	19.1	46,731,865	15,073,447
Transferred to assets classified as held for sale		-	(1,178,520)
		62,198,720	15,340,619

19.1 These bank accounts carry profit ranging from 6.0% to 11.0% per annum (2011: 5.0% to 13.0% per annum).

20. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale of discontinued operation and liabilities directly associated with such assets (Refer Note 20.1) and other non-current assets (Refer Note 20.2) in their respective categories are summarized hereunder:

	Note	2012 Rupees	2011 Rupees
Assets held for sale of discontinued operation	20.1		
Property, plant and equipment		22,931,330	29,212,552
Intangible assets		1,691,183	1,691,183
Investment in subsidiary - at cost		-	116,850,002
Long term loans		4,950,889	8,641,491
Long term security deposits and receivables		512,749	512,749
Short term investments		25,314,534	25,314,534
Trade debts - unsecured		306,484,568	872,077,491
Advances, deposits, prepayments and other receivables		37,664,802	48,565,827
Cash and bank balances		752,169	1,178,520
Properties		96,488,476	96,488,476
		496,790,700	1,200,532,825
Non-current assets held for sale	20.2	291,164,169	391,622,468
Total assets classified as held for sale		787,954,869	1,592,155,293
Liabilities directly associated with assets held for sale of discontinued operation	20.1		
Long term loan		5,294,936	6,294,936
Short term borrowings		541,778,546	931,382,919
Creditors, accrued and other liabilities		72,552,342	288,024,170
Profit / markup payable		-	25,113,582
		619,625,824	1,250,815,607

20.1 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 Note 17.2.1) 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 transferred certain assets and liabilities under the agreement to the outgoing group as discussed below. 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.

During the year, the Company has received sale consideration of Rs. 24 million and has transferred 15 million shares in ICML having carrying value of Rs. 116.85 million to the outgoing group. The Company has also transferred property, plant and equipment of Rs. 6.28 million, long term loans of Rs. 3.69 million, trade debts of Rs. 565.59 million, advances, deposits, prepayments and other receivables of Rs. 10.9 million, cash and bank balances of Rs. 0.43 million and creditors, accrued and other liabilities of Rs. 313.13 million to the outgoing group against payment / settlement of brokerage business related borrowings of Rs. 390.60 million by the outgoing group. The remaining assets are in the use of the outgoing group.

20.1.1 The Company has not carried out any brokerage business during the year.

	Note	2012 Rupees	2011 Rupees
20.2 Non-current assets held for sale			
Properties	20.2.1	213,664,169	391,622,468
Investment in joint venture	20.2.2	28,000,000	-
Assets acquired in satisfaction of finances			
38 (2011: 45) DA Country and Golf Club Membership Seats	14	49,500,000	-
		291,164,169	391,622,468

20.2.1 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. 177.96 million have been disposed-off against settlement of liabilities. Subsequently, properties of Rs. 100.39 million have been agreed to be disposed-off against settlement of liabilities.

	2012	2011
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	18,457,500
Property no. 4	-	75,932,583
Property no. 5	7,187,500	7,187,500
Property no. 6	20,761,373	20,761,373
Property no. 7	-	12,290,623
	65,398,040	171,678,746
Buildings		
Property no. 8	36,531,596	36,531,596
Property no. 9	18,275,080	18,275,080
Property no. 11	53,685,744	106,822,775
Property no. 12	4,226,359	4,226,359
Property no. 18	-	30,831,185
	112,718,779	196,686,995

	Note	2012 Rupees	2011 Rupees
Land			
Property no. 13		28,500,000	28,500,000
Property no. 14		4,127,350	4,127,350
Property no. 15		-	60,000,000
Property no. 16		-	24,197,853
Property no. 17		2,920,000	2,920,000
		35,547,350	119,745,203
Property no. 7, 15 and 16 transferred to assets held for sale of discontinued operation		-	(96,488,476)
		213,664,169	391,622,468

20.2.2 Subsequently, investment in joint venture has been disposed off.

21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

86,742,370 (2011: 86,742,370) Ordinary shares of Rs. 10 each fully paid in cash		867,423,700	867,423,700
198,124,526 (2011: 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

22. (LOSS) / GAIN ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENTS - net

Quoted securities			
- Ordinary shares and certificates		(582,392)	(1,140,414)
- Term finance certificates		-	234,348
- Units of open-end mutual fund		-	1,902,358
		(582,392)	996,292
Deferred tax asset		-	36,336
		(582,392)	1,032,628

23. SURPLUS ON REVALUATION OF ASSETS		9,257,925	9,257,925

This represents surplus on revaluation of office premises related to assets held for sale of discontinued operation. (Note 20).

24. SUBORDINATED LOAN FROM DIRECTORS		126,000,000	-

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.

25. SECURITY DEPOSITS FROM LESSEES

	Note	2012 Rupees	2011 Rupees
Security deposits under lease contracts		168,926,413	266,497,607
Current portion	32	(91,484,652)	(111,915,399)
		77,441,761	154,582,208

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

	Note	2012 Rupees	2011 Rupees
26. LONG TERM CERTIFICATES OF MUSHARAKAH / DEPOSITS			
Unsecured			
Certificates of musharakah			
Associated undertaking		500,000	6,580,000
Others	26.1	127,579,993	143,335,000
		128,079,993	149,915,000
Current portion	32	(60,201,671)	(37,830,000)
		67,878,322	112,085,000

26.1 These Certificates of Musharakah except Certificates of Musharakah of Rs. 20.72 million carry profit rates ranging between 0% to 13.75% per annum (2011: 0% to 19.5% per annum) and are due for repayment between July 2012 and March 2017. During the year Certificates of Musharakah of Rs. 20.72 million (outstanding as at June 30, 2012) have been rescheduled and are payable in equal monthly installments commenced from January 2012 and ending on June 2014. Subsequently, Certificates of Musharakah of Rs. 64.50 million have been settled in cash @ 25% of the outstanding principal amount.

26.2 Refer Note 33.2 for scheme of raising funds from general public.

	Note	2012 Rupees	2011 Rupees
27. LONG TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS			
Unsecured			
For one year or more	27.1 & 27.2	13,245,000	7,345,000
Current portion	32	(1,420,870)	-
		11,824,130	7,345,000

27.1 The term of COIs / CODs of Rs. 7.35 million ranges from three years to five years commenced from December 2008 and ending on July 2015 and return thereon ranges from 12.5% to 14.25% per annum (2011: 14.25% to 15.0% per annum).

27.2 During the year, terms of COI's / CODs of Rs. 5.9 million have been rescheduled/revised and are repayable in 57 monthly installments commenced from April 2012 and ending on December 2016. Related markup has been waived off and it is not subject to markup.

	Note	2012 Rupees	2011 Rupees
28. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	28.1	33,333,336	33,333,336
Murabaha borrowings			
From commercial banks	28.3 & 28.5	51,609,813	150,524,850
From financial institutions	28.4, 28.5	22,694,790	61,139,124
	28.2	74,304,603	211,663,974
		107,637,939	244,997,310
Current portion	32	(98,768,023)	(214,166,599)
		8,869,916	30,830,711

28.1 These finances carry mark up at the rate of three months KIBOR plus 1.50% per annum (2011: 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. 9.71 million are overdue, and Company's application for its restructuring / settlement is pending with the lender bank.

	2012 Rupees	2011 Rupees
28.2 Murabaha borrowings		
Murabaha payable - gross	90,876,382	249,457,720
Deferred murabaha expense	-	(13,203,660)
Mark up payable	(16,571,779)	(24,590,086)
Murabaha payable	74,304,603	211,663,974

28.3 These finances except syndicated murahaba of Rs. 2.495 million carry mark up at the rate ranging from six months average KIBOR plus 3.0% per annum and three months average KIBOR plus 2.5% to 2.75% per annum (2011: ranging from six months average KIBOR plus 3.0% per annum and three months average KIBOR plus 2.5% to 2.75% per annum) payable in monthly and quarterly installments. These finances were payable during the period from July 28, 2010 to June 28, 2012. During the year finance of Rs. 2.495 million (outstanding as at June 30, 2012) has been rescheduled and is payable in 34 equal monthly installments commenced from June 2012 and ending on March 2015 with last installments of Rs. 20,228, related unpaid markup is also waived off and it is not subject to mark up. These are secured against floating charge on all present and future leased assets and associated lease receivables.

28.4 These finances except syndicated murahaba of Rs. 8.72 million carry mark up at the rate of six months average KIBOR plus 3.0% per annum (2011: six months average KIBOR plus 3.0% per annum) and were payable in monthly installments during the period from July 28, 2010 to June 28, 2012. During the year finances of Rs. 8.72 million (outstanding as at June 30, 2012) have been rescheduled and are repayable in monthly installments commenced from April 2012 and ending on March 2017, related unpaid markup has been waived off and these are not subject to markup. These are secured against floating charge on all present and future leased assets and associated lease receivables.

28.5 During the year, the Company has repaid finances amounting to Rs. 5.42 million and settled finances amounting to Rs. 131.93 million against assets. As at the balance sheet date, finances amounting to Rs. 63.094 million alongwith related unpaid mark up of Rs.16.572 million are overdue, and Company's applications for restructuring / settlement are pending with the lenders.

Notes to the Financial Statements
For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
29. MUSHARAKAH TERM FINANCE CERTIFICATES			
TFCs - privately placed and secured			
Commercial banks	29.1 & 29.2	167,567,225	268,572,911
Financial institutions	29.1 & 29.2	196,564,233	237,434,027
Other	29.1 & 29.2	38,923,611	38,923,611
		403,055,069	544,930,549
Current portion	32	(347,846,773)	(297,013,886)
		55,208,296	247,916,663
Total initial transaction cost		7,400,000	7,400,000
Less : Amortization to date		(6,144,239)	(5,257,823)
		1,255,761	2,142,177
		53,952,535	245,774,486

29.1 These finances carry mark up at the rate of six months average KIBOR plus 1.90% per annum (2011: six months average KIBOR plus 1.90% per annum) and are payable in monthly installments. These are secured against first pari passu charge on specific leased assets and associated lease receivables of the Company. The principal repayment commenced from December 12, 2009 and ending on November 11, 2013, in equal monthly installments of Rs. 14.583 million. As at the balance sheet date, finances amounting to Rs. 201.72 million along with related mark-up of Rs. 99.12 million are overdue and the company's application for restructuring / settlement is pending with lenders.

29.2 During the year finances amounting to Rs. 141.88 million have been settled against the Company's assets. Subsequently, finances amounting to Rs. 101.20 million have been settled in cash @ 25% of the outstanding principal amount along with waiver of related unpaid mark-up.

30. REDEEMABLE CAPITAL

	Note	2012 Rupees	2011 Rupees
Secured			
Term finance certificates	30.1	128,380,000	128,380,000

30.1 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 attached to these certificates are exercised. On September 05, 2010 none of the TFC holders exercised put options, hence the same is continued for further three years. Markup of Rs. 10.14 million on TFCs was over due. The Company's request to the TFC holders for restructuring of principal and markup is under their consideration.

	Note	2012 Rupees	2011 Rupees
31. LONG TERM LOANS			
Secured			
From banking companies			
Facility I	31.1	38,022,287	38,022,287
Facility II, III & IV	31.2 & 31.3	14,613,212	67,723,681
Facility V		-	6,294,936
		52,635,499	112,040,904
Unsecured			
From non-banking finance companies	31.3	2,800,000	-
		55,435,499	112,040,904
Less : Facility V transferred to liabilities directly associated with discontinued operation		-	(6,294,936)
Less : Current portion	32	(53,240,997)	(105,745,968)
		2,194,502	-

31.1 This facility carries mark-up at the rate of six months average KIBOR plus 2.0% per annum (2011: six months average KIBOR plus 2.0% per annum) and is payable in monthly installments commenced from January 13, 2007 and ending on January 13, 2011. 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. 10.23 million were overdue, and Company's application for its restructuring / settlement is pending with the lender.

31.2 These facilities carry mark-up at the rate of six months average KIBOR plus 2.0% per annum (2011: six months average KIBOR plus 2.0% per annum) and are payable in monthly installments commenced from June 30, 2007 and ending on December 31, 2010. These are secured by joint pari passu charge on all present and future leased assets and related lease receivables. As at the balance sheet date, these loans along with related mark-up amounting to Rs. 3.34 million were overdue. During the year a loan amounting to Rs. 49.41 million has been settled against the Company's assets and a loan amounting to Rs. 2.47 million (balance as at June 30, 2012) has been rescheduled, whereas, Company's application for restructuring / settlement of the remaining loans is pending with the lender.

31.3 During the year, it has been rescheduled and is repayable in 57 monthly installments commenced from April 2012 and ending on December 2016. Related unpaid markup is waived off and it is not subject to mark up.

	Note	2012 Rupees	2011 Rupees
32. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Liabilities under finance lease arrangements		-	7,579,128
Security deposit from lessees	25	91,484,652	111,915,399
Long term certificates of musharakah / deposits	26	60,201,671	37,830,000
Long term certificates of investments and deposits	27	1,420,870	-
Long term musharakah and murabaha borrowings	28	98,768,023	214,166,599
Musharakah term finance certificates	29	347,846,773	297,013,886
Long term loans	31	53,240,997	105,745,968
		652,962,986	774,250,980

	Note	2012 Rupees	2011 Rupees
33. SHORT TERM CERTIFICATES OF MUSHARAKAH / DEPOSITS			
Unsecured			
Financial institutions			
- Associated undertakings		-	2,500,000
- Others		35,000,002	167,412,500
Public and private companies		5,500,000	6,500,000
Individuals		17,080,000	46,625,000
Others		60,850,003	136,481,646
		118,430,005	359,519,146

33.1 Above finances have been obtained for 90 to 365 days at mark up rates ranging between 0% to 12.5% per annum (2011: 0% to 17.0% per annum).

33.2 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).

33.3 During the year Certificates of Musharakah amounting to Rs189.83 million have been repaid and Certificates of Musharakah amounting to Rs. 45 million have been settled against Company's asset while the Certificates of Musharakah of Rs. 6.25 million have been rescheduled and converted into long term Certificates of Musharakah.

	Note	2012 Rupees	2011 Rupees
34. SHORT TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS			
Unsecured	34.1	75,782,055	85,225,638

34.1 This represents the scheme of registered Certificate of Investments (COIs) and Certificates of Deposits (CODs) for resource mobilization. The term of COIs / CODs ranges from one month to one year commenced from February 2010 and ending on September 2011 and return thereon ranges from 0% to 15.0% per annum (2011: 0% to 17.0% per annum). As at the balance sheet date, these COIs /CODs alongwith unpaid markup of Rs. 21.144 million are overdue and the Company's applications for their restructuring / settlements are pending with depositors. During the year, COIs / CODs amounting to Rs. 5.9 million have been rescheduled and converted into long term COIs /CODs (Refer Note 27.2).

Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
35. SHORT TERM BORROWINGS			
Payable under repurchase transaction:			
- Clean borrowings		-	303,900,000
Bank finance facilities - secured			
Facility II		-	66,187,565
Facility III		-	75,002,479
Facility IV		-	27,227,392
Facility V		-	167,876,286
Facility VI		-	225,000,000
Facility VII		-	66,189,197
Facility VIII	35.1	-	48,732,626
Facility IX	35.1	-	24,992,493
Facility X	35.1	-	16,775,896
		-	717,983,934
From Non-Banking Finance Company - unsecured	31.3	-	2,800,000
		-	1,024,683,934
Clean borrowings and facility II to VII transferred to liabilities directly associated with discontinued operation		-	(931,382,919)
		-	93,301,015

35.1 During the year these facilities have been settled against the Company's assets along with waiver of un-paid mark-up.

	Note	2012 Rupees	2011 Rupees
36. SHORT TERM MUSHARAKAH BORROWINGS - unsecured			
From Modaraba	36.1	1,350,000	2,700,000

36.1 This finance has been obtained for 91 days at a mark up rate of 13.0% per annum (2011: 13.0% per annum) and was due for repayment on July 14, 2011. During the year the Company has repaid Rs. 1.35 million.

	Note	2012 Rupees	2011 Rupees
37. LOAN FROM SPONSOR		197,542,473	197,542,473

It carries mark up at the rate of 13.5% per annum (2011: 13.5% per annum).

	Note	2012 Rupees	2011 Rupees
38. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		-	44,902,761
Accrued expenses		4,614,589	35,445,038
Advance lease rentals / security deposits		1,809,077	3,739,771
Auditors' remuneration payable		3,475,000	4,516,487
Advance against termination of leases		4,056,213	3,681,991
Unclaimed dividend		6,076,082	6,076,941
Provision against overhauling of generators		4,201,238	1,838,848
Payable to subsidiary		-	207,449,165
Amount received against assets classified as held for sale	20.1	24,000,000	-
Other liabilities		44,823,517	43,127,952
		93,055,716	350,778,954
Transferred to liabilities directly associated with discontinued operation		-	(288,024,170)
		93,055,716	62,754,784

	Note	2012 Rupees	2011 Rupees
39. PROFIT / MARK UP PAYABLE			
Profit / mark-up payable on:			
- Certificates of musharakah / investments / deposits		24,107,297	20,915,381
- Long term musharakah and murabaha borrowings		26,290,285	30,088,005
- Redeemable capital		16,644,988	6,560,648
- Musharakah term finance certificates		99,128,623	61,895,908
- Long term loans		13,359,316	37,462,030
- Short term borrowings		-	5,147,845
- Short term musharakah borrowings		-	7,363,301
- Loan from sponsor		53,336,464	26,668,232
		232,866,973	196,101,350
Transferred to liabilities directly associated with discontinued operation		-	(25,113,582)
		232,866,973	170,987,768

	2012 Rupees in million	2011 Rupees in million
40. CONTINGENCIES AND COMMITMENTS		
40.1 Contingencies		
Guarantees issued on behalf of customers	-	5.24
Penalties imposed by SBP	-	8.99
Claim of return on deposits by a depositor not admitted by the Company	-	1.72

- Invest Capital Investment Bank Limited

  The return for the tax year 2008 has been selected for audit proceedings under section 177 of the Income Tax Ordinance, 2001 by Regional Tax Officer. The proceedings have been completed and it has been agreed to file a revised return for the tax year 2008 with necessary amendments. Revised return will result only in nominal decrease in assessed tax losses. | - | -

- Former First Professionals Modaraba (merged with Al-Zamin Leasing Modaraba in 2003)

  The Department's appeal against the order of Commissioner of Inland Revenue - Appeals (CIR - Appeals) in respect of set aside of assessment order for the assessment year 1998-1999 has been dismissed by the Appellate Tribunal Inland Revenue. The set-aside proceedings have not been initiated yet.

	2012 Rupees in million	2011 Rupees in million
The Department's appeals against the assessment orders for the assessment years 1999-2000 to 2002-2003 filed with Commissioner of Inland Revenue - Appeals were dismissed through a consolidated order by CIR (Appeals). However, proper credit for tax deducted / paid was not allowed for the aforesaid assessment years in the appeal effect order passed by the Department under section 124 of the Income Tax Ordinance (the Ordinance). Applications for rectification of appeal effect order are still pending. Later on, appeals filed before the ATIR by the Department in respect of assessment years 1999-2000 through 2002-2003 have been dismissed through a consolidated order dated November 04, 2009.	-	-
- Former International Multi Leasing Corporation Limited (IMLCL - merged with Al-Zamin Leasing Modaraba in 2008)		
Assessments of IMLCL (the Company) are deemed to be assessed upto and including the tax year 2009. Demand (net of provision held) in respect of assessment year 2002-2003 and in respect of tax year 2003 was raised in the orders passed by Commissioner Inland Revenue - Appeals. IMLCL filed appeals before Appellate Tribunal Inland Revenue (ATIR) against these orders and these cases have been remanded back to CIR - Appeals by the Appellate Tribunal with the directions to make a detailed as well as speaking order in accordance with law and factual position. Appeals have been decided in favour of the Company.	-	5.73
- Former Universal Leasing Company Limited (merged with Al-Zamin Leasing Corporation Limited in 2008)		
Income tax assessment with respect to assessment years 1999-2000 and 2000-2001 has been finalized by the Deputy Commissioner of Inland Revenue (DCIR) and demand was raised. Out of tax demand of Rs. 7.68 million for assessment year 1999-2000, Rs. 2.45 million was acknowledged and provided for in the relevant year. An appeal was filed with Appellate Authorities with respect to balance income tax demand of Rs. 5.23 million which is still pending. The management filed a complaint before the Honourable Federal Tax Ombudsman (FTO) in respect of the order passed by DCIR for assessment year 2000-2001 on the point of jurisdiction of the assessment, which has been decided in favor of the ULCL. However, the Department, has filed a representation before the President of Pakistan against the order passed by the Honourable FTO. The management and its tax consultant are confident that outcome of the case will be in favor of ULCL, hence no provision has been made in these financial statements.	21.08	21.08
40.2 Commitments		
Under lease financing contracts committed but not executed	5.20	-

	Note	2012 Rupees	2011 Rupees
41. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		5,898,380	5,153,280
Staff salaries, allowances and other benefits	41.1	24,773,684	66,443,354
Traveling, conveyance and vehicle running expenses		7,902,546	11,735,823
Office rent		4,338,079	15,523,066
Utility charges		1,893,814	3,071,646
Postage, telephone and telegram		2,316,628	4,035,411
Repairs and maintenance		6,985,476	10,966,370
Insurance		2,536,933	4,302,703
Depreciation	4.1.1	15,468,727	21,418,717
Depreciation on assets leased out	7.2	59,962,381	84,300,199
Amortization	5	1,690,500	3,127,293
Fees and subscriptions		7,442,257	7,271,189
Entertainment		800,473	1,055,982
Newspapers and periodicals		46,550	186,344
Printing and stationery		1,252,398	1,543,853
Legal and professional charges		5,250,296	1,560,188
Auditors' remuneration	41.2	1,725,000	3,850,000
CDC charges		23,333	11,049
Consultancy fees		4,133,917	3,304,000
Office expenses		-	172,522
Diesel expenses of generator		-	101,574
Advertisement		188,251	390,330
Brokerage and commission		174,705	1,456,560
Operating lease rentals		1,614,375	4,218,809
Staff training and seminars		12,000	21,100
Zakat		-	24,534
Other		508,160	631,727
		156,938,863	255,877,623
Transferred to expenses of discontinued operation		-	(27,202,074)
		156,938,863	228,675,549

41.1 This includes retirement benefits of Rs. 1.94 million (2011: Rs. 1.91 million) in respect of contribution to the employees' provident fund.

41.2 Auditors' remuneration

	2012 Rupees	2011 Rupees
Annual audit fee	1,500,000	3,000,000
Sundry services	225,000	850,000
	1,725,000	3,850,000

	Note	2012 Rupees	2011 Rupees
42. FINANCIAL CHARGES			
Profit / Mark up on			
- Certificates of musharakah		24,176,502	79,815,980
- Certificates of investments		13,976,933	16,533,406
- Long term musharakah and murabaha borrowings		29,741,017	39,110,134
- Musharakah term finance certificates		75,922,865	79,597,512
- Redeemable capital		20,275,243	19,796,575
- Long term loans		15,442,981	16,143,079
- Liabilities against assets subject to finance lease		4,043,700	1,084,944
- Running finance		-	113,904,742
- Short term musharakah borrowings		927,730	7,316,194
- Clean borrowings		-	64,523,809
- Repurchase borrowings		-	31,191,599
Amortization on loan from sponsor		-	29,520,347
Interest on loan from sponsor		26,668,232	26,668,232
		211,175,203	525,206,553
Bank charges		18,811	678,574
		211,194,014	525,885,127
Transferred to finance cost of discontinued operation		-	(200,289,851)
		211,194,014	325,595,276
Less: mark-up waived off on settlement of loans / deposits	42.1	(100,657,775)	-
		110,536,239	325,595,276

42.1 The details of unpaid mark-up waived off on settlement of loans / deposits under the agreements with the lender banks / financial institutions executed during the year, is as under:

	2012 Rupees	2011 Rupees
Mark up waived off on settlement of loans / deposits		
Certificates of investments	1,843,465	-
Long term musharakah and murabaha borrowings	34,627,172	-
Musharakah term finance certificates	36,071,763	-
Long term loans	14,432,112	-
Running finance	7,624,789	-
Short term borrowings	6,058,474	-
	100,657,775	-

	Note	2012 Rupees	2011 Rupees
43. OTHER INCOME			
From non financial assets			
Gain on disposal of operating assets	4.1.3	12,650,682	7,331,534
Gain on disposal of non-current assets held for sale	43.1	88,872,887	-
Commission and fee		4,415,951	7,500,363
Gain on settlement of liability		40,869,794	-
Balances written back		1,000,000	-
Others	43.2	3,636,436	138,344,848
		151,445,750	153,176,745
Transferred to other income of discontinued operation		-	(134,757,654)
		151,445,750	18,419,091

43.1 This includes an amount of Rs. 4.253 million in respect of settlement of properties against liabilities as agreed and confirmed by the lender vide its letter No. Nil dated February 12, 2012. The formal internal approval of the lender in respect of the settlement is in process.

43.2 This represents net income from Telenor Franchise and Generators Fleet of the Company (2011: This represents net income from Telenor Franchise, Generators Fleet and brokerage business of the Company).

	Note	2012 Rupees	2011 Rupees
44. PROVISION FOR TAXATION			
Current			
For the year		1,676,377	447,169
Deferred	44.2	-	263,948
		1,676,377	711,117

44.1 Relationship between tax expense and accounting loss

Relationship between tax expense and accounting loss 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.

44.2 At June 30, 2012 net deferred tax asset amounting to Rs. 946 million (2011: Rs. 958 million) has not been recognized as a matter of prudence.

45. BASIC AND DILUTED EARNING / (LOSS) PER SHARE

Profit / (loss) after taxation for the year	Rupees	9,305,125	(436,620,954)
Weighted average number of ordinary shares	Number	284,866,896	284,866,896
Earning / (loss) per share - Basic and Diluted	Rupees	0.033	(1.533)

	Note	2012 Rupees	2011 Rupees
46. CASH AND CASH EQUIVALENTS			
Continuing operations	19	62,198,720	15,340,619
Discontinued operation		-	1,178,520
		62,198,720	16,519,139

47. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2012			2011		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees					
Managerial remuneration	4,362,050	1,320,000	7,609,452	4,831,200	-	18,580,163
Retirement benefits	128,330	88,000	457,297	322,080	-	1,326,549
	4,490,380	1,408,000	8,066,749	5,153,280	-	19,906,712
Number of persons (Number)	1	1	9	1	-	20

47.1 The Chief Executive and certain Executives are provided with free use of Company maintained cars. The Directors have waived off their meeting fee.

48. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated companies with or without common directors, staff retirement fund, directors, other key management personnel and their close family members. Contributions to the staff retirement fund, loans to the employees 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. Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Year ended June 30	
	2012	2011
	Rupees	Rupees
Transactions during the year		
Contribution to staff retirement fund	1,943,758	5,338,177
Key management compensation	13,965,129	25,059,992
Repayment of long term certificates of musharakah / deposits obtained		
from entity under common trusteeship / directorship	8,580,000	-

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks from its use of financial instruments, 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.

49.2 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 for 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. Out of the total assets of Rs. 2,187 million (2011: Rs. 3,388 million) the assets which were subject to credit risk amounted to Rs. 841 million (2011: Rs. 982 million).

	Note	2012 Rupees	2011 Rupees
The maximum exposure to credit risk at the reporting date was:			
Long term investments		3,003,818	5,378,335
Net investment in Ijarah finance / assets under Ijarah arrangements	49.2.1	415,754,832	546,060,270
Long term musharakah finances		141,433,509	174,879,166
Long term loans		44,558,722	59,383,921
Deposits		10,090,940	12,697,224
Short term investments		736,000	9,719,359
Short term musharakah finances		85,546,806	95,068,952
Short term finances - secured		8,133,810	25,769,312
Ijarah rentals receivable		4,755,446	91,622
Advances and other receivables		64,821,477	37,741,438
Bank balances		62,198,720	15,340,619
		841,034,080	982,130,218

49.2.1

	2012	2011
Net investment in Ijarah finance / assets under Ijarah arrangements	584,681,245	812,557,877
Less: Security deposit held	(168,926,413)	(266,497,607)
	415,754,832	546,060,270

49.2.2 Past due balances and impairment losses

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

	2012		2011	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	------------------------- Rupees -----------------------------			
Past due 1-90 days	-	-	92,945,599	-
Past due 91 days - 180 days	4,435,951	390,615	62,253,444	-
Past due 181 days to one year	21,907,611	10,762,682	87,580,166	3,340,000
Past due one year to two years	337,863,501	74,050,305	197,610,429	34,772,144
More than two years	951,096,617	717,340,375	1,156,566,069	708,220,288
	1,315,303,680	802,543,977	1,596,955,707	746,332,432
Not past due	581,950,898	-	463,364,087	-
Total	1,897,254,578	802,543,977	2,060,319,794	746,332,432

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 also carried by the Company on an ongoing basis (and consideration of forced sales value of properties, where ever considered necessary, in accordance with the prudential regulations). 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.

	2012 Rupees	2011 Rupees
Long term investments	81,902,507	107,503,500
Net investments in Ijarah/ assets under Ijarah arrangements	168,926,413	266,497,607
Deposits	-	261,071
Short term investments	3,778,349	10,585,128
Other receivables	93,055,716	62,754,784
	347,662,985	447,602,090

49.3 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).

	2012				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	---------- Rupees ----------				
Certificates of musharakah / deposits	246,509,998	249,383,615	47,531,537	133,973,757	67,878,322
Certificates of investments and deposits	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	-	-
Short term borrowings	-	-	-	-	-
Creditors, 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

	2011				
	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	7,579,128	7,953,559	2,653,431	5,300,128	112,985,000
Certificates of musharakah / deposits	509,434,146	517,583,563	328,393,563	76,205,000	11,727,200
Certificates of investments and deposits	92,570,638	105,336,602	88,243,933	5,365,469	35,000,000
Musharakah and murabaha borrowings	244,997,310	275,085,315	130,140,078	109,945,237	247,916,668
Musharakah term finance certificates	544,930,549	606,826,457	227,659,789	131,250,000	128,380,000
Redeemable Capital	128,380,000	134,940,648	6,560,648	-	-
Loan from sponsor	197,542,473	224,210,705	224,210,705	-	-
Long term loans	105,745,968	118,094,416	118,094,416	-	-
Short term borrowings	93,301,015	98,448,860	98,448,860	-	-
Creditors, accrued and other liabilities	233,742,552	233,742,552	233,742,552	-	-
	2,158,223,779	2,322,222,677	1,458,147,975	328,065,834	536,008,868

49.4 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.

49.4.1 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:

	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

	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 liabilities						
Subordinated loan from directors	-	-	-	-	126,000,000	126,000,000
Certificates of musharakah / deposits	44,657,919	133,973,757	67,878,322	246,509,998	-	246,509,998
Certificates of investments and deposits	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 (a)	(120,894,047)	(189,403,744)	(10,354,026)	(320,651,817)	52,924,671	(267,727,146)

	2011					
	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	1,063,987	1,437,987	2,876,361	5,378,335	102,125,165	107,503,500
Net investment in Ijarah / assets under Ijarah arrangements	425,211,652	47,245,739	340,100,486	812,557,877	-	812,557,877
Long term musharakah finances	108,085,958	12,009,551	54,783,657	174,879,166	-	174,879,166
Long term loans	36,539,966	4,059,996	18,783,959	59,383,921	-	59,383,921
Deposits	-	-	-	-	12,958,295	12,958,295
Short term investments	-	-	-	-	20,304,487	20,304,487
Short term musharakah finances	95,068,952	-	-	95,068,952	-	95,068,952
Short term finances	25,769,312	-	-	25,769,312	-	25,769,312
Ijarah rentals receivables	-	-	-	-	91,622	91,622
Advances, deposits, prepayments and other receivables	-	-	-	-	100,496,222	100,496,222
Cash and bank balances	14,584,614	-	-	14,584,614	756,005	15,340,619
	706,324,441	64,753,273	416,544,463	1,187,622,177	236,731,796	1,424,353,973
Financial liabilities						
Liability against asset subject to finance lease	2,279,000	5,300,128	-	7,579,128	-	7,579,128
Certificates of musharakah / deposits	319,144,146	78,205,000	112,085,000	509,434,146	-	509,434,146
Certificates of investments and deposits	64,982,055	15,861,393	7,345,000	88,188,448	4,382,190	92,570,638
Long term musharakah and murabaha borrowings	115,833,294	98,333,305	30,830,711	244,997,310	-	244,997,310
Musharakah term finance certificates	165,763,876	131,249,997	247,916,676	544,930,549	-	544,930,549
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	105,745,968	-	-	105,745,968	-	105,745,968
Short term borrowings	93,301,015	-	-	93,301,015	-	93,301,015
Creditors, accrued and other liabilities	-	-	-	-	233,742,552	233,742,552
	1,064,591,827	328,949,823	526,557,387	1,920,099,037	238,124,742	2,158,223,779
On balance sheet gap 2011 (a)	(358,267,386)	(264,196,550)	(110,012,924)	(732,476,860)	(1,392,946)	(733,869,806)

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, 2012, financial assets of Rs. 934.86 million and financial liabilities of Rs 578.08 million carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

A estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease loss 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 2011.

	Effect on profit / (loss) before tax	Carrying value
	------------ Rupees	-------------
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**
As at 30 June 2011		
Cash flow sensitivity-variable rate financial liabilities	(11,249,340)	1,124,933,970
Cash flow sensitivity-variable rate financial assets	53,783	5,378,335

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

49.4.2 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, 2012, the fair value of equity securities (including the units of mutual funds) exposed to price risk was Rs. 31.87 million (2011: Rs. 47.46 million).

The following table illustrate the sensitivity of the loss for the year and equity to an increase or decrease of 10% in the fair values of the Company's equity securities (including the units of mutual funds). This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each balance sheet date, with all other variables held constant.

	2012 Rupees	2011 Rupees
Profit and loss account		
Investments in equity securities	**3,187,727**	4,746,948
Company's equity as at the year end	**(290,305,185)**	(297,995,290)

49.5 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.

49.6 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

50. SEGMENT INFORMATION

	2012				2011			
	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	98,293,651	86,296,765	5,557,465	190,147,881	30,128,207	182,893,839	2,445,089	215,467,135
Interest expense	(58,860,100)	(51,676,138)	-	(110,536,238)	(36,336,433)	(289,258,843)	-	(325,595,276)
Depreciation and amortization	(9,137,219)	(8,022,008)	-	(17,159,227)	(2,294,287)	(102,327,317)	-	(104,621,604)
Impairment of assets	(25,576,419)	(37,560,608)	-	(63,137,027)	(10,224,403)	(95,952,297)	-	(106,176,700)
Reportable segment profit / (loss)	4,719,913	(10,961,989)	5,557,465	(684,611)	(18,726,916)	(304,644,618)	2,445,089	(320,926,445)
Reportable segment assets	799,627,438	599,527,631	787,954,869	2,187,109,938	799,094,823	999,733,665	1,592,155,293	3,390,983,781
Reportable segment liabilities	(1,673,739,671)	(174,791,703)	(619,625,824)	(2,468,157,198)	(2,151,146,813)	(277,758,726)	(1,250,815,607)	(3,679,721,146)

	2012 Rupees	2011 Rupees
Profit or loss		
Total profit / (loss) for reportable segments	(6,242,076)	(323,371,534)
Other profit	5,557,465	2,445,089
Unallocated amounts:		
Other administrative and operating expenses	(139,779,636)	(124,053,945)
Other income	151,445,750	9,070,553
Profit before tax	10,981,503	(435,909,837)
(Loss) before tax from discontinued operation	-	(85,541,558)
Assets		
Total assets for reportable segments	1,399,155,069	1,798,828,488
Other assets	787,954,869	1,592,155,293
Company's assets	2,187,109,938	3,390,983,781
Liabilities		
Total liabilities for reportable segments	1,848,531,374	(2,428,905,539)
Other liabilities	619,625,824	(1,250,815,607)
Company's liabilities	2,468,157,198	(3,679,721,146)

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 05, 2012 by the Board of Directors of the Company.

52. RE-ARRANGEMENTS

Prior years figures have been re-arranged / re-classified for better presentation, wherever consider necessary. Significant re-arrangements / re-classifications made are as follows;

- Freehold land of Rs. 119,698,000/- and leasehold land of Rs. 15,675,138/- were not separately disclosed in the schedule of property, plant and equipment. These have been separately disclosed in the schedule.

- Profit / mark up payable on different liabilities amounting to Rs. 196,101,350/- was presented under the head "Creditors, accrued and other liabilities". This is presented as a separate line item on the face of the balance sheet.

Naveed Amin
Chief Executive Officer

Muhammad Asif
Director

Our Network

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Multan.
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Fax: (92 - 61) 4781599

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 20th Annual General Meeting to be held at 11:30 a.m. on Friday, 30th November, 2012 and at any adjournment thereof.

Signed this ____________ day of ______________ 2012

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, 7 / 3 - G, Mushtaq Ahmed Gurmani Road, Gulberg - II, 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.

Second Fold

Affix
Revenue
Stamp

First Fold

The Company Secretary
Invest Capital Investment Bank Limited
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