



## Vision

Be a preferred investment bank enhancing value for the stakeholders and contributing to the National goals.

## Mission Statement

Contributing through innovative financing and investment in quality portfolio, advisory services delivered in an environment of trust and customer confidence supported by a team of professionals.



## FCIB - Brief Profile

### *Bank Overview*

First Credit and Investment Bank Limited (FCIB) (formerly First Credit and Discount Corporation Limited) was incorporated in 1989. FCIB obtained investment banking license in the year 2004. FCIB is an associated company of two mega premier institutions of Pakistan – National Bank of Pakistan (NBP) and Water and Power Development Authority (WAPDA). It is a public limited company, working as Non-Banking Finance Company (NBFC) under the guidance and regulatory control of Securities and Exchange Commission of Pakistan (SECP). It is playing a pivotal role as the prime financial institution engaged in promoting development and growth of business entities by providing both fund based and non fund based professional assistance.

### *Major Activities at FCIB*

FCIB offers wide range of investment banking products and services to its customers in all sectors of the economy.

Following are some of the activities FCIB is undertaking.

#### *Syndication/ Direct Financing Activities*

FCIB is engaged in various financing activities mostly through syndication, against securities of receivables, demand promissory notes, letters of credit etc.

#### *Treasury/ Money Market Activities*

A separate division for treasury operations has been established which is quite active in the money market. Presently, this division is generating funds from various sources like treasury lines, deposits schemes etc.

#### *Equity Investments/Trading*

FCIB also has a healthy equity portfolio and takes advantages of trading opportunities for earning optimum capital gains. However, the Bank adopts cautious approach in making investments in equity market to avoid any possible losses. It is also actively involved in doing arbitrage and continuous funding system.

#### *Fixed Income /Debt Securities*

FCIB has a very solid track record in being a pioneer institution in development of the debt securities market in the country. It has raised various large sized issues of WAPDA and Civil Aviation Bonds. It also developed secondary market of these bond issues. Presently, Bank participated in Initial Public Offering (IPO) and underwrites the rated TFCs.

#### *Corporate Finance and Advisory*

Presently, Bank has successfully arranged various syndication arrangements for reputable companies. It is also actively engaged in underwriting of equity as well as debt instruments. The Bank is also involved as joint arranger and advisor to the Securitization deals.

#### *Bank Guarantees / Letters of Credit*

FCIB also provides repayment / performance guarantees and opens / participates in inland letter-of-credit on behalf of its customers.

#### *Deposit Schemes (Certificate of Deposit)*

FCIB is most progressive in meeting its customers' investment needs. The bank has a team of professionals working towards meeting the challenges of a dynamic financial environment. FCIB ensures implementation of modern principles of investment management and prudent practices to achieve security of capital and return. FCIB' emphasizes innovation and continuously strives to find new products to satisfy specific customer needs.



## *C O N T E N T S*

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## COMPANY INFORMATION

### BOARD OF DIRECTORS:

Mr. Shahid Anwar Khan (Chairman)  
Mr. Imtiaz Anjum  
Dr. Asif A. Brohi  
Mr. Najib Tariq  
Mr. Wajahat A. Baqai  
Mr. Hamad Rasool  
Mr. Mohammad Imran Malik (President & Chief Executive)

### COMPANY SECRETARY:

Mr. Muhammad Mohsin Ali

### AUDITORS:

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

### LEGAL ADVISOR:

Zahid Hamid Advocate

### BANKERS:

Allied Bank Limited  
Askari Commercial Bank Limited  
First Women Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
United Bank Limited

### HEAD OFFICE / REGISTERED OFFICE:

2nd Floor, Sidco Avenue Centre,  
Stratchen Road,  
Karachi - 74200  
Pakistan.  
Ph. # : 5658750-1, 5670452, 5688490  
Fax. # : 5689331, 5658752

### LAHORE BRANCH:

Ground Floor, Office # 2, 83-A-E/1  
Main Boulevard, Gulberg III, Lahore.  
Ph. # : 042-5790251  
Fax. # : 042-5790252



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 18<sup>th</sup> Annual General Meeting of the shareholders of First Credit & Investment Bank Limited will be held on Wednesday, October 31, 2007 at 11:00 a.m. at Hotel Pearl Continental Karachi to transact the following business:

### **Ordinary Business**

1. To confirm the minutes of the Extra Ordinary General Meeting held on September 6, 2007.
2. To receive, consider and adopt the audited financial statements of the Bank together with the Auditors' and Directors reports thereon for the year ended June 30, 2007, as recommended by the Board.
3. To approve the issuance of bonus shares for the year ended June 30, 2007 as recommended by the Board.
4. To appoint the statutory auditors for the year ending June 30, 2008 and fix their remuneration.

### **Other Business**

5. To transact any other business with the permission of the chair.

**By Order of the Board**

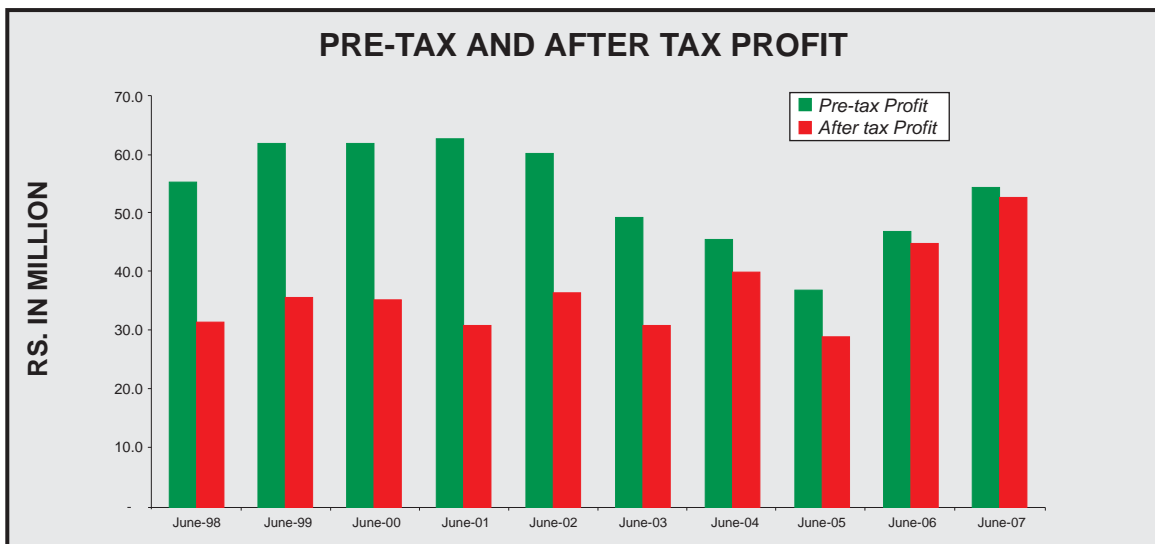
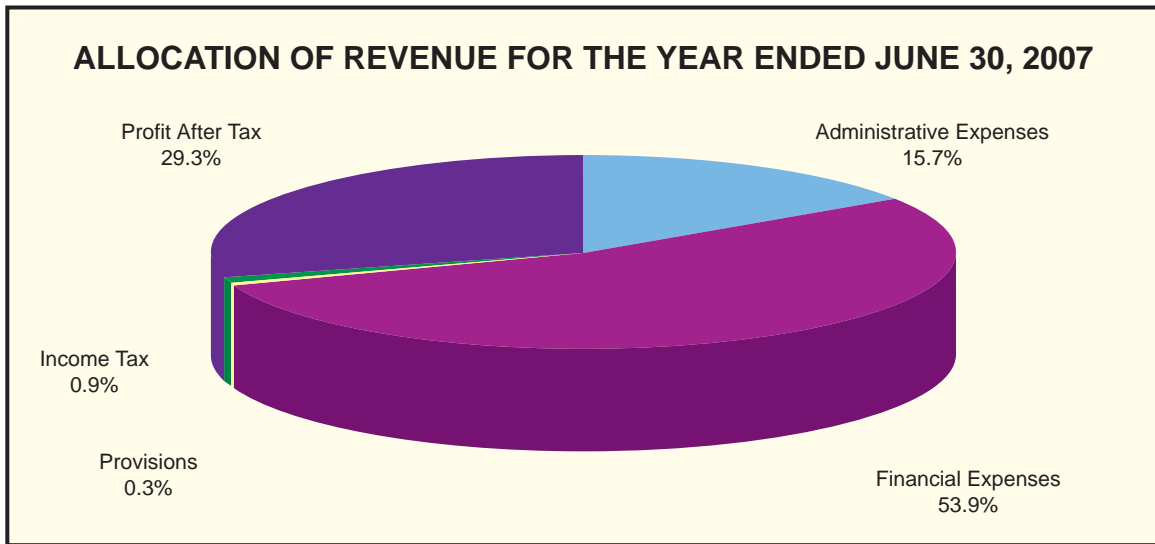
**Muhammad Mohsin Ali**  
Company Secretary

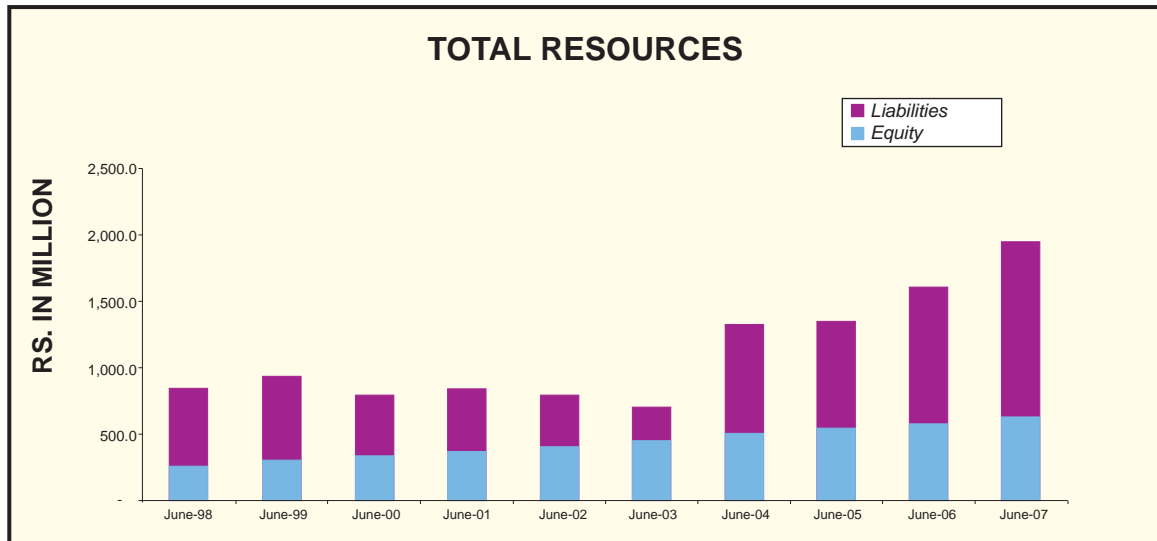
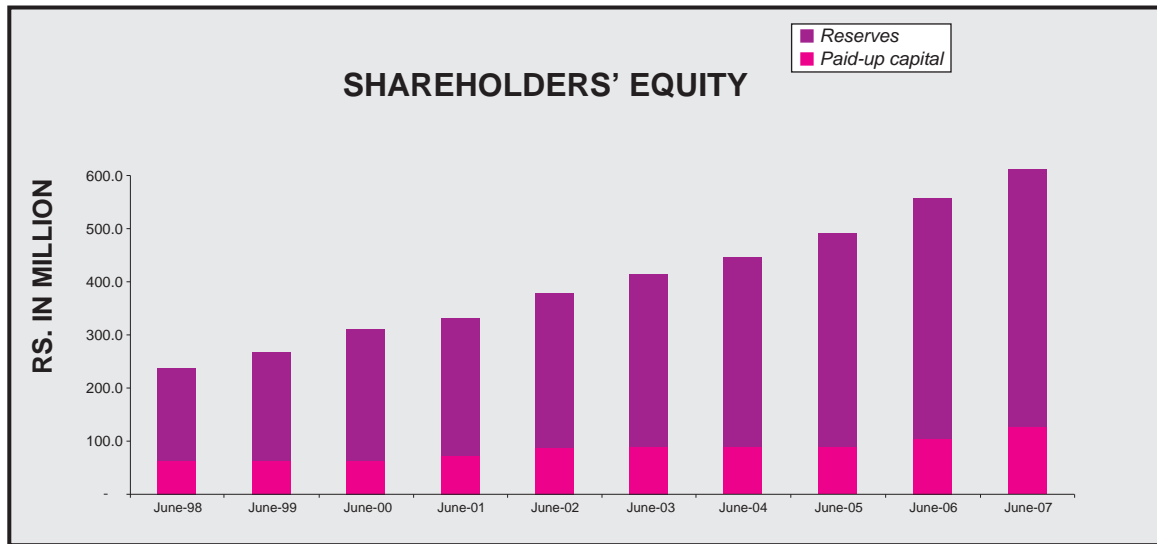
Dated : October 08, 2007

**COMPARATIVE OPERATING PERFORMANCES AND FINANCIAL POSITION**

Rupees in million

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Operating Results:</b>											
Gross revenue	104.0	118.4	132.7	123.1	101.3	102.2	66.2	69.4	94.0	171.1	190.3
Expenses:											
Administrative	8.9	10.3	9.7	11.1	11.2	10.4	9.1	13.4	17.7	25.0	29.9
Provision	-	2.9	0.8	-	(3.7)	0.3	(1.1)	2.1	2.4	9.7	0.5
Financial	34.5	47.1	56.8	46.5	27.7	27.7	6.3	6.0	35.0	86.9	102.5
	43.4	60.3	67.3	57.6	35.2	38.3	14.3	21.5	55.1	121.6	132.9
Profit before taxation	60.6	58.1	65.4	65.5	66.2	63.9	51.9	47.9	38.9	49.5	57.4
Taxation	41.4	25.0	27.7	28.2	33.7	25.2	19.3	5.7	8.3	2.2	1.7
Profit after taxation	19.2	33.1	37.7	37.3	32.5	38.7	32.6	42.2	30.6	47.3	55.7
<b>Financial Position:</b>											
Property and Assets											
Investments	381.0	488.3	537.4	281.5	353.1	344.9	284.8	211.1	255.8	290.6	238.4
Corporate bonds	125.0	103.6	66.4	10.0	43.1	10.0	10.0	616.8	182.3	246.7	173.8
Govt. securities	16.7	12.2	7.5	7.5	76.2	27.9	80.7	118.6	70.4	470.5	74.9
Shares	522.7	604.1	611.3	299.0	472.4	382.8	375.5	946.5	508.5	1,007.8	487.1
Placements	72.0	91.2	141.4	133.5	213.1	255.0	165.5	338.0	617.3	330.0	210.0
CFS	-	-	-	-	-	-	-	-	99.6	127.0	979.2
Financing	-	-	-	-	-	-	-	-	79.9	237.9	294.0
Bank balances & other assets	185.1	122.5	151.7	237.3	83.2	65.9	45.9	69.9	40.9	61.1	88.2
	779.8	817.8	904.4	669.8	768.7	703.7	586.9	1,354.4	1,346.2	1,763.8	2,058.5
<b>Financed by:</b>											
Shareholders equity											
Share capital	50.0	62.5	78.1	85.9	94.5	94.5	94.5	94.5	94.5	104.0	119.6
Reserves	157.5	178.0	188.3	204.9	228.6	267.4	300.0	332.8	356.3	394.2	434.3
Shareholders equity	207.5	240.5	266.4	290.8	323.1	361.9	394.5	427.3	450.8	498.2	553.9
(Deficit)/Surplus on revaluation of Securities	207.5	240.5	266.4	290.8	316.1	355.6	399.9	430.4	447.9	492.4	547.5
	-	-	-	-	(7.0)	(6.3)	5.4	3.1	(2.9)	(5.8)	(6.4)
Certificates of deposit	-	-	-	-	-	-	-	-	-	200.5	706.2
Bank loans	-	-	-	-	-	-	-	50.0	300.0	566.6	437.5
Short term borrowings	20.0	2.0	21.1	40.0	163.1	75.0	55.8	732.0	573.3	246.9	295.0
Float	485.2	514.5	514.5	267.9	267.9	267.9	124.8	124.8	-	-	-
Other liabilities	67.1	60.8	102.4	71.1	21.5	5.3	6.4	17.2	25.0	257.4	72.3
	779.8	817.8	904.4	669.8	768.6	703.8	586.9	1,354.4	1,346.2	1,763.8	2,058.5
Earning per share (Rs.)-Diluted	1.6	2.8	3.2	3.1	2.7	3.2	2.7	3.5	2.6	4.0	4.7
Break-up value/share (Rs.)-Diluted	17.3	20.1	22.3	24.3	26.4	29.7	33.4	36.0	37.5	41.2	45.8









## DIRECTOR'S REPORT

On behalf of the Board of Directors, I am pleased to submit to you the 18th Annual Report of the First Credit & Investment Bank Limited along with the audited financial statements and Auditor's Report thereon, for the year ended June 30, 2007.

### Economic Scenario

With economic growth at 7 percent in 2006-07, Pakistan's economy has grown at an average rate of almost 7.0 percent per annum during the last five years. GDP growth in 2006-07, though level with the target of 7%, is understandable in the midst of surge in oil prices and high inflation particularly in food items. Key drivers of this year's growth have been service sectors and industry. Construction too continued to perform strong showing, partly helped by activity in private housing market, spending on physical infrastructure, and reconstruction activities in earthquake affected areas.

The latest move by the State Bank of Pakistan to increase the discount rate by 0.5% to 10.0 %, aimed at controlling inflation is expected to have some adverse effect on the credit to the private sector. This in turn may have adverse affect on the growth of various other economic sectors.

The country, though showing good progressing in the past few years, still faces many challenges in realizing its full potential for sustained economic growth, better living standards, and greater resilience to shocks. Linked with this are the challenges of job creation, poverty alleviation, reducing trade deficit, improving social indicators and most importantly, strengthening the country's physical infrastructure to support 6-8 percent growth in the medium-term.

### Capital Market

Stock Market experienced buoyancy during the year ended June 30, 2007. KSE 100 Stock Index that stood at 9,989 at the end of June 2006 has risen to 13,770 by the end of June 2007. Total capitalization over the period increased from Rs 2,766 billion to Rs 3,981 billion. The capital market achieved new highs because of the strong corporate fundamentals. The Bank has achieved highly satisfactory results from its equity market operations.

The new version of CFS has to some extent addressed the existing problems and provided level playing field to all market participants.

### Financial Results

Financial results of the Bank for 2006-07 are summarized below, comparative data for 2005-06 has also been provided:

	2006-07 (Rupees)	2005-06 (Rupees)
Total revenue	190,286,091	171,118,643
Profit before taxation	57,377,449	49,565,550
Profit after taxation	55,673,368	47,333,966
Earnings per share- basic and diluted	4.66	3.96

### Significant Financial Achievements

Total assets of the Bank as on June 30, 2007 have risen to Rs 2,058 million compared to Rs 1,763 million for the previous year, an increase of 17%. The Bank mobilized additional resources through Certificates of Deposit and made increased investments in CFS and placements with financial institutions.

The Bank earned a total income of Rs 190.286 million as against Rs.177.118 million in 2005-06. Financial expenses and Administrative expenses were Rs 102.521 million and Rs 29.859 million respectively against Rs 86.877 million and Rs 25.000 million last year.



Increase in financial expenses was caused by pegging-up of interest rates and increase in business volume transacted. Year 2006-07 was also significant in terms of capacity building which contributed to increase in administrative expenses.

Profit before tax was Rs 57.377 million for the year 2006-07 against Rs 49.565 million for the previous year, an increase of Rs 7.812 million in comparison with 2005-06. In percentage terms increase is 16% over the previous year. After tax profit registered an increase of Rs 8.339 million to Rs 55.673 million, from Rs 47.334 million earned last year. Increase in profit after tax is 18%. After tax earning per share for the year works out to Rs 4.66 as against Rs 3.96 for the last year.

The growth in earnings could have been higher but for the higher cost of borrowings experienced by the Bank during the year. The Bank has also surpassed the budgeted targets of total income and profitability for the year ending June 30, 2007.

Prudent assets management policies coupled with proactive measures have saved the Bank from delinquencies, ensuring high quality of our assets.

#### Dividend

Dividend policy is a mix of offering competitive return to the shareholders, improving the credit rating of the Bank and allowing the availability of adequate funds to meet its investment and expansion plans. After careful deliberation, the Directors have decided to recommend cash dividend of 10% and stock dividend of 234.5% for the year ended June 30, 2007, for approval by the shareholders at the coming AGM.

#### Credit Rating

During last year, JCR-VIS Credit Rating maintained Bank's long-term rating at "BBB+" (Triple B plus) and short term rating at "A2" (A Two). The Board is conscious that there is a need to provide support for improving credit rating of the Bank which presently is obliged to borrow at relatively higher rates. High cost of funds adversely affects Bank's profitability.

#### Internal Control and Audit Committee

Audit Committee of the Board of Directors eyes the company's internal control system. The Committee comprises three members of the Board. The Audit Committee receives the Internal Audit reports on regular basis. Actions called for are taken. The system of internal control is sound in design. It is effectively implemented and monitored.

#### Key operating and financial data

The key operating and financial data for the last six years is as under:

Year ended June, 30	Rupees in million					
	2007	2006	2005	2004	2003	2002
Total Revenue	190.3	171.1	94.0	69.4	66.2	102.2
Profit before taxation	57.4	49.5	38.9	47.9	51.9	63.9
Profit after taxation	55.7	47.3	30.6	42.2	32.6	38.7
Shareholders equity	547.5	492.4	455.1	427.4	399.9	355.6
Total assets	2,058.5	1,763.8	1,346.2	1,354.4	587.0	703.8
Earnings per share (Rs)	4.7	4.0	3.0	4.5	3.5	4.1

#### Listing of the Bank on Stock Exchange

The Bank has initiated process of listing on the stock exchange. Listing will give more confidence in the Bank to the term depositors. The Bank would have the benefit of certain savings in the cost of mobilizing resources. The Bank will have to meet regulatory requirements of the stock exchange, to which the Bank would gladly comply as it would further improve its governance.



### **Outlook for 2007-08 and beyond**

Being national election year, it is apprehended that some of the targets may not be fully met if the political conditions in the country soon after the elections, due to any reasons, do not return to normal.

The Bank has recently hired a team of professionals for providing financial advisory and corporate finance services to its customers.

The upward trend in interest rates will intensify competition in the financial sector. It will force financial institutions to come-up with re-engineering and improved products mix. SECP permission to issue Certificates of Deposit (CDs) has helped the Bank to raise additional resources at relatively lower cost funds than the borrowings from the commercial banks. This has promise of slightly improved operations of the Bank. In addition, with our focused approach and concerted efforts of our dedicated professionals, the Bank aims at offering better services and customized products to our clients, along with higher return to the shareholders.

### **Employees Benefits**

FCIBL realizes that its human resources are its real strength. The Bank has a qualified management team. However, as there is greater mobility in the financial sector, the Bank continuously strives to hire suitable professionals and to retain them by offering better working conditions and pay package. Moreover, to sharpen their professional skills, the executives and other staff participate in seminars, workshops and training sessions organized by various institutions. The Bank is also an equal opportunity employer and has taken a number of steps to improve working environment and pay package. Additionally, the Bank has compensated the hardworking / result oriented executives and staff.

### **Board Meetings**

During the year 2006-07, four Board meetings were held. The Board takes keen interest in the affairs of the Bank. We are thankful to them for their trust and support.

### **Auditors**

The present auditors, M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire. Being eligible they offer for re-appointment during the year ending June 30, 2008. The Audit Committee has recommended the appointment of the retiring auditors.

### **Pattern of Shareholding**

The pattern of shareholding of the bank is annexed. National Bank of Pakistan and the Water and Power Development Authority (WAPDA) are the two shareholders, each with 50% of the shareholding.

### **Acknowledgement**

The Board is thankful to its valued clients and financial institutions for their support and confidence. We also express our sincere gratitude to the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan for their continued cooperation and guidance. We bring on record our gratitude to the shareholders of the Bank for their active support, trust and confidence reposed in the Board, which it expects to continue.

The Board also appreciates hard work and dedication of the staff to bring growth to the Bank and look forward to their working with greater passion and dedication for accelerated future progress.

By Order of the Board

**Chief Executive / President**



## AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Credit and Investment Bank Limited as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a.* in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b.* in our opinion :
  - i.* the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in Note 3 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2007 and of the profit, its 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.

Karachi.

M. YOUSUF ADIL SALEEM & CO.  
Chartered Accountants

Date: 06<sup>th</sup>, September 2007



## BALANCE SHEET

	Note	2007 Rupees	2006 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets - tangible	5	12,478,012	6,308,083
Long-term investments	6	434,866,800	514,286,185
Long-term loans	7	11,629,401	2,091,303
Long-term finances	8	144,200,884	110,997,806
Long-term placements	9	175,000,000	-
Long-term security deposits		1,005,200	220,050
Deferred tax asset	10	-	232,540
		779,180,297	634,135,967
<b>CURRENT ASSETS</b>			
Short-term investments	11	52,281,638	493,447,681
Short-term finances	12	979,150,715	127,029,000
Short-term placements	13	35,000,000	330,000,000
Current portion of			
- long-term loans	7	1,465,219	696,618
- long-term finances	8	149,796,925	126,896,930
Mark-up/interest accrued	14	14,959,225	16,607,320
Short-term prepayments		975,112	-
Other receivables	15	5,888,330	9,156,236
Advance taxation - net		14,619,721	9,750,938
Cash and bank balances	16	25,186,903	16,069,509
		1,279,323,788	1,129,654,232
<b>TOTAL ASSETS</b>		<u>2,058,504,085</u>	<u>1,763,790,199</u>

CHIEF EXECUTIVE OFFICER



AS AT JUNE 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>EQUITIES &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
50,000,000 Ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	17	119,581,700	103,984,100
Reserves	18	434,319,352	394,243,584
		553,901,052	498,227,684
<b>DEFICIT ON REVALUATION OF INVESTMENTS-net</b>	19	(6,391,553)	(5,844,101)
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	20	208,333,331	287,499,999
Deferred liability	21	684,593	-
		209,017,924	287,499,999
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	22	295,000,000	246,878,275
Short-term running finance	23	99,995,000	150,000,000
Current portion of long-term loans	20	129,166,667	129,166,665
Short-term certificates of deposit	24	706,200,000	200,500,000
Accrued markup	25	16,465,433	8,298,266
Accrued and other liabilities	26	55,149,562	249,063,411
		1,301,976,662	983,906,617
<b>COMMITMENTS</b>	27		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,058,504,085</u>	<u>1,763,790,199</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHAIRMAN

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2007**

	Note	2007 Rupees	2006 Rupees
<b>INCOME</b>			
Income from term finances and funds placements	28	77,757,400	76,496,385
Income from investments	29	104,061,909	88,544,955
Fees and commission	30	7,089,917	5,835,694
Other income		1,376,865	241,609
		190,286,091	171,118,643
<b>EXPENDITURE</b>			
Finance cost	31	102,521,933	86,876,795
Administrative and operating expenses	32	29,859,817	25,000,198
		132,381,750	111,876,993
Unrealized gain / (loss) on held-for-trading investments		57,904,341 (526,892)	59,241,650 (9,676,100)
<b>PROFIT BEFORE TAXATION</b>		57,377,449	49,565,550
Provision for taxation	33	(1,704,081)	(2,231,584)
<b>PROFIT FOR THE YEAR</b>		55,673,368	47,333,966
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	34	4.66	3.96

The annexed notes from 1 to 39 form an integral part of these financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
CHAIRMAN



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		57,377,449	49,565,550
Less: Dividend income		(11,766,652)	-
<b>Adjustments for:</b>			
Depreciation		2,274,042	1,260,573
Provision for the gratuity		1,089,417	-
Gain on disposal of fixed assets		(478,802)	-
Unrealised loss on held for trading investments		526,892	5,204,290
		3,411,549	6,464,863
Operating cash flows before working capital changes		49,022,346	56,030,413
<b>(Increase) / decrease in current assets</b>			
Short-term investments		440,639,151	(274,598,616)
Short-term finances		(852,121,715)	(127,029,000)
Short-term placements		295,000,000	287,301,800
Markup/interest accrued		1,648,095	(2,541,837)
Short-term prepayments		(975,112)	-
Other receivables		3,267,906	(7,761,965)
		(112,541,675)	(124,629,618)
<b>Increase / (decrease) in current liabilities</b>			
Accrued and other liabilities		(192,565,520)	214,273,231
Accrued markup		8,167,167	2,734,341
Short-term borrowings		48,121,725	(326,423,525)
		(136,276,628)	(109,415,953)
<b>Cash generated from operations</b>		(199,795,957)	(178,015,158)
Security deposits paid		(785,150)	(3,000)
Contribution paid		(1,753,153)	-
Income tax paid		(6,340,324)	(7,927,165)
		(8,878,627)	(7,930,165)
<b>Net cash used in operating activities</b>		(208,674,584)	(185,945,323)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets		(8,880,567)	(3,707,870)
Proceeds from disposal of fixed assets		915,397	-
Long-term investments		78,871,933	(110,590,670)
Long-term placements		(175,000,000)	-
Dividend income received		11,766,652	-
Long-term finances		(56,103,073)	(157,950,291)
Long-term loans		(10,306,699)	1,671,050
<b>Net cash from investing activities</b>		(158,736,357)	(270,577,781)
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term loan		50,000,000	200,000,000
Repayment of long-term loan		(129,166,665)	(33,333,336)
Short-term running finance		(50,005,000)	100,000,000
Certificates of deposit		505,700,000	200,500,000
Dividend paid		-	(7,089,825)
<b>Net cash from financing activities</b>		376,528,335	460,076,839
Net increase in cash and cash equivalents (A+B+C)		9,117,394	3,553,735
Cash and cash equivalents at the beginning of the year		16,069,509	12,515,774
Cash and cash equivalents at the end of the year		25,186,903	16,069,509

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN





STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2007

	Share capital	Reserves			Total
		Capital reserve	Statutory reserve	Revenue reserve	
	Reserve for issue of bonus shares		Unappropriated profit		
..... (Rupees) .....					
<b>Balance as at July 1, 2005</b>	<b>94,531,000</b>	<b>250</b>	<b>90,650,000</b>	<b>272,802,293</b>	<b>457,983,543</b>
<b>Changes in equity for the year 2006</b>					
Final cash dividend for the year ended June 30, 2005 @ Rs. 0.75 per share	-	-	-	(7,089,825)	(7,089,825)
Bonus shares issued for the year ended June 30, 2005 declared subsequent to year end @ 10%	9,453,100	-	-	(9,453,100)	-
Profit for the year	-	-	-	47,333,966	47,333,966
<b>Total recognised income and expense for the year ended June 30, 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,333,966</b>	<b>47,333,966</b>
Transfer to statutory reserve	-	-	9,500,000	(9,500,000)	-
<b>Balance as at June 30, 2006</b>	<b>103,984,100</b>	<b>250</b>	<b>100,150,000</b>	<b>294,093,334</b>	<b>498,227,684</b>
<b>Changes in equity for the year 2007</b>					
Bonus shares issued for the year ended June 30, 2006 declared subsequent to year end @ 15%	15,597,600	-	-	(15,597,600)	-
Transfer from reserve for issue of bonus shares	-	(250)	-	250	-
Profit for the year	-	-	-	55,673,368	55,673,368
<b>Total recognised income and expense for the year ended June 30, 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,673,368</b>	<b>55,673,368</b>
Transfer to statutory reserve	-	-	11,200,000	(11,200,000)	-
	<b>119,581,700</b>	<b>-</b>	<b>111,350,000</b>	<b>322,969,352</b>	<b>553,901,052</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

### 1. LEGAL STATUS AND OPERATION

First Credit and Investment Bank Limited (the Company) was incorporated in Pakistan on August 31, 1989 as a public limited company under the name of First Credit and Discount Corporation Limited. Subsequently, the name of the Company was changed to First Credit and Investment Bank Limited. The registered office of the Company is situated at 2nd floor, Sidco Avenue Centre, Stratchen Road, R.A. Lines, Karachi, Pakistan. The Company is an associated undertaking of Water and Power Development Authority (WAPDA) and National Bank of Pakistan (NBP).

The Company is licensed to undertake business of investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) [previously described under SRO 585 (1) /87 dated July 13, 1987 issued by the Ministry of Finance, Government of Pakistan].

The medium to long term credit rating of the Company rated by JCR-VIS Credit Rating Company Limited is 'BBB+' with a positive outlook. Short term rating of the bank is 'A-2'.

### 2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) and the applicable regulations and directives of SECP and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, NBFC Rules or regulations / directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, NBFC Rules or the requirements of the said directives take precedence.

The SECP has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) to Non-Banking Finance Companies (NBFCs) providing Investment Finance Services, Discounting Services and Housing Finance Services vide their Circular No. 19 dated August 13, 2003.

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in respective notes to the financial statements.

#### 2.2 Standards, interpretations and amendments to published accounting standards, as adopted in Pakistan, that are not yet effective:

Amendments to existing IAS 1 Presentation of Financial Statements Capital Disclosures applicable to the company have been published which are mandatory for the company's accounting periods beginning from July 1, 2007.

Adoption of the above amendments may only impact the extent of disclosure presented in the financial statements.

#### 2.3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for the measurement of certain financial instruments at fair value.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 3. CHANGE IN ACCOUNTING POLICY

**First time adoption of IAS - 19 'Employee Benefits ' with respect to approved gratuity scheme - defined benefit plan**



Previously, the Company contributed to the scheme at one month, last drawn, basic salary of all the eligible employees on yearly basis (Accrual method). During the current year, the Company has changed its accounting policy from Accrual method to Projected Unit Credit (PUC) method as required by the IAS-19 'Employee Benefits'. Provision is made in the books of account on the basis of actuarial valuation carried out by the actuary. Had there been no change in the accounting policy, the profit for the year would have been higher by Rs. 264,642/-. This change has been accounted for prospectively, in accordance with the revised IAS 8 and under the respective transitional provisions of IAS 19 'Employee Benefits'.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight line method whereby the cost of an asset is written-off over its estimated useful life at rates specified in note 5 to the financial statements. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred.

Gains and losses on disposal of fixed assets, if any, are taken to income currently.

##### 4.2 Investments

The Company determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, held-to-maturity or available-for-sale in accordance with the requirements of BSD circular No. 10 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given, including the acquisition cost.

###### Held-for-trading

Investments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin or are investments included in a portfolio in which a pattern of short-term profit taking exists, are classified as held-for-trading. Held-for-trading investments are measured at subsequent reporting dates at fair value and unrealized gains and losses are included in the profit and loss for the year.

###### Held-to-maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity. These investments are measured at amortized cost. Amortized cost is calculated taking into account any discount or premium on acquisition by using the effective interest rate method.

###### Available-for-sale

Available-for-sale investments are either designated in this category or they do not fall under the held-for-trading or held-to-maturity categories. After initial recognition, available-for-sale investments are measured at subsequent reporting dates at fair value. Unrealised gains or losses arising from changes in the fair value of available-for-sale investments are kept in a separate account shown in the balance sheet below equity.

Unquoted investments are carried at cost in accordance with the above mentioned circular. Provision for impairment in value, if any, is taken to income currently.

##### 4.3 Trade date accounting

All "regular way" purchases and sales of listed shares are recognised on the trade date, i.e., the date that the Company commits to purchase / sell the asset. Regular way purchases or sales of listed shares require delivery on T + 3 basis as per stock exchange regulations.

##### 4.4 Derivatives

Derivative instruments held by the Company generally comprise of future and forward contracts



in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivatives using prevailing market rates at the balance sheet date. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The corresponding gains and losses are included in the profit and loss account.

#### 4.5 Securities under repurchase and reverse repurchase agreements

Transactions of repurchase / reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

##### Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in borrowings from banks / NBFCs. The difference between sale and repurchase price is treated as mark-up on borrowings from banks / NBFCs and accrued over the life of the repo agreement.

##### Reverse repurchase agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the balance sheet. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

#### 4.6 Term finance / Credit facilities

Term finances originated by the Company are stated net of provision for losses on such assets. The provision is determined on the basis of Prudential Regulations issued by the SECP and management's evaluation of the specific losses that can be reasonably anticipated. The provision is credited by charge to profit and loss account. Bad debts, if any, are written off against the provision.

#### 4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, bank balances and balance with SBP.

#### 4.8 Taxation

##### Current

The provision for current taxation is based on taxable income at current tax rates after taking into account tax credits, rebates and exemptions available, if any or minimum taxation at the rate of one-half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

##### Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and the taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or subsequently enacted at the balance sheet date.



Deferred tax assets/liabilities on surplus / deficit on revaluation of investments is charged or credited directly to the same account.

#### **4.9 Staff retirement benefits**

##### **4.9.1 Defined Benefit plan**

The Company operates an approved gratuity fund for all its eligible employees. Provisions are made to cover the obligations under the schemes on the basis of actuarial assumptions using "Projected Unit Credit" method.

Actuarial gains and losses are recognized in the balance sheet using 10% Corridor approach and are amortized over the expected average remaining lives of the employees. The significant actuarial assumptions are stated in note 21 to these financial statements.

The Company has changed its accounting policy during the year as mentioned in note 3.

##### **4.9.2 Defined contribution plan:**

The Company also operates a recognized contributory provident fund for all of its regular employees. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 10% of basic salary.

#### **4.10 Return on certificates of deposit**

Return on certificates of deposit (CODs) issued by the Company is recognised on a time proportionate basis taking into account the relevant CODs issue date and final maturity date.

#### **4.11 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.12 Accrued and other liabilities**

Accrued and other liabilities are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

#### **4.13 Dividend**

Stock and cash dividend declared subsequent to balance sheet date are considered as non-adjusting event and are not recorded in financial statements of the current year.

#### **4.14 Revenue recognition**

a) Income on term finances and funds placements is recognised on a time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit thereon except in case of loans classified under the Prudential Regulations on which income is recognised on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognised in accordance with the Prudential Regulations of SECP.

b) Return on government securities and term finance certificates is recognised on an accrual basis.

c) Dividend income on equity investments is recognised when the right to receive the same is established.

d) Income from fees, commission and brokerage is recognised, when such services are provided.

#### **4.15 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.



**5. FIXED ASSETS- TANGIBLE**

PARTICULARS	COST			ACCUMULATED DEPRECIATION				W.D.V.		Rate %
	As at July 1, 2006	Additions	Deletion	As at June 30, 2007	As at July 1, 2006	Depreciation for the year	Depreciation on Disposal	As at June 30, 2007	As at June 30, 2007	
Furniture and fixtures	1,133,803	218,920	(37,007)	1,315,716	503,637	122,903	(37,007)	589,533	726,183	15%
Office equipment	1,945,927	548,025	(348,500)	2,145,452	688,011	318,055	(348,500)	657,566	1,487,886	20%
Computers	1,627,610	820,183	(250,585)	2,197,208	992,002	415,716	(250,585)	1,157,133	1,040,075	33%
Air conditioners	588,700	170,389	-	759,089	379,805	47,313	-	427,118	331,971	15%
Vehicles	5,986,400	6,457,832	(1,315,720)	11,128,512	2,410,902	1,358,968	(879,124)	2,890,746	8,237,766	20%
Leasehold improvements	-	665,218	-	665,218	-	11,087	-	11,087	654,131	20%
June 30, 2007	11,282,440	8,880,567	(1,951,812)	18,211,195	4,974,357	2,274,042	(1,515,216)	5,733,183	12,478,012	

PARTICULARS	COST			ACCUMULATED DEPRECIATION				W.D.V.		Rate %
	As at July 1, 2005	Additions	Deletion	As at June 30, 2006	As at July 1, 2005	Depreciation for the year	Depreciation on Disposal	As at June 30, 2006	As at June 30, 2006	
Furniture and fixtures	752,078	381,725	-	1,133,803	435,631	68,006	-	503,637	630,166	15%
Office equipment	934,722	1,011,205	-	1,945,927	557,803	130,208	-	688,011	1,257,916	20%
Computers	1,109,960	517,650	-	1,627,610	669,723	322,279	-	992,002	635,608	33%
Air conditioners	556,700	32,000	-	588,700	339,025	40,780	-	379,805	208,895	15%
Vehicles	4,221,110	1,765,290	-	5,986,400	1,711,602	699,300	-	2,410,902	3,575,498	20%
June 30, 2006	7,574,570	3,707,870	-	11,282,440	3,713,784	1,260,573	-	4,974,357	6,308,083	

**6. LONG-TERM INVESTMENTS**

**Held-to-maturity**

	Note	2007 Rupees	2006 Rupees
- Term finance certificates - Unquoted	6.1	51,235,297	3,107,853
- Government securities - PIB's		173,775,764	177,712,212
		225,011,061	180,820,065

**Available-for-sale**

	Note	2007 Rupees	2006 Rupees
- Term finance certificates - Quoted	6.2	106,981,605	140,075,107
- Term finance certificates - Pre IPO	6.3	10,000,000	-
- Investment in shares - Quoted	6.4	47,654,997	71,028,689
- Investment in mutual funds	6.5	30,219,137	107,362,324
- Investment in preference shares - Quoted		15,000,000	15,000,000
		209,855,739	333,466,120
		434,866,800	514,286,185



**6.1 Term finance certificates - Unquoted**

Investee Company	Number of Certificates		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Orient Petroleum Incorporated	-	1,400	-	1,166,676
Chaudhry Sugar Mills Ltd.	3	3	1,235,297	1,941,177
Pak Electron Ltd.	10,000	-	50,000,000	-
			51,235,297	3,107,853

**6.2 Term finance certificates - Quoted**

Investee Company	Number of Certificates		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Atlas Bank Ltd.	-	385	-	320,570
Searle Pakistan Ltd.	7,245	7,245	36,210,510	36,225,000
First Dawood Investment Bank Ltd	-	1,400	-	7,000,000
Azgard Nine Ltd.	4,000	4,000	19,988,000	19,996,000
Reliance Weaving Mills Ltd.	-	600	-	857,144
Sui Southern Gas Company Ltd.	-	1,132	-	1,885,146
Trust Investment Bank Ltd-1	1,000	1,000	2,807,500	4,057,500
Trust Investment Bank Ltd-2	2,903	2,903	10,160,500	13,063,500
Ittehad Chemicals Ltd.	570	570	949,259	1,898,487
First Oil & Gas Securitisation Co. Ltd.	-	1,350	-	1,154,659
Hira Textile Mills Ltd.	-	2,000	-	9,996,000
Naimat Basal Oil & Gas Secu.	10,261	10,261	31,335,042	42,393,526
Pakistan Services Ltd.	150	150	321,234	535,392
Jahangir Siddiqui & Company Ltd.	1,000	-	4,999,000	-
			106,771,045	1,39,382,924
Add: Surplus on revaluation			210,560	692,183
			106,981,605	140,075,107

**6.3 Term finance certificates - Pre IPO**

Investee Company	Number of Certificates		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Gharibwal Cement Ltd.	2,000	-	10,000,000	-

**6.4 Investment in shares - Quoted**

Investee Company	Number of Certificates		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Adamjee Insurance Co. Ltd.	-	5,000	-	777,203
Al-Abbas Cement Industries Ltd.	-	25,000	-	663,566
Al-Ghazi Tractors Ltd.	-	5,000	-	725,573
Askari Commercial Bank Ltd.	-	2,500	-	228,073
Bank Alfalah Ltd.	-	120,000	-	6,395,414
Bosicar Pakistan Ltd.	120,000	75,000	2,668,172	2,218,121
Crescent Commercial Bank Ltd	-	106,850	-	805,100
Dewan Cement Ltd.	-	108,500	-	1,085,000
Dewan Farooque Motors Ltd.	10,500	10,500	375,200	375,200



Investee Company	Number of Certificates		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Dewan Salman Fibre Ltd.	65,000	25,000	795,616	436,294
Fauji Cement Co. Ltd	-	60,000	-	1,065,154
Fauji Fertilizer Company Ltd.	43,409	43,409	5,507,665	5,507,665
Faysal Bank Ltd	-	16,612	-	1,087,685
First Constellation Modaraba	104,250	129,250	806,577	1,000,000
First National Equities Ltd.	45,000	55,000	2,403,587	2,937,718
The Hub Power Co. Ltd	85,000	70,000	3,682,120	3,128,439
I.C.I. Pakistan Ltd	-	33,700	-	4,670,206
K.E.S.C Ltd.	60,000	50,000	693,576	624,562
Kot Addu Power Co. Ltd	-	47,000	-	2,183,113
Maple Leaf Cement Factory Ltd.	50,000	-	1,283,756	-
Nishat (Chunian) Ltd.	6,550	6,550	642,490	642,490
National Refinery Limited	8,000	-	2,842,168	-
Oil & Gas Development Co. Ltd	72,600	41,105	9,105,642	5,402,628
Packages Ltd	-	12,500	-	2,333,078
Pakistan International Airlines Corp (A)	50,000	50,000	1,030,764	1,030,764
Pakistan Oil Fields Ltd.	17,500	1,500	5,822,113	437,297
Pakistan Petroleum Ltd	-	42,000	-	9,518,335
Pakistan State Oil Company Ltd	-	8,500	-	2,639,944
Pakistan Telecommunication Ltd - A	-	95,000	-	4,075,345
PICIC	-	10,000	-	682,768
PICIC Growth Fund	141,900	141,900	5,466,009	5,466,009
PICIC Investment Fund	30,000	30,000	482,874	482,874
Pioneer Cement Ltd.	-	4,500	-	271,692
Saudi Pak Commercial Bank Ltd.	-	10,000	-	209,921
Siddique Sons Tin Plate Ltd.	38,500	35,000	2,331,333	2,331,333
Sui Northern Gas Pipelines Ltd.	47	35,000	2,986	2,462,597
Sui Southern Gas Co. Ltd	2,500	2,500	80,210	80,210
Standard Chartered Bank (Pak) Ltd.	132,000	-	7,010,791	-
Telecard Ltd	105,000	105,000	1,707,928	1,707,928
Union Bank Ltd	-	31,900	-	2,261,700
United Bank Ltd	-	10,000	-	1,545,379
			54,741,577	79,496,378
Deficit on revaluation			(7,086,580)	(8,467,689)
			47,654,997	71,028,689

#### 6.5 Investment in mutual funds

Investee Fund	Number of Certificates		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Al-Meezan Mutual Funds	-	33,000	-	430,919
AMZ Plus Income Fund	52,072	387,671	5,000,000	40,000,000
Arif Habib Investment Fund	-	354,188	-	30,000,000
Dawood Money Market Fund	90,045	90,448	10,000,000	10,000,000
Faysal Balanced Growth Fund	-	65,515	-	5,000,000
KASB Liquid Fund	-	50,000	-	5,000,000
Atlas Income Fund	-	18,125	-	10,000,000
Nafa Cash Fund	-	500,000	-	5,000,000
Namco Balanced Fund	1,473,467	-	14,734,670	-
			29,734,670	105,430,919
Add: Surplus on revaluation			484,467	1,931,405
			30,219,137	107,362,324





	Note	2007 Rupees	2006 Rupees
<b>7. LONG-TERM LOANS - considered good</b>			
<b>House loans to staff - Secured</b>			
Chief executive		6,421,225	-
Employee		4,737,721	1,872,285
	7.1	11,158,946	1,872,285
<b>Other loans - unsecured interest free, considered goods</b>			
Chief executive		746,664	-
Other employees		1,189,010	915,636
		1,935,674	915,636
<b>Current portion</b>			
House loan		(550,987)	(98,162)
Other loans		(914,232)	(598,456)
		(1,465,219)	(696,618)
		<u>11,629,401</u>	<u>2,091,303</u>

7.1 These represent finance provided to the chief executive and an employee for purchase of property in accordance with the terms of employment. The loans have a maturity of 15 years and carry markup at the rate of 4 % (June 2006: 4%) per annum. The loan is repayable monthly and is secured against title documents of the said property.

	Note	2007 Rupees	2006 Rupees
<b>8. LONG-TERM FINANCES - secured, considered good</b>			
Term finances	8.1	293,997,809	237,894,736
Current portion		(149,796,925)	(126,896,930)
		<u>144,200,884</u>	<u>110,997,806</u>

8.1 This represents finances with maturities ranging from six months to 6 years at mark-up rates ranging from 11% to 16% (2006: 10% to 15%) per annum repayable in monthly, quarterly and half yearly installments. These loans are secured against pari passu charge over present future assets of borrowers, personal guarantees of directors, and mortgage over land and buildings.

	Note	2007 Rupees	2006 Rupees
<b>9. LONG-TERM PLACEMENTS</b>			
Lending against certificates of deposit	9.1	<u>175,000,000</u>	<u>-</u>

9.1 The certificates of deposit carry mark-up at rates ranging between 10.9% and 11.65 % per annum and will mature on various dates, latest by July 21, 2008.

	Note	2007 Rupees	2006 Rupees
<b>10. DEFERRED TAX ASSET</b>			
Deferred tax asset arising due to accelerated tax depreciation		<u>-</u>	<u>232,540</u>



	Note	2007 Rupees	2006 Rupees
<b>11. SHORT-TERM INVESTMENTS</b>			
<b>Held-to-maturity</b>			
- Government securities-Treasury Bills		-	68,955,000
<b>Held-for-trading</b>			
- WAPDA Bonds		40,000,000	40,000,000
- Investment in shares - Quoted	11.1	12,281,638	384,492,681
		52,281,638	424,492,681
		52,281,638	493,447,681

**11.1 Investments in shares - Quoted**

Investee Company	Number of Shares		Cost	
	2007	2006	2007 Rupees	2006 Rupees
Abamco Growth Fund	-	4,000	-	100,130
Allied Bank Ltd.	10,000	-	1,405,906	-
Attock Refinery Ltd.	10,250	20,000	1,280,949	3,381,328
The Bank of Khyber	10,000	-	173,435	-
The Bank of Punjab	-	92,500	-	7,349,750
Bosicar Pakistan Ltd.	8,000	-	129,970	-
Calmate Tellips Telecom Ltd.	10,000	26,888	488,348	2,117,223
Crescent Standard Investment Bank	15,000	-	60,012	-
D.G. Khan Cement Company Ltd	-	730,625	-	64,532,106
Dewan Farooq Motors Ltd	17,500	17,500	574,766	574,766
Fauji Cement Company Ltd	30,000	-	598,619	-
Fauji Fertilizer Company Ltd	5,000	4,500	608,122	520,477
Faysal Bank Ltd	-	250	-	17,949
First National Equities Ltd.	5,000	-	224,795	-
The Hub Power Company Ltd	-	388,000	-	13,335,424
I.C.I. Pakistan Ltd	5,500	5,500	985,699	985,699
Lucky Cement Ltd.	-	5,000	-	589,659
Maple Leaf Cement Factory Ltd.	-	100	-	4,075
MCB Bank Ltd	-	767,500	-	151,821,247
Nishat Mills Ltd	-	217,000	-	20,415,238
Pakistan Oil Fields Ltd	-	212,000	-	66,542,214
Pakistan Petroleum Ltd	10,000	180,500	2,651,530	35,131,786
Pakistan Premier Fund Ltd.	-	26,250	-	347,375
Pakistan State Oil Company Ltd	-	2,500	-	1,120,850
Pakistan Telecommunication Co. Ltd.	-	32,500	-	1,884,162
PICIC Energy Fund	100,000	-	750,549	-
Poineer Cement Ltd.	-	12,500	-	769,595
Saudi Pak Commercial Bank Ltd.	3,000	-	55,175	-
Sui Northern Gas Pipelines Ltd.	25,000	-	1,768,445	-
Sui Southern Gas Co Ltd	40,000	-	1,052,210	-
Telecard Ltd	-	10,000	-	149,965
			12,808,530	371,691,018
Less: Deficit on revaluation			(526,892)	12,801,663
			12,281,638	384,492,681

12. This represents secured financing in respect of purchase of shares from Continuous Funding System (CFS) market. These carry markup at rates ranging from 11.49 % to 19.78% (2006: 11%) per annum.



	Note	2007 Rupees	2006 Rupees
<b>13. SHORT-TERM PLACEMENTS</b>			
Unsecured placements - considered good	13.1	35,000,000	330,000,000
13.1 This is clean placement with a Non-Banking Finance Company, carrying mark-up at 10.1% (2006: 11.5% to 13%) per annum and will mature on July 3, 2007.			
<b>14. MARK-UP/INTEREST ACCRUED</b>			
Accrued profit/mark-up/interest on:			
- WAPDA bonds	14.1	628,493	612,569
- Continuous funding system		1,877,788	-
- Term finance certificates		4,473,946	3,333,635
- Government securities		1,977,090	5,194,363
- Term finances		5,191,368	2,498,193
- Placements		810,540	4,968,560
		14,959,225	16,607,320
14.1 This represent amount receivable from an associated undertaking.			
<b>15 OTHER RECEIVABLES</b>			
Receivable from WAPDA against WAPDA Bonds		-	5,999,910
Dividend receivable		253,732	1,756,326
Other receivables		5,634,598	1,400,000
		5,888,330	9,156,236
<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		38,215	26,378
Balance with banks			
- Deposit account	16.1	17,763,050	13,753,897
- Current account with SBP		5,635,638	539,234
- Reserve account with SBP	16.2	1,750,000	1,750,000
		25,186,903	16,069,509
16.1 Effective mark-up rate in respect of deposit accounts ranges from 1% to 2.50 % per annum.			
16.2 This represents amounts deposited with the SBP as required under the relevant provision of the Prudential Regulations for Non Banking Finance Companies to meet the additional reserve of 1% of certain specified liabilities.			
<b>17. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
No. of Shares		2007	2006
2007	2006	Rupees	Rupees
3,500,000	3,500,000	35,000,000	35,000,000
8,458,170	6,898,410	84,581,700	68,984,100
11,958,170	10,398,410	119,581,700	103,984,100



		2007	2006
		No. of Shares	
<b>17.1 Reconciliation of number of Ordinary shares of Rs 10 each.</b>			
At the beginning of the year		10,398,410	9,453,100
Bonus shares issued during the year		1,559,760	945,310
At the end of the year		11,958,170	10,398,410
	<b>Note</b>	<b>2007</b>	<b>2006</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>18 RESERVES</b>			
Capital			
- statutory reserve	18.1	111,350,000	100,150,000
- reserve for issue of bonus shares		-	250
		111,350,000	100,150,250
Revenue			
- unappropriated profit		322,969,352	294,093,334
		434,319,352	394,243,584
<b>18.1 Statutory reserve</b>			
Opening balance		100,150,000	90,650,000
Transferred during the year		11,200,000	9,500,000
Closing balance		111,350,000	100,150,000
<b>19 DEFICIT ON REVALUATION OF INVESTMENTS - net</b>			
<b>Available-for-sale - Quoted Securities</b>			
Shares		(7,086,580)	(8,467,689)
Term finance certificates		210,560	692,183
Mutual funds		484,467	1,931,405
		(6,391,553)	(5,844,101)
	<b>Note</b>	<b>2007</b>	<b>2006</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>20 LONG-TERM LOANS</b>			
<b>From Banking Companies - Secured</b>			
National Bank of Pakistan (NBP)-an associated undertaking	20.1	187,500,000	250,000,000
Allied Bank Limited (ABL)	20.2	149,999,998	166,666,664
		337,499,998	416,666,664
Current portion of long-term loans		(129,166,667)	(129,166,665)
		208,333,331	287,499,999
<b>20.1</b> On May 11, 2005, the Company obtained a five year term loan facility of Rs. 250 million from NBP with a grace period of one year. The loan is repayable in 16 equal quarterly installments commencing from August 11, 2006 and carries mark-up @ 3 months KIBOR plus 0.5% per annum. The loan is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 333 million.			



20.2 This includes two long-term facilities obtained from ABL. The first facility was obtained on November 30, 2005 in the amount of Rs 200 million for a period of three years and is repayable in 12 equal quarterly installments. The facility carries markup @ 3 months KIBOR plus 1.50% per annum and is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 266 million. The second facility was obtained on June 27, 2007 in the amount of Rs. 200 million for a period of three years and is repayable in 8 equal quarterly installments after a grace period of one year. The facility carries markup @ 3 months KIBOR plus 1.50% per annum and is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 277 million.

	2007 Rupees	2006 Rupees
<b>21. DEFERRED LIABILITY</b>		
Staff gratuity	684,593	-

21.1 The actuarial valuation was carried out on June 30, 2007 based on the Projected Unit Credit Method, using the following significant assumptions:

	2007
<b>21.2 Actuarial Assumptions</b>	
Discount rate (per annum)	10%
Expected rate of increase in salaries (per annum)	10%
Expected return on plan assets (per annum)	10%
Expected average remaining working lives of employees	14 years

	2007 Rupees
<b>21.3 Reconciliation of Payable to Defined Benefit Plan</b>	
Present value of defined benefit obligation	3,334,089
Fair value of plan assets	(2,895,911)
Unrecognized actuarial gain	246,415
	<u>684,593</u>

	Note	2007 Rupees
<b>21.4 Movement in net liability</b>		
Opening liability		1,348,329
Charge for the year	21.5	1,089,417
Contributions		(1,753,153)
Closing liability		<u>684,593</u>

<b>21.5 Charge for the year</b>		
Current service cost		493,628
Interest cost		281,716
Expected return on plan assets		(109,969)
Recognized transitional liability		424,042
		<u>1,089,417</u>



	Note	2007 Rupees	2006 Rupees
<b>22 SHORT-TERM BORROWINGS - from banking companies and other financial institutions other than related parties</b>			
Secured under repurchase agreement	22.1	195,000,000	221,878,275
Unsecured - clean borrowings	22.2	100,000,000	25,000,000
		<u>295,000,000</u>	<u>246,878,275</u>

22.1 These represent funds borrowed from the local inter bank market against government securities and term finance certificates, carrying mark-up at rates, ranging between 9.15% and 10.05% (2006: 8.60% to 8.95%) per annum maturing on various dates, latest by July 16, 2007.

22.2 These represent unsecured borrowings from banking companies, carrying mark-up at rates, ranging between 10.1% and 10.2% (2006: 10%) per annum maturing on various dates, latest by July 26, 2007.

	Note	2007 Rupees	2006 Rupees
<b>23 SHORT-TERM RUNNING FINANCE</b>			
<b>Secured</b>			
National Bank of Pakistan (NBP)-an associated undertaking	23.1	-	50,000,000
Allied Bank Limited (ABL)	23.2	99,995,000	100,000,000
		<u>99,995,000</u>	<u>150,000,000</u>

23.1 This represents short-term running finance obtained from NBP with a limit of Rs. 50,000,000 (2006: Rs. 50,000,000) carrying markup at a rate based on 3 months KIBOR plus 0.5% per annum (2006: 3 months KIBOR plus 0.5% per annum). The running finance is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 60 million. The facility was unavailed as at year end.

23.2 This represents short-term running finance obtained from ABL with a limit of Rs. 100,000,000 (2006: Rs. 100,000,000) carrying mark-up at a rate based on 3 months KIBOR plus 1.50% per annum (2006: 3 months KIBOR plus 1.25% per annum). The running finance is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 116 million.

**24. SHORT-TERM CERTIFICATES OF DEPOSIT- unsecured**

These have been issued for terms ranging from one month to one year and expected return on these certificates ranges from 9.25% to 10.25% (2006: 8.50% to 10.60%) per annum payable monthly, quarterly, semi-annually or on maturity.

	Note	2007 Rupees	2006 Rupees
<b>25. ACCRUED MARK-UP</b>			
<b>Secured</b>			
- Loans and borrowings	25.1	3,636,743	4,950,890
- Repo borrowings		3,129,785	462,712
<b>Unsecured</b>			
- Certificates of deposit		9,476,850	2,877,815
- Clean borrowings		222,055	6,849
		<u>16,465,433</u>	<u>8,298,266</u>



25.1 This amount includes Rs. 2,658,390 (2006: Rs. 3,468,699) due to National Bank of Pakistan, an associated undertaking.

	2007 Rupees	2006 Rupees
<b>26 ACCRUED AND OTHER LIABILITIES</b>		
Accrued expenses	3,604,443	5,623,030
Other liabilities	947,454	2,498,352
Unrealised loss on future contracts in respect of equity instruments	-	22,477,760
Payable to brokers against purchase of shares	50,597,665	218,464,269
	<u>55,149,562</u>	<u>249,063,411</u>
<b>27 COMMITMENTS</b>		
a) Sale and repurchase transactions (Repo) against FIBs/PIBs/TFCs/WAPDA Bonds	-	223,786,700
b) Commitment in respect of operating lease rentals - within one year	-	95,760
c) Commitment to provide term finance facility	50,000,000	10,000,000
d) Stand by letter of credit on behalf of clients	155,000,000	155,000,000
e) Commitments in respect of future sale of equity instrument	-	343,049,119
f) The Company has obtained short-term running finance facility from ABL in the amount of Rs. 100,000,000 carrying mark-up at a rate based on 3 months KIBOR plus 2.25% per annum. The loan is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 115 million. The facility is unavailed as at June 30, 2007.		
g) The Company has obtained short-term running finance facility from Atlas Bank Limited in the amount of Rs. 50,000,000 carrying mark-up at a rate based on 3 months KIBOR plus 2.15% per annum. The loan is secured by first pari pasu hypothecation charge against all present and future assets of the Company amounting to Rs. 60 million. The facility is unavailed as at June 30, 2007.		
	<u>2007 Rupees</u>	<u>2006 Rupees</u>
<b>28 INCOME FROM TERM FINANCES AND FUNDS PLACEMENTS</b>		
Income from long-term finances	37,033,539	23,479,810
Return on funds placements with financial institutions 28.1	9,933,521	43,344,648
Income from short-term finances	30,790,340	9,671,927
	<u>77,757,400</u>	<u>76,496,385</u>
<b>28.1 Return on funds placements with financial institutions</b>		
- Return on bank deposits	266,877	226,502
- Return on certificates of investment	800,857	3,318,634
- Return on fund placements	8,865,787	39,799,512
	<u>9,933,521</u>	<u>43,344,648</u>
<b>29 INCOME FROM INVESTMENTS</b>		
Return on government securities	14,391,278	15,266,878
Return on WAPDA bonds	3,912,919	4,883,777
Return on term finance certificates	20,334,560	13,736,029
Dividend income on available-for-sale investments	11,766,652	9,196,556
Capital gain on sale of securities	53,656,500	45,461,715
	<u>104,061,909</u>	<u>88,544,955</u>



	2007 Rupees	2006 Rupees
<b>30 FEES AND COMMISSION</b>		
Underwriting commission	185,000	812,944
Guarantee commission	687,500	550,000
Consultancy and corporate advisory fees	6,217,417	4,472,750
	7,089,917	5,835,694

**31. FINANCE COST**

Mark-up / Interest on		
-long term loans	38,668,265	34,961,589
-short-term secured borrowings	21,237,179	20,875,634
-short-term running finance	4,195,565	5,352,304
-certificate of deposits	25,544,055	9,432,799
-clean borrowings	11,474,233	15,846,258
Other charges	1,402,636	408,211
	102,521,933	86,876,795

	Note	2007 Rupees	2006 Rupees
<b>32 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and allowances	32.1 & 32.2	15,020,365	11,909,020
Meeting charges		379,934	182,199
Travelling and conveyance		1,087,832	639,487
Printing and stationery		301,274	321,850
Rent, rates and taxes		2,172,646	1,750,572
Lease rentals		95,760	574,560
Legal and professional		771,398	900,034
Repair and maintenance		802,205	1,503,695
Auditors' remuneration		150,000	160,000
Brokerage and commission		347,458	336,594
Motor vehicle running expenses		1,650,590	1,504,804
Telephone, telex and fax		514,762	684,937
Electricity, gas and water charges		730,877	530,554
Advertisement and business promotion		569,945	570,896
Newspaper and periodicals		39,281	31,976
Postage and courier services		32,452	30,838
Fees and subscription		985,536	746,820
Security guards		153,057	136,894
Insurance		573,827	350,528
Medical		638,915	667,697
Office supplies		228,211	205,670
IT support		339,450	-
Depreciation	5	2,274,042	1,260,573
		29,859,817	25,000,198

**32.1** It includes charge for gratuity and provident fund as follows:

- Gratuity	1,089,417	1,348,329
- Provident fund	460,045	394,033
	1,549,462	1,742,362





32.2 Salaries and allowances include salary and allowances to Chief Executive amounting to Rs. 3,067,663 (2006: Rs. 1,968,951).

	2007 Rupees	2006 Rupees
<b>33 TAXATION - net</b>		
Current	1,471,541	2,554,461
Prior	-	(577,843)
Deferred	232,540	254,966
	<u>1,704,081</u>	<u>2,231,584</u>

**33.1 Relationship between tax expense and accounting profit**

Profit before tax	<u>57,377,449</u>	<u>49,565,550</u>
Tax at applicable rate of 35% (2006: 37%)	20,082,107	18,339,254
Tax effect of:		
- Dividend income chargeable to tax at reduced rates	(3,058,849)	(2,544,115)
- Income exempt from tax	(16,446,911)	(13,240,678)
- Adjustment of tax in respect of prior year	-	(577,843)
- Difference due to turnover tax rate and normal tax rate	770,811	-
- Others	356,923	254,966
Tax charge for the year	<u>1,704,081</u>	<u>2,231,584</u>

33.2 The income tax assessment of the Company has been finalized upto the tax year 2006.

**34 EARNINGS PER SHARE - BASIC AND DILUTED**

Profit for the year	<u>55,673,368</u>	<u>47,333,966</u>
Weighted average number of shares outstanding during the year	<u>11,958,170</u>	<u>11,958,170</u>
Earnings per share - basic and diluted	<u>4.66</u>	<u>3.96</u>

The comparative figure of weighted average number of shares outstanding has been restated to include the effect of bonus shares issued by the Company during the year.

**35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

Interest / markup rate risk is the risk of decline in earnings due to adverse movement of the interest rate curve. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in the financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

Analysis of interest rate / mark-up rate risk is as under:



June 30, 2007					
Effective Yield / Interest rate %	Interest bearing		Non-Interest bearing	Total	
	Maturity upto one year	Maturity after one year			
.....Rupees.....					
<b>Financial assets</b>					
Investments	8 to 13.25	40,000,000	341,992,666	105,155,772	487,148,438
Loans and finances	4 to 16	1,130,412,859	155,830,285	-	1,286,243,144
Long-term placements	10.9 to 11.65	-	175,000,000	-	175,000,000
Security deposits	-	-	-	1,005,200	1,005,200
Short-term placements	10.1	35,000,000	-	-	35,000,000
Mark-up/interest accrued	-	-	-	14,959,225	14,959,225
Other receivables	-	-	-	5,888,330	5,888,330
Cash and bank balances	1 to 2.5	17,763,050	-	7,423,853	25,186,903
		<u>1,223,175,909</u>	<u>672,822,951</u>	<u>134,432,380</u>	<u>2,030,431,240</u>

June 30, 2007					
Effective Yield / Interest rate %	Interest bearing		Non-Interest bearing	Total	
	Maturity upto one year	Maturity after one year			
.....Rupees.....					
<b>Financial liabilities</b>					
Long-term loan	9.93 to 11.79	1,29,166,667	208,333,331	-	337,499,998
Short-term borrowings	9.15 to 10.05	295,000,000	-	-	295,000,000
Short-term running finance	10.12 to 11.12	99,995,000	-	-	99,995,000
Short-term certificates of deposit	9.25 to 10.25	706,200,000	-	-	706,200,000
Accrued mark-up	-	-	-	16,465,433	16,465,433
Accrued and other liabilities	-	-	-	55,149,562	55,149,562
		<u>1,230,361,667</u>	<u>208,333,331</u>	<u>71,614,995</u>	<u>1,510,309,993</u>

June 30, 2006					
Effective Yield / Interest rate %	Interest bearing		Non-Interest bearing	Total	
	Maturity upto one year	Maturity after one year			
.....Rupees.....					
<b>Financial assets</b>					
Investments	7.25 to 15	131,432,760	320,895,172	555,405,934	1,007,733,866
Loans and finances	4 to 15	254,622,548	113,089,109	-	367,711,657
Security deposits	-	-	-	220,050	220,050
Short-term placements	11.5 to 13	330,000,000	-	-	330,000,000
Mark-up/interest accrued	-	-	-	16,607,320	16,607,320
Other receivables	-	-	-	9,156,236	9,156,236
Cash and bank balances	0.8 to 1.75	13,753,897	-	2,315,612	16,069,509
		<u>729,809,205</u>	<u>433,984,281</u>	<u>583,705,152</u>	<u>1,747,498,638</u>



	June 30, 2006				
	Effective Yield / Interest rate %	Interest bearing		Non-Interest bearing	Total
		Maturity upto one year	Maturity after one year		
.....Rupees.....					
<b>Financial liabilities</b>					
Long-term loan	8.75 to 10.75	129,166,665	287,499,999	-	416,666,664
Short-term borrowings	8	246,878,275	-	-	246,878,275
Short-term running finance	8.75 to 10	150,000,000	-	-	150,000,000
Short-term certificates of deposit	8.5 to 10.6	200,500,000	-	-	200,500,000
Accrued mark-up		-	-	8,298,266	8,298,266
Accrued and other liabilities		-	-	249,063,411	249,063,411
		<u>726,544,940</u>	<u>287,499,999</u>	<u>257,361,677</u>	<u>1,271,406,616</u>

**35.1 Credit risk and concentration of credit risk**

Credit risk is the risk, that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet their contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company is exposed to credit risk on loan, term finance, fund placements with financial institutions, certain investments and receivable for sale of marketable securities. The Company seeks to minimize its credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable. Credit risk in respect of derivative financial instruments is limited to those with positive fair values. Out of the total financial assets of Rs. 2,030,431 (2006: Rs. 1,747,498) million, the financial assets which are subject to credit risk amounted to Rs. 2,030,393 (2006: Rs. 1,747,472) million.

**35.2 Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The company has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities, to guard against the risk.

**35.3 Fair value of financial instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Since the company does not have significant long-term fixed interest rate financial instruments, the fair value of all financial instruments is considered to approximate their book values.

**36. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, key management personnel and post employment benefit scheme. The company in the normal course of business carries out transactions with various



related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other significant transactions with associated undertakings are as follows:

	2007 Rupees	2006 Rupees
<b>Associated Undertakings</b>		
Mark-up accrued on long-term loan	2,658,390	3,468,699
Mark-up on long-term loans	22,997,838	23,366,794
Mark-up on short-term running finance	2,470,913	4,796,029
Return on WAPDA Bonds	3,912,919	3,038,115
Dividends paid	-	7,089,825
Consultancy fee from NBP	-	1,800,000
<b>Staff Retirement Plans</b>		
Contribution to staff retirement plans	2,213,198	723,003
<b>Key management personnel</b>		
Return on loan to Chief Executive	252,342	-

### 37. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Director's in its meeting held on September 6, 2007 has proposed a cash dividend in respect of financial year ended June 30, 2007 of Re. 1 per share (2006: nil). In addition, the directors have announced a bonus issue of 234.50% (2006: 15%). These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2007 do not include the effect of these appropriation which will be accounted for in the financial statements for the year ending June 30, 2008.

### 38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 06, 2007 by the Board of Directors of the Company.

### 39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison. Significant reclassifications made are as follows:

From	To	Amount re-classified Rupees
Unrealized gain / (loss) on held-for-trading investments	Capital gain on sale of securities	4,471,810
Income from term finances and funds placements	Other income	241,609

CHIEF EXECUTIVE OFFICER

CHAIRMAN



## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2007

No. of Shareholder	Share holding			Total Shares Held		
Nil	From	1	TO	100	Shares	Nil
Nil	From	101	TO	500	Shares	Nil
Nil	From	501	TO	1,000	Shares	Nil
Nil	From	1,001	TO	5,000	Shares	Nil
Nil	From	5,001	TO	10,000	Shares	Nil
Nil	From	10,001	TO	20,000	Shares	Nil
Nil	From	20,001	TO	50,000	Shares	Nil
Nil	From	50,001	TO	100,000	Shares	Nil
2	From	100,001	and above		Shares	11,958,170
2						11,958,170

Categories of Share Holders	Numbers	Shares Held	Percentage %
Individuals (Pakistan)	Nil	Nil	Nil
Individual(Foreign)	Nil	Nil	Nil
Investment Companies	Nil	Nil	Nil
Joint Stock Companies	Nil	Nil	Nil
Finicial Institutions	Nil	Nil	Nil
Associated Companies / Undertakings	2	11,958,170	100
Private Companies and Institutions	Nil	Nil	Nil
	2	11,958,170	100