Annual Report 2013

fcibank

First Credit And Investment Bank Ltd.

Major Joint Venture Partners:

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.

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COMPANY INFORMATION

HR COMMITTEE:

Mr. Imdad Ali Shaikh	(Chairman)
Mr. Wajahat A. Baqai	(Member)
Mr. Anwar-ul-Haq	(Member)
Mr. Muhammad Mohsin Ali	(Member)

AUDIT COMMITTEE:

Mr. Najib Tariq	(Chairman)
Mr. Wajahat A. Baqai	(Member)
Mr. Anwar -ul- Haq	(Member)
Mr. Imdad Ali Shaikh	(Member)

INVESTMENT AND CREDIT COMMITTEE:

Chaudhry Tahir Hussain	(Chairman)
Mr. Najib Tariq	(Member)
Mr. Wajahat A. Baqai	(Member)
Mr. Imdad Ali Shaikh	(Member)

COMPANY SECRETARY:

Mr. Muhammad Mohsin Ali

AUDITORS:

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR:

Mohsin Tayebaly & Company

BANKERS:

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan

SHARE REGISTRAR:

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3
Dr. Ziauddin Ahmed Road,
Karachi. 75530
Ph. # +92 (21) 111-000-322
Fax # +92 (21) 35655595

HEAD OFFICE / REGISTERED OFFICE:

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Stratchen Road, Karachi - 74200
Pakistan.
Ph. # : 35658750-1, 35670452, 35688490
Fax. # : 35689331, 35686310
E-mail: info@fcibank.com.pk
Website: www.fcibank.com.pk

LAHORE BRANCH:

Ground Floor, Office # 2, 83-A-E/1
Main Boulevard, Gulberg III, Lahore.
Ph. # : +92 (42) 35790251
Fax. # : +92 (42) 35790252

BOARD OF DIRECTORS

Mr. Ziaullah Khan
Chairman

Mr. Wajahat A. Baqai
Director

Mr. Najib Tariq
Director

Mr. Imdad Ali Shaikh
Director

Mr. Khalid Mahmood
Director
(subject to approval from SECP)

Mr. Anwar-ul-Haq
Director

Chaudhary Tahir Hussain
Director

Mr. Muhammad Mohsin Ali
Acting Chief Executive

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 24th Annual General Meeting of the shareholders of First Credit & Investment Bank Limited will be held on Tuesday, October 29, 2013 at 5:00 p.m. at PIIA (Pakistan Institute of International Affairs) Auditorium, Aiwan-e-Saddar Road, Karachi to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 22, 2012.
2. To receive, consider and adopt the audited financial statements of the Company together with the Auditors' and Directors reports thereon for the year ended June 30, 2013.
3. To appoint the statutory auditors for the year ending June 30, 2014 and fix their remuneration. The present auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Muhammad Mohsin Ali
Company Secretary

Karachi
October 7, 2013

Notes:

1. The share transfer books of the Company will remain closed from October 19, 2013 to October 29, 2013 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. THK Associates (Pvt.) Ltd, Ground Floor, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi, 75530 upto the close of business on October 18, 2013, will be considered in time for purpose of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy in writing to attend the meeting who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member. A proxy need not be a member of the Company.
3. In order to be effective, proxy form must be received at the office of our Registrar not later than forty eight (48) hours before the meeting, duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
4. In case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. In case of the proxy by a corporate entity, Board of Directors resolution/ power of attorney and attested copy of CNIC or passport of the proxy shall be submitted alongwith the proxy form.
6. Accountholders and sub-accountholders holding book entries securities of the Company in the Central Depository Company of Pakistan Ltd, who wish to attend the meeting, are requested to bring their original CNIC with copies thereof duly attested for identification purpose.
7. The shareholders are requested to timely notify any change in their addresses to our Registrar office.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present to you the 24th Annual Report of the First Credit & Investment Bank Limited alongwith the audited financial statements and Auditors' Report thereon, for the year ended June 30, 2013.

State of Pakistan's Economy

During the year Pakistan's economy continued to face challenges like energy shortages, floods and rains, poor law and order situation and a host of other structural impediments. These held back investment and growth. The fiscal deficit for FY13 has been estimated to reach 8.8% of GDP. The burden of financing that sizeable deficit has fallen disproportionately on domestic sources, in particular the banking system.

Weak fiscal position arising from low tax revenue base and high subsidies, bleeding public sector enterprises, vulnerable external account position, pressure on exchange parity, persistent power shortages and sensitive security conditions remained formidable socio-economic challenges which continue to be strong impediments to growth. The GDP growth for 2012-13 has been estimated at 3.6 percent, which is lower than the target of 4.3% for the year.

State Bank of Pakistan (SBP) adopted a relatively expansionary policy stance for the past two years. The policy rate was reduced by cumulative 400 basis points from 13.5% in August, 2011 to 9.0% in June 2013. However, SBP in its recent monetary policy announced on September 13, 2013 increased the policy rate by 50 bps to 9.5%.

Pakistan's equity market, the Karachi Stock Exchange (KSE), was one of the best performing stock markets in 2012-13. The KSE 100 index touched the 21,006 level with nearly 8,205 points added by the close of the financial year in comparison with the last year.

In view of the prevailing economic challenges, your Bank continued to focus on steady growth by maintaining quality assets portfolio and enhanced business efficiencies through various cost controlling measures.

Financial Results

Financial results of the Bank for 2012-13 are summarized below, comparative data for 2011-12 has also been provided:

	2012-13	**2011-12**
	(Rupees in ,000)	(Rupees in ,000)
Total revenue	**92,611**	139,198
Operating profit/ (loss) before taxation & provisions	**2,008**	(870)
(Loss) before taxation	**(14,395)**	(85,113)
(Loss) after taxation	**(6,331)**	(71,197)
Shareholders' equity	**650,452**	656,783
Deficit in revaluation of investments	**(10,213)**	(19,447)
Total assets	**837,336**	1,221,078
(Loss) per share-basic and diluted (Rs.)	**(0.10)**	(1.10)

Review of Operations

Previous few years have been bad for the NBFC sector particularly for investment banks due to adverse market and economic conditions and overall law and order situation in the country. Most of the investment banks are continuously facing serious problems in terms of liquidity, profitability and viability. Prudent approach was adopted while undertaking new business due to lack of viable opportunities. Your bank was, however, successful in maintaining its liquidity and viability. Despite all the difficulties being faced, the Bank was able to report operating profit of Rs.2.0 million for the year ended June 30, 2013 against operating loss of Rs.0.9 million reported for the year ended June 30, 2012. The bank was also able to reduce its loss after tax to Rs.6.3 million against loss after tax of Rs.71.2 million for the last year. The shareholders' equity also decreased by Rs.6.3 million to Rs.650.5 million as at June 30, 2013 from Rs.656.8 million as at June 30, 2012. However, it is noteworthy that due to the improvement in revaluation of available for sale investments by Rs.9.2 million, the shareholders' equity net of deficit on revaluation of available for sale investments increased to Rs.640.0 million as at June 30, 2013 from Rs.637.4 million as at June 30, 2012. Total assets of the Bank declined to Rs.837.3 million as at June 30, 2013 from Rs.1,221.1 million from June 30, 2012.

Minimum Equity Requirement

The auditors of the Bank in their report to the members on audit of financial statement have invited attention in respect of minimum equity requirements prescribed under the Non-Banking Finance Companies and Notified Entities Regulations 2008. The management of the Bank has explained the same in detail under Note 1.2 annexed to the financial statements.

Changes since Balance Sheet Date

There have not been any material events or changes that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Dividend

Dividend policy of the Bank has been a mix of offering attractive cash dividends, bonus shares to the shareholders, improving its credit rating and allowing the availability of adequate funds to meet its investment and expansion plans. Due to after-tax loss for FY13, the Directors do not recommend any dividend for the year ended June 30, 2013.

Credit Rating

JCR-VIS Credit Rating Company Limited vide its report dated December 28, 2012 maintained the medium to long-term entity rating of the Bank at 'A-' (Single A Minus) and Short-term rating at 'A-2' (A-Two).

Corporate and Financial Reporting Framework

As required by the Code of Corporate Governance, the directors are pleased to report the following:

a) These financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and change of equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control, which is in place, is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Key operating and financial data

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

Year ended June 30	2013	2012	2011	2010	2009	2008
			Rupees in million			
Total revenue	**93**	139	138	164	214	178
Profit/ (loss) before taxation	**(14)**	(85)	(136)	5	13	25
Profit/ (loss) after taxation	**(6)**	(71)	(88)	8	8	16
Shareholders' equity	**650**	656	727	816	809	558
Total assets	**837**	1,221	1,518	1,465	1,800	1,729
Earning/ (loss) per share (Rs)	**(0.10)**	(1.10)	(1.36)	0.12	0.12	0.40

Staff Retirement Benefit Schemes

Value of the investment of Employees' Provident Fund and Gratuity Fund based on their latest audited financial statements were Rs.13,957,088/- and Rs.9,976,228/-, respectively.

Board of Directors

During the year, casual vacancies occurred in the Board due to the resignations of Mr. Shahid Anwar Khan and Dr. Asif A. Brohi. The Board appointed Mr. Ziaullah Khan and Mr. Khalid Mahmood as directors to fill the casual vacancies, subject to approval from SECP. Further, on expiry of his contract, Mr. Mohammad Imran Malik relinquished his office of CEO & President on May 27, 2013. The Board appointed Mr. Muhammad Mohsiin Ali as Acting CEO during the vacancy period. Subsequently, the Board in its meeting held on August 3, 2013 appointed Mr. Karim Hatim as CEO/ President of the Bank for a period of three years, subject to approval from SECP.

During the year seven (7) Board meetings were held, in which Directors' attendance was as follows:

	Name of Directors	No. of meetings attended
1.	Mr. Shahid Anwar Khan	3
2.	Dr. Asif A. Brohi	2
3.	Mr. Najib Tariq	7
4.	Mr. Wajahat A. Baqai	7
5.	Mr. Anwar-ul-Haq	5
6.	Mr. Imdad Ali Shaikh	7
7.	Chaudhry Tahir Hussain	4
8.	Mr. Mohammad Imran Malik	7

Leave of absence was granted to the directors who could not attend the meetings.

Audit Committee and Internal Controls

Audit Committee of the Board comprises of four non-executive directors. Terms of reference of the Audit Committee have been formulated by the Board in accordance with the Code of Corporate Governance. During the year four (4) meetings of Audit Committee of the Board were held, in which directors' attendance was as follows:

	Name of Directors	No. of meetings attended
1.	Mr. Najib Tariq	4
2.	Mr. Wajahat A. Baqai	4
3.	Mr. Anwar-ul-Haq	3
4.	Mr. Imdad Ali Shaikh	4

Leave of absence was granted to the directors who could not attend the meetings.

HR and Remuneration Committee

Board constituted its HR and Remuneration Committee to assist the directors in discharging their responsibilities with regard to selection, evaluation and succession planning of key management personnel. The committee consists of four members. Majority of members including the Chairman of the Committee are non-executive directors.

Training Programs

The directors have been provided with copies of Listing Regulations of the Karachi Stock Exchange, Memorandum and Articles of Association, NBFCs Rules 2003 and NBFCs & NEs Regulation 2008 and they are well conversant with their duties and responsibilities. During the year one director obtained the certification under directors training program. Similarly, training opportunities will be provided to employees for upgrading their skills for the long term growth of the Bank.

Investment and Credit Committee

Board also constituted an Investment and Credit Committee of the Board. The committee consists of four directors all of whom are non-executive directors including the Chairman of the Committee.

Auditors

The present auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible offer themselves for re-appointment. As required under the Code of Corporate Governance the Audit Committee has recommended the appointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as auditors for the year ending June 30, 2014.

Pattern of Shareholdings

The Pattern of Shareholding including Categories of Shareholders of the Company as on June 30, 2013 is annexed at the end of the annual report.

During the year, no trade of shares of the Bank was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children, except as those reported in pattern of shareholding.

Future Outlook & Strategy

We are vigilant for diversifying our business and increasing revenue streams, which hopefully will be forthcoming with improvement in economic and business conditions of the country. Your Bank would endeavour to restore reasonable quality of its assets, improve its infrastructure, build capacity through training of existing personnel and hiring key professionals, diversify products and services, and updating policies and procedures to meet the requirements of the new challenges and opportunities.

Acknowledgement

The directors wish to place on record their appreciation to our shareholders, valued customers and financial institutions for their continued trust and patronage. We are grateful to the regulatory authorities especially the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the Karachi Stock Exchange for their continued guidance and support. We acknowledge hard work and dedication of the employees who are our real assets.

By order of the Board

Muhammad Mohsin Ali
Acting Chief Executive

Karachi
September 27, 2013

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First Credit Investment Bank Limited ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchanges Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance 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 the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further Listing Regulations of the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the 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 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.

Based on our review 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

Rahman Sarfaraz Rahim Iqbal Rafiq

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Waseem

Karachi
September 27, 2013

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited 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:

Name	Category	
	Non-Executive Directors	Executive Directors
Mr. Ziaullah Khan	✓	
Mr. Najib Tariq	✓	
Chaudhry Tahir Hussain	✓	
Mr. Wajahat A. Baqai	✓	
Mr. Anwar-ul-Haq	✓	
Mr. Imdad Ali Shaikh	✓	
*Mr. Khalid Mahmood	✓	
** Mr. Muhammad Mohsin Ali		✓

* approval for appointment under Fit & Proper criteria from SECP is awaited.

** During the year, on expiry of his contract, Mr. Mohammad Imran Malik relinquished his office of CEO & President on May 27, 2013. The Board appointed Mr. Muhammad Mohsin Ali as Acting CEO during the vacancy period. Subsequently, the Board in its meeting held on August 3, 2013 appointed Mr. Karim Hatim as CEO/ President of the Bank for a period of three years, subject to approval from SECP.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year two causal vacancies of the directors were arisen which were duly filled within the stipulated time period.

5. The company has prepared a "Statement of Ethics and Business Practices" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which 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, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors have been provided with copies of Listing Regulations of the Karachi Stock Exchange, Memorandum and Articles of Association, NBFCs Rules and NBFCs & NEs Regulations and they are well conversant with their duties and responsibilities. One director has obtained certification under Directors' Training Program.

10. There was no new appointment of CFO, Company Secretary or Head of Internal Audit during the year under reviewed.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises four members, of whom all are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR & Remuneration Committee. It comprises four members, of whom three are non-executive directors including the chairman of the committee.

18. The board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

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

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

By order of the Board

Karachi
September 27, 2013

Muhammad Mohsin Ali
Acting Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Credit and Investment Bank Limited ("the Company") as at 30th June, 2013 and the related profit and loss account, statement of comprehensive income, statement of cash flows 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;

  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, statement of cash flows 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 30th June, 2013 and of the loss, its total comprehensive loss, 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 (XVIII of 1980).

We draw attention to Note 1.2 to the financial statement which describes the minimum capital requirements of the Company which is below by Rs. 349.55 million. Our opinion is not qualified in respect of this matter.

Rahman Sh Rafiq

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner : Muhammed Waseem

Karachi
September 27, 2013

BALANCE SHEET

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non-Current Assets			
Fixed assets			
Property, Plant and Equipment	4	**8,272,110**	10,966,102
Intangible assets	5	**1,124,921**	2,059,149
Long-term investments	6	**265,544,107**	560,575,495
Long-term loans and finances	7	**48,224,092**	58,472,493
Long-term security deposits	8	**1,050,000**	1,050,000
Deferred tax asset	9	**92,717,867**	83,798,027
		416,933,097	716,921,266
Current Assets			
Short-term investments	10	**79,861,809**	237,728,850
Short-term placements	11	**170,000,000**	100,000,000
Current portion of non-current assets			
-Long term investments	12	**128,669,302**	94,221,008
-Long term loans and finances	12	**7,928,082**	16,266,712
Markup/interest accrued	13	**11,829,168**	37,938,915
Advances, prepayments and other receivables	14	**2,342,296**	2,709,748
Advance tax - net		**14,137,807**	10,777,477
Cash and bank balances	15	**5,634,049**	4,514,160
		420,402,513	504,156,870
		837,335,610	1,221,078,136

MUHAMMAD MOHSIN ALI
Acting Chief Executive

AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
75,000,000 (2012: 75,000,000) ordinary shares of Rs. 10 each		**750,000,000**	750,000,000
Issued, subscribed and paid-up capital	16	**650,000,000**	650,000,000
Reserves	17	**451,534**	6,782,851
		650,451,534	656,782,851
Deficit on Revaluation of Investments - Net	18	**(10,212,943)**	(19,446,884)
Non-Current Liabilities			
Long-term loan	19	**62,500,000**	125,000,000
Long-term certificates of deposit	20	**17,500,000**	9,200,000
		80,000,000	134,200,000
Current Liabilities			
Short-term borrowings	21	**-**	279,162,800
Short-term running finance	22	**-**	37,415,695
Current portion of long-term loan	19	**78,125,000**	78,125,000
Short-term certificates of deposits	23	**29,060,000**	32,740,000
Accrued markup	24	**4,851,743**	13,060,926
Accrued expenses and other liabilities	25	**5,060,276**	9,037,748
		117,097,019	449,542,169
Contingencies and Commitments	26	**-**	-
		837,335,610	1,221,078,136

The annexed notes from 1 to 40 form an integral part of these financial statements.

WAJAHAT A. BAQAI
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Income			
Income from term finances and funds placements	27	**4,831,467**	27,785,745
Income from investments	28	**86,559,614**	110,105,774
Fees and commission	29	**763,417**	924,423
Other income		**456,024**	382,159
		92,610,522	139,198,101
Expenditure			
Finance cost	30	**36,130,657**	91,040,806
Administrative and operating expenses	31	**54,471,975**	49,027,453
		90,602,632	140,068,259
Operating profit/(loss) before taxation and provisions		**2,007,890**	(870,158)
Provision for markup/ interest accrued		**568,129**	(4,618,377)
Provision for non-performing investments	6.6	**(10,202,777)**	(75,649,626)
Provision for non-performing finances	7.2.5	**(2,470,729)**	231,667
Unrealized (loss) / gain on held-for-trading investments	10.6	**5,809**	8,510
Reversal of provision for non-performing investment	6.5	**697,947**	-
Permanent diminution in value of investments	10.2	**(5,000,854)**	(4,214,711)
Loss before taxation		**(14,394,585)**	(85,112,695)
Provision for taxation	32	**8,063,268**	13,915,832
Loss for the year		**(6,331,317)**	(71,196,863)
Loss per Share - basic and diluted	33	**(0.10)**	(1.10)

The annexed notes from 1 to 40 form an integral part of these financial statements.

MUHAMMAD MOHSIN ALI
Acting Chief Executive

WAJAHAT A. BAQAI
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
Loss after taxation	**(6,331,317)**	(71,196,863)
Other comprehensive income for the year	**-**	-
Total comprehensive loss for the year	**(6,331,317)**	(71,196,863)

The annexed notes from 1 to 40 form an integral part of these financial statements.

MUHAMMAD MOHSIN ALI	**WAJAHAT A. BAQAI**
Acting Chief Executive	Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
A. Cash Flows from Operating Activities		
(Loss)/Profit before taxation	**(14,394,585)**	(85,112,695)
Less: dividend income	**(1,347,943)**	(2,192,822)
Adjustments for:		
Depreciation	**2,907,395**	3,518,806
Amortization	**934,228**	746,467
Provision for the gratuity	**794,191**	798,885
(Gain) on disposal of property, plant and equipment	**(69,000)**	(5,500)
Reversal of suspended markup	**(3,732,260)**	-
Permanent diminution in value of investments	**5,000,854**	4,214,711
Provision for markup/ interest accrued	**(568,129)**	4,618,377
Provision for non-performing finances	**2,470,729**	(231,667)
Provision for non-performing investments	**9,504,830**	75,649,626
Unrealized loss on held-for-trading investments	**(5,809)**	(8,510)
	17,237,029	89,301,195
Operating cash flows before working capital changes	**1,494,501**	1,995,678
(Increase) / decrease in current assets		
- Short-term investments	**157,867,041**	(92,133,458)
- Short-term placements	**(70,000,000)**	155,924,700
- Markup/interest accrued	**26,109,747**	(4,119,357)
- Advances, prepayments and other receivables	**367,452**	807,601
	114,344,240	60,479,486
Increase / (decrease) in current liabilities		
- Accrued expenses and other liabilities	**(3,977,472)**	674,815
- Accrued markup	**(8,209,183)**	(11,463,393)
- Short-term borrowings	**(279,162,800)**	97,587,000
	(291,349,455)	86,798,422
Cash (used in) / generated from operations	**(175,510,714)**	149,273,586
Gratuity contribution paid	**(929,414)**	(855,030)
Income tax paid	**(3,896,330)**	(4,343,256)
	(4,825,744)	(5,198,286)
Net cash (used in) / generated from operating activities	**(180,336,458)**	144,075,300
B. Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	**(213,403)**	(4,219,286)
Acquisition of intangible assets	**-**	(1,000,000)
Proceed from disposal of property, plant and equipment	**69,000**	5,500
Long-term investments - net	**256,961,471**	148,657,233
Dividend received	**1,347,943**	2,196,603
Long-term finances	**18,587,031**	11,740,370
Net cash generated from investing activities	**276,752,042**	157,380,420
C. Cash Flows from Financing Activities		
Repayment of long term loans	**(62,500,000)**	(46,875,000)
Short-term running finance	**(37,415,695)**	37,415,695
Certificates of deposit	**4,620,000**	(296,080,000)
Net cash (used in) financing activities	**(95,295,695)**	(305,539,305)
Net increase in cash and cash equivalents	**1,119,889**	(4,083,585)
Cash and cash equivalents at the beginning of the year	**4,514,160**	8,597,745
Cash and cash equivalents at the end of the year	**5,634,049**	4,514,160

The annexed notes from 1 to 40 form an integral part of these financial statements.

MUHAMMAD MOHSIN ALI
Acting Chief Executive

WAJAHAT A. BAQAI
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Issued, subscribed and paid-up capital	Statutory Reserve	Unappropriated profit / (loss)	Total
	..................................(Rupees).................................			
Balance as at July 01, 2011	**650,000,000**	**117,663,484**	**(39,683,770)**	**727,979,714**
Changes in equity for the year 2012				
Loss for the year	-	-	(71,196,863)	(71,196,863)
Transfer to statutory reserve	-	-	-	-
Balance as at June 30, 2012	**650,000,000**	**117,663,484**	**(110,880,633)**	**656,782,851**
Balance as at July 01, 2012	650,000,000	117,663,484	(110,880,633)	656,782,851
Changes in equity for the year 2013				
Loss for the year	-	-	(6,331,317)	(6,331,317)
Transfer to statutory reserve	-	-	-	-
Balance as at June 30, 2013	**650,000,000**	**117,663,484**	**(117,211,950)**	**650,451,534**

The annexed notes from 1 to 40 form an integral part of these financial statements.

MUHAMMAD MOHSIN ALI
Acting Chief Executive

WAJAHAT A. BAQAI
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1 Legal Status and Operations

First Credit and Investment Bank Limited ("the Company") was incorporated in Pakistan on August 31, 1989 as a private limited company under the name of First Credit and Discount Corporation (Private) Limited and thereafter converted in to a public limited company. Subsequently, the name of the Company was changed to First Credit and Investment Bank Limited. During 2008-09, the Company was listed on Karachi Stock Exchange by way of issue of shares to general public. 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) and each holds 30.77% holding in the Company.

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 Regulation) Rules, 2003 ("the NBFC Rules") issued by the Securities and Exchange Commission of Pakistan (SECP). The license has been renewed on January 16, 2011 and is valid for a period of three years. The medium to long term credit rating of the Company, rated by JCR-VIS Credit Rating Company, is 'A-' with a negative outlook. Short term rating of the Company is 'A-2'.

1.2 Minimum equity requirement as per NBFCs & NEs Regulations 2008 for the companies undertaking business of investment finance services as at June 30, 2013 is Rs.1.0 billion (2012: Rs.700 million). Further, the regulation 4 of the said NBFCs Regulations prescribed the procedure for applying to the Commission for obtaining relaxation in case minimum equity requirement is not met. The Non-Banking Financial Sector Reform Committee of SECP in its report issued for public comments in March 2013 has suggested that the minimum equity for companies undertaking business of investment finance services be fixed at Rs.300 million for the time being, to be enhanced to Rs.600 million till June 30, 2016 and further enhanced to Rs.1.0 billion by June 30, 2018. In view of the above the company awaits for the finalization of minimum equity requirement to be complied by NBFC thereupon.

2 Basis of Preparation

2.1 Statement of compliance

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

The SECP has deferred the applicability of International Accounting Standard, IAS-39, 'Financial Instruments: Recognition and measurement' and IAS-40, 'Investment Property' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. The SECP has also deferred the applicability of International Financial Reporting Standard, IFRS-7 'Financial Instruments: Disclosures' through Circular No. 411(1) / 2008 dated April 28, 2008 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing these financial statements, the significant judgment made by the management in applying accounting policies include:

- Provision for current and deferred taxation (Note 3.10)
- Classification, impairment and provisioning of investments (Note 3.2, 3.3 and 3.15)
- Provision against finances (Note 3.15)
- Staff retirement benefits (Note 3.11)
- Depreciation and amortization on fixed and intangible assets (Note 3.1.1 and 3.1.2)

2.5 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

b) New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1, 'Presentation of Financial Statements') effective for annual periods beginning on or after 1 July 2012.

- IAS 19, 'Employee Benefits' (Amended 2011) effective for annual periods on or after 1 January 2013.

- IAS 27, 'Separate Financial Statements' (Revised 2011) effective for annual periods beginning on or after 1 January 2013.

- IAS 28, 'Investments in Associates and Joint Ventures (2011) effective for annual periods beginning on or after 1 January 2013.

- IFRS 10, 'Consolidated Financial Statements' effective for annual periods beginning on or after 1 January 2013

- IFRS 11, 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2013

- IFRS 12, 'Disclosure of Interest in Other Entities' effective for annual periods beginning on or after 1 January 2013

- IFRS 13, 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2013

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) effective for annual periods beginning on or after 1 January 2014.

- IFRS 9, 'Financial Instruments' effective for annual periods beginning on or after 1 January 2015

3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently to all the year presented.

3.1 Fixed assets

3.1.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to Profit and Loss account using the straight line method whereby the cost of an asset is written-off over its estimated useful life at rates specified in note 4 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.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

Gains or losses on disposal or retirement of property, plant and equipment are taken to profit and loss account.

3.1.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. The cost of intangible asset is amortized over its estimated useful life, using straight line method at rate specified in note 5 to the financial statements.

3.2 Impairment

The carrying amount of assets is reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such indication exists, where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

3.3 Investments

The Company determines the appropriate classification of its investments at the time of purchase of investment and re-evaluates this classification on a regular basis. The existing investment portfolio of the Company has been categorized as follows:

Held-for-trading

These are investments which are acquired principally for the purpose of generating profits from short-term fluctuations in market prices, interest rate movements, dealer's margin or are investments included in a portfolio in which a pattern of short-term profit taking exists.

Available-for-sale

These are investments that are intended to be held for an indefinite period of time and which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices.

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

All investments are initially recognized at cost, being the fair value of the consideration given. Cost includes transaction costs associated with the investment. Subsequent to initial recognition, held-for trading and available-for-sale investments for which active market exists, are measured at their market value while held-to maturity investments are stated at amortized cost using the effective interest rate method less impairment, if any.

Any surplus or deficit on revaluation of held-for-trading investments are charged to income currently, while in case of available-for-sale investments, the resulting surplus/(deficit) is kept in a separate account and is shown in the balance sheet below the shareholders' equity as surplus/(deficit) on revaluation of investments. At the time of disposal the respective surplus or deficit is transferred to income currently.

Unquoted available for sale investments, except where an active market exists, are carried at cost less accumulated impairment losses, if any,

Impairment of investments is recognized when there is a permanent diminution in their values. Provision for impairment in the value of investment, if any, is taken to the profit and loss account.

3.4 Trade date accounting

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognised on the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.5 Derivatives instruments

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 derivatives is equivalent to the unrealized gain or loss from marking the derivatives to market using prevailing market rates at the balance sheet date. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The corresponding gains and losses are included in the profit and loss account.

3.6 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 /financial institutions. The difference between sale and repurchase price is treated as mark-up on borrowings from banks/financial institutions 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 and accrued over the life of the reverse repo agreement.

3.7 Margin Trading System (MTS) transactions

Receivable against MTS transactions are recorded at the fair value of the consideration given. The MTS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from MTS transactions in the profit and loss account and is recognized over the term of the respective transaction.

3.8 Term finance / Credit facilities

Term finances originated by the Company are stated net of provision for losses on such assets. The specific provision for bad and doubtful loans, if any, is determined in accordance with the requirements of the NBFC Regulations. Loans are written off when there is no realistic prospect of recovery.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose statement of cash flows , cash and cash equivalents consist of cash and bank balances.

3.10 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. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for current tax also includes adjustments where necessary relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised 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 used for financial reporting purpose. Deferred tax asset is recognized for all deductible temporary differences and tax losses, if any, 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 and tax losses 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 at the balance sheet date.

3.11 Staff retirement benefits

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 14.1.1 to these financial statements.

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.

3.12 Long term financing- Term finance certificates (TFCs)

Term finance certificates are initially recognised at its fair values less transaction costs that are directly attributable to the issue of TFCs and subsequently carried at amortised cost using effective interest rate method. The transaction costs are also amortised over the term of TFCs using the effective interest method.

3.13 Finances, Certificate of deposits and other borrowings

These financial liabilities are initially recognised at fair value plus directly attributable cost, if any, and subsequently carried at amortised cost using effective interest rate method.

3.14 Return on certificates of deposit

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

3.15 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.

3.16 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.

3.17 Proposed dividend and transfer between reserves

Proposed dividend and transfer between reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.18 Borrowing costs

Borrowing costs are recognised as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of the relevant asset.

3.19 Revenue recognition

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

Interest / markup on rescheduled / restructured advances and investments is recognised in accordance with the guidelines given in the NBFC Regulations.

b) Return on government securities and term finance certificates is recognised on time proportion basis.

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

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

e) Other income is recognised as and when incurred.

3.20 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.21 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company looses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

3.22 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 asset and settle the liability simultaneously.

3.23 Related Party Transactions

The Company enters into transactions with related parties on arm's length basis. Prices for transactions with related parties are determined using admissible valuation method

4 PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings	Office equipment	Computers	Air Conditioners	Vehicles	Leasehold Improvements	Total
As at July 1, 2011							
Cost	1,032,388	2,065,230	3,380,323	1,534,905	10,721,352	6,865,218	25,599,416
Accumulated depreciation	(796,712)	(1,944,868)	(2,438,369)	(619,375)	(8,887,874)	(646,596)	(15,333,794)
Net book value	235,676	120,362	941,954	915,530	1,833,478	6,218,622	10,265,622
Year ended June 30, 2012							
Opening net book value	235,676	120,362	941,954	915,530	1,833,478	6,218,622	10,265,622
Additions during the year	449,020	81,120	462,271	-	3,226,875	-	4,219,286
Disposals / transfers							
Cost	13,500	-	-	-	2,031,192	-	2,044,692
Accumulated depreciation	(13,500)	-	-	-	(2,031,192)	-	(2,044,692)
Net book value	-	-	-	-	-	-	-
Depreciation for the year	(112,555)	(106,947)	(470,009)	(175,691)	(1,291,647)	(1,361,957)	(3,518,806)
Closing net book value	572,141	94,535	934,216	739,839	3,768,706	4,856,665	10,966,102
As at June 30, 2012							
Cost	1,467,908	2,146,350	3,842,594	1,534,905	11,917,035	6,865,218	27,774,010
Accumulated depreciation	(895,767)	(2,051,815)	(2,908,378)	(795,066)	(8,148,329)	(2,008,553)	(16,807,908)
Net book value	572,141	94,535	934,216	739,839	3,768,706	4,856,665	10,966,102
Year ended June 30, 2013							
Opening net book value	572,141	94,535	934,216	739,839	3,768,706	4,856,665	10,966,102
Additions during the year	-	16,820	196,583	-	-	-	213,403
Disposals / transfers							
Cost	79,200	195,799	445,395	-	1,112,560	-	1,832,954
Accumulated depreciation	(79,200)	(195,799)	(445,395)	-	(1,112,560)	-	(1,832,954)
Net book value	-	-	-	-	-	-	-
Depreciation for the year	(146,534)	(29,516)	(479,015)	(173,690)	(838,640)	(1,240,000)	(2,907,395)
Closing net book value	425,607	81,839	651,784	566,149	2,930,066	3,616,665	8,272,110
As at June 30, 2013							
Cost	1,388,708	1,967,371	3,593,782	1,534,905	10,804,475	6,865,218	26,154,459
Accumulated depreciation	(963,101)	(1,885,532)	(2,941,998)	(968,756)	(7,874,409)	(3,248,553)	(17,882,349)
Net book value	425,607	81,839	651,784	566,149	2,930,066	3,616,665	8,272,110
Annual rates of depreciation	**15%**	**20%**	**33%**	**15%**	**20%**	**20%**	

4.1 Particulars of disposal of property, plant and equipments, having carrying value of Rs.50,000 or to related party disposed off during the year.

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Party account	Mode of Disposals
Vehicle							
Cuore APE-269	442,560	442,560	-	-	-	M. Kamran (Employee)	As per Company policy
Cultus ANT-722	615,000	615,000	-	-	-	Hasnain Raza (Employee)	As per Company policy
	1,057,560	1,057,560					
Assets having carrying value below Rs.50,000							
	775,394	775,394	-	69,000	69,000		
Total	**1,832,954**	**1,832,954**	**-**	**69,000**	**69,000**		

		Intangible Asset Rupees
5	**Intangible Assets**	
	As at July 01, 2011	
	Cost	2,409,056
	Accumulated amortization	(603,440)
	Net book value	1,805,616
	Year ended June 30, 2012	
	Opening net book value	1,805,616
	Additions during the year	1,000,000
	Disposals / transfers	
	Cost	-
	Accumulated amortization	-
	Net book value	-
	Amortization for the year	(746,467)
	Closing net book value	2,059,149
	As at June 30, 2012	
	Cost	3,409,056
	Accumulated amortization	(1,349,907)
	Net book value	2,059,149
	Year ended June 30, 2013	
	Opening net book value	2,059,149
	Additions during the year	-
	Disposals / transfers	
	Cost	-
	Accumulated amortization	-
	Net book value	-
	Amortization for the year	(934,228)
	Closing net book value	1,124,921
	As at June 30, 2013	
	Cost	3,409,056
	Accumulated amortization	(2,284,135)
	Net book value	1,124,921
	Annual rates of Amortization	**33%**

6 Long-Term Investments

	Note	2013 Rupees	2012 Rupees
Held-to-maturity			
- Term finance certificates/Sukuk - Unlisted	6.1	**191,380,903**	242,087,538
- Term finance certificates - Listed	6.2	**49,818,174**	49,839,330
- Government securities - PIB's	6.3	**-**	253,419,114
		241,199,077	545,345,982
Available-for-sale			
- Government securities - PIB's	6.3	**-**	-
- Investment in listed shares	6.4	**2,802,994**	-
- Term finance certificates - Listed	6.5	**21,542,036**	15,229,513
		265,544,107	560,575,495

6.1 Term finance certificates/Sukuk - Unlisted

Number of Certificates 2013	Number of Certificates 2012	Investee Company	Note	2013 Cost Rupees	2012 Cost Rupees
		Cement			
8,000	8,000	Gharibwal Cement Limited	6.1.1	**37,024,840**	37,024,840
		Chemical			
30,000	30,000	Engro Chemical Pakistan Limited	6.1.2	**134,753,500**	134,753,500
-	14,000	Sitara chemical	6.1.3	**-**	16,975,017
		Cable & electrical goods			
15,900	15,900	Pak Electron Limited	6.1.4	**31,516,212**	31,516,212
8,000	8,000	New Allied Electronics Industries (Pvt.) Limited	6.1.5	**39,243,496**	39,243,496
		Textile			
5,000	5,000	Amtex Limited	6.1.6	**18,750,001**	18,750,001
28,000	28,000	Three Star Hosiery (Private) Limited	6.1.7	**140,000,000**	140,000,000
		Financial Institutions			
2,000	2,000	Jahangir Siddiqui & Co. Limited	6.1.8	**4,453,575**	8,908,935
13,000	13,000	House Building Finance Corporation	6.1.9	**11,960,000**	23,920,000
4,995	4,995	Pak Libya Holding Company (Pvt.) Limited	6.1.10	**24,955,020**	24,965,010
		Textile Composite			
860	-	Azgard Nine Limited	6.1.11	**4,300,000**	-
		Miscellaneous			
10,000	10,000	Eden Housing Limited	6.1.12	**15,930,000**	26,700,000
				462,886,644	502,757,011
		Less: provision for non-performing investments	6.6	**(193,196,273)**	(182,993,496)
				269,690,371	319,763,515
		Less: current maturity	12	**(78,309,468)**	(77,675,977)
				191,380,903	242,087,538

6.1.1 This represents Term Finance Certificates issued on January 19, 2008 at the rate of 3 month KIBOR. It is restructured on April 01, 2010 and its maturity date is October 01, 2016. The issue is secured by pari passu charge over all fixed assets of the issuer. This has been classified as non performing investment by the Company as per the Regulation 25 of NBFC and NE 2008, however no provision has been charged after considering the forced sale value of Rs.173 million under the said regulation.

6.1.2 This represents Term Finance Certificates issued on March 18, 2008 for a period of ten years. Markup payment made semi annually at the rate of 6 month KIBOR + 1.7% to 2.5%. Entire principal will be redeemed at the end of the term as a bullet payment. The issue is secured against hypothecation charge over assets of issuer.

6.1.3 This represents Sukuk Certificates issued on January 2, 2008 for a period of five years. Markup payment are made quarterly at the rate of 3 month KIBOR + 1% . These matured during the period on January 2, 2013. The issue is secured against specific and exclusive hypothecation charge in respect of the Musharaka Assets in favour of the investors.

6.1.4 This represents Term Finance Certificates issued on September 28, 2007. Markup payments are made quarterly at the rate of 3 month KIBOR + 1.75% with a floor of 10% and cap of 25%. Initially it was restructured on June 30, 2010, thereafter the issue was restructured with effect from March 28, 2013 and has maturity date of September 28, 2016. The issue is secure against first pari passu charge over assets of the issuer.

6.1.5 This represents Sukuk Certificate issued on December 3, 2007 for a period of five years. Markup payments are made semi annually at the rate of 6 months KIBOR + 2.2% with a floor of 7% and cap of 20%. These were due to mature on December 3, 2012. The certificates are secured against pari passu charge over all present and future assets of the issuer. This has been classified as non performing investment by the company as per the Regulation 25 of NBFC and the company has made 100% provision in respect thereof to comply with the NBFC regulation.

6.1.6 This represents Sukuk Certificates issued on October 12, 2007 for a period of five years. Markup payment are made quarterly at the rate of 3 month KIBOR + 2% with a floor of 11% and cap of 25%. These certificates are secured against bank guarantee of Bank of Punjab. This has been classified as non performing investment by the company and the company has made 100% provision after considering the amount received by Lahore high court verdict.

6.1.7 This represents Sukuk Certificates issued on August 5, 2008 for a period of five years. Markup payment are made at the rate of 3 month KIBOR + 3.25% with a floor of 11% and cap of 25%. These certificates are secured against ranking hypothecation charge on assets of the investee with 25% margin and bank guarantee of First Dawood Investment Bank of the total financing amount including profit and rental payments. This was due to mature on August 6, 2013. The company has made 100% provision in respect thereof to comply with the NBFC regulation.

6.1.8 This represents Term Finance Certificates issued on July 4, 2007 for a period of six years. Markup payment are made semi annually at the rate of 6 month KIBOR + 1.70%. The certificates are secured against first pari passu floating charges on all present and future moveable assets of the investee. These are due to mature on July 4, 2013.

6.1.9 This represents Sukuk Certificates issued on May 8, 2008 for a period of six years. Markup payment are made semi annually at the rate of 6 month KIBOR + 1.00% . The certificates are secured against first charge over specific assets of the investee Company. These are due to mature on May 7, 2014.

6.1.10 This represents Term Finance Certificates issued on February 7, 2011 for a period of five years. Markup payment are made semi annually at the rate of 6 month KIBOR + 1.60% . The certificates are secured by first pari passu charge by way of hypothecation over loan and lease receivable of investee company. These are due to mature on February 7, 2016.

6.1.11 This represents Term Finance Certificates issued on April 01, 2012 for a period of five years against accrued markup up till march 2012 on Azgard 9 TFC II issue. These are due to mature in September 2017.

6.1.12 This represents Sukuk Certificates issued on December 31, 2007. Markup payment made semi annually at the rate of 6 month KIBOR + 2.5% with a floor of 7% and cap of 20%. These certificates are secured by charge over land and related developments and equitable mortgage over project land and development. It was restructured on June 29, 2010 and its maturity date is June 29, 2014.

6.2 Term finance certificates - listed

Number of Certificates 2013	Number of Certificates 2012	Investee Company	Note	2013 Cost Rupees	2012 Cost Rupees
		Commercial Banks			
5,984	5,984	Allied Bank Limited	6.2.1	**29,878,112**	29,890,080
3,995	3,995	Summit Bank Limited	6.2.2	**19,961,218**	19,970,406
				49,839,330	49,860,486
		Less: current maturity	12	**(21,156)**	(21,156)
				49,818,174	49,839,330

6.2.1 This represents Term Finance Certificates issued on August 28, 2009 for a period of ten years. Markup payment are made semi annually at the rate of 6 month KIBOR+0.85% to 1.30%. These are due to mature on August 28, 2019.

6.2.2 This represents Term Finance Certificates issued on October 27, 2011 for a period of seven years. Markup payment are made semi annually at the rate of 6 month KIBOR+3.25%. These are due to mature on October 26, 2018.

	Note	2013 Rupees	2012 Rupees
6.3 Government Securities - Pakistan Investment Bonds			
Cost			
Opening		**282,848,059**	386,524,200
Matured during the year		**-**	(103,676,141)
Sold during the year		**(202,263,137)**	-
		80,584,922	282,848,059
Amortization			
Opening		**29,428,945**	28,668,839
Charged during the year		**620,356**	760,106
		30,049,301	29,428,945
	6.3.1	**50,535,621**	253,419,114
(Deficit)/surplus on remeasurement	18	**(915,921)**	-
		49,619,700	253,419,114
Current portion	12	**(49,619,700)**	-
		-	253,419,114

6.3.1 This represents investments in 10 years bonds issued by the Government of Pakistan. This is due to mature in the next 10 months in April 2014 and carry markup rate (coupon rate) ranging from 8% to 12% per annum (2012: 8% to 12% per annum). During the year, the said investment has been reclassified as available for sale.

These represent investment in government securities to comply with the requirement of Regulation 14(4)(i) of NBFC Regulations.

6.4 Investment in Listed Shares

Number of Shares 2013	Number of Shares 2012	Investee Company	Note	2013 Cost Rupees	2013 Market Value Rupees	2012 Cost Rupees	2012 Market Value Rupees
242,055	-	Agritech Limited	6.4.1	8,471,925	2,802,997	-	-
				8,471,925	2,802,997	-	-
		Less: Deficit on remeasurement	18	(5,668,928)	-	-	-
				2,802,997	2,802,997	-	-

6.4.1 This represents 242,055 shares of Agritech Limited acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs.35 per share. The market value of these shares at June 30, 2013 amounted Rs. 11.58 per share resulting in a deficit in revaluation of Rs.5.668 million. These shares have been transferred and pledge in favor of Faysal Bank Limited in its capacity as the trustee of the TFC issue under Share Transfer and Debt Settlement Agreement. The subject shares are to be held by the trustee subject to the terms and condition of the Shareholder Investor Agreement dated July 26, 2012 (also refer note 6.5.1).

6.5 Term finance certificates - Listed

Number of Certificates 2013	Number of Certificates 2012	Investee Company	Note	2013 Cost Rupees	2013 Market Value Rupees	2012 Cost Rupees	2012 Market Value Rupees
		Textile Composite					
4,000	4,000	Azgard Nine Limited	6.5.1	6,507,678	6,507,678	14,979,600	14,979,600
		Commercial Banks					
455	455	NIB Bank Limited	6.5.2	2,156,929	2,149,317	2,157,793	2,148,083
		Technology and Communication					
6,886	6,886	Worldcall Telecom Ltd	6.5.3	14,746,711	14,805,698	19,662,331	14,746,748
		Fertilizer					
-	691	PakArab Fertilizer Limited	6.5.4	-	-	1,776,215	1,778,583
				23,411,318	23,462,693	38,575,939	33,653,014
		Less:Provisions against non-performing investments		(1,201,679)	(1,201,679)	(1,899,626)	(1,899,626)
		(Deficit)/surplus on remeasurement	18	51,375	-	(4,922,925)	-
				22,261,014	22,261,014	31,753,388	31,753,388
		Less: current maturity	12	(718,978)	(718,978)	(16,523,875)	(16,523,875)
				21,542,036	21,542,036	15,229,513	15,229,513

6.5.1 This represents Term Finance Certificates issued on September 20, 2005 at the rate of 6 month KIBOR + 2.4%. These certificates have been restructured and reschulded under Master Restructuring Agreement (MRA) dated December 1, 2010, and shall now mature on September 20, 2017. The Company received additional 860 term finance certificates (Refer note 6.1) in settlement of accrued markup as on March 31, 2012 amounting to Rs.4,300,000/- as part of debt settlement agreement. The Company also received 242,055 shares in the Agritech Limited (Refer note 6.4) valuing Rs.8.472 million against redemption of part settlement of outstanding principal amount. However issuer defaulted in markup and principal repayment as per MRA. The Company has classified the balance and accordingly made provision in respect thereof at 25 % of the over due amount as per NBFC & NE Regulation. These certificates are secured by first pari passu charge on the present and future assets of the investee company.

6.5.2 This represents Term Finance Certificates issued on March 5, 2008 for a period of eight years. Markup payment are made semi annually at the rate of 6 month KIBOR + 1.15%. This is due to mature on March 05, 2016.

6.5.3 This represents Term Finance Certificates issued on October 7, 2008 for a period of five years. Markup payment are made semi annually at the rate of 6 month KIBOR + 1.6%. The issue is secured by first pari passu charge on the present and future fixed assets of the investee company. These are due to mature on October 7, 2015.

6.5.4 This represents Term Finance Certificates issued on February 28, 2008 for a period of five years. Mark payment were made semi annually at the rate of 6 month KIBOR + 1.5%. This matured during the period on February 28, 2013

		Note	2013 Rupees	2012 Rupees
6.6	**Provision for non-performing investments**			
	Opening balance			
	Long term Investment		**184,893,122**	109,243,496
	Short term Investment		**25,000,000**	25,000,000
			209,893,122	134,243,496
	Charged for the year			
	Term finance certificates/Sukuk - Unlisted	6.1	**10,202,777**	73,750,000
	Term finance certificates -listed	6.5	**-**	1,899,626
			10,202,777	75,649,626
	Reversal for the year			
	Term finance certificates -listed	6.5	**(697,947)**	-
	Closing balance		**219,397,952**	209,893,122
7	**Long-Term Loans and finances**			
	Loan to employees	7.1	**8,172,614**	11,260,286
	Loan to others- Term finance facility	7.2	**40,051,478**	47,212,207
			48,224,092	58,472,493

		Note	2013 Rupees	2012 Rupees
7.1	**House loans to staff - Secured**			
	- Chief executive		**-**	3,409,246
	- Executives		**6,121,279**	6,008,204
	- Employees		**78,851**	116,791
		7.1.2	**6,200,130**	9,534,241
	Mark-up receivable on house loans to staff	7.1.2	**1,841,647**	2,822,777
			8,041,777	12,357,018
	Other loans - unsecured			
	- Executives		**1,823,342**	238,338
	- Employees		**375,577**	431,642
		7.1.3	**2,198,919**	669,980
	Current portion			
	- House loans		**(979,380)**	(1,432,076)
	- Other loans		**(1,088,702)**	(334,636)
		12	**(2,068,082)**	(1,766,712)
			8,172,614	11,260,286

7.1.1 Reconciliation of carrying amount of long-term loans to Chief Executive and Executives:

	2013		2012	
	Chief Executive	**Executive**	Chief Executive	Executive
	……………………..Rupees……………………..			
Opening balance	**3,409,246**	**6,008,204**	3,963,478	6,008,204
Disbursements during the year	**-**	**1,040,000**	-	-
Payment/(Receipts) during the year	**(3,409,246)**	**(926,925)**	(554,232)	-
Transfer to executive category	**-**	**-**	-	-
	-	**6,121,279**	3,409,246	6,008,204

7.1.2 These represent loans provided to the executives and employees for purchase of property in accordance with the terms of employment and are repayable on monthly basis over a period of 15 years. These loans carry mark-up rate at 4% (2012:4%) per annum and are recoverable after recovery of principal amount. These loans are secured against mortgage of properties. The maximum aggregate balance due at the end of any month during the year from the chief executive is Rs.3,363,060 (2012: Rs.3,917,292) and executives are Rs. 6,783,428 (2012: Rs.7,114,528).

7.1.3 These represent loans provided to the chief executive, executives and employees and are repayable on monthly basis over a period of 3 years. These loans are unsecured and interest free. The maximum aggregate balance due at the end of any month during the year from executive is Rs.2,267,667/- (2012: Rs.3,390,538/-).

7.2 Loan to others -Term finance facility (Secured)

Investee Company	Note	2013 Cost Rupees	2012 Cost Rupees
Gharibwal Cement Limited	7.2.1	**39,519,807**	45,599,807
Chenab Limited	7.2.2	**15,078,125**	15,878,125
Tandianwala Sugar Mills Ltd		**-**	2,500,000
Al - Zamin Leasing Modaraba	7.2.3	**6,391,671**	7,591,671
New Allied Electronics	7.2.4	**1,666,670**	4,416,670
		62,656,273	75,986,273
Less: Provision for Non-performing finances	7.2.5	**(16,744,795)**	(14,274,066)
		45,911,478	61,712,207
Less: Current maturity		**(5,860,000)**	(14,500,000)
		40,051,478	47,212,207

7.2.1 This represents Term Finance Facility issued on September 9, 2005 for a period of ten years. Markup payment are made at the rate of 3 month KIBOR + 0% . This was restructured on March 1, 2013 and is due to mature on February 28, 2023. This is secured by pari passu charge over all fixed assets of the borrower.

7.2.2 This represents Term Finance Facility issued on January 30, 2008 for a period of five years. markup payment are made at the rate of 6 month KIBOR + 3% .The facility is secured against first pari passu charge over fixed assets. This was due to be mature on January 30, 2013.The Company made full provision at 100% of outstanding balance as per the NBFC & NE regulation.

7.2.3 This represents Term Finance Facility issued on January 30, 2008 for a period of four years. This facility is secured by hypothecation charge of assets of the investee company. This is restructured on May 7, 2012 and due to be matured on March 20, 2017.

7.2.4 This represents Term Finance Facility issued on September 30, 2004 for a period of five years. markup payment are made at the rate of 6 month KIBOR + 4.5% . This was due to mature on June 28, 2009.The Company made full provision at 100% of outstanding balance as per the NBFC & NE regulation.

7.2.5 Provision for non-performing finances

	Note	2013 Rupees	2012 Rupees
Opening balance		**(14,274,066)**	(14,505,733)
Charge for the year	7.2	**(2,470,729)**	231,667
Closing balance		**(16,744,795)**	(14,274,066)

8 Long Term Security Deposits

	2013	2012
National Clearing Company	**1,000,000**	1,000,000
CDC	**50,000**	50,000
	1,050,000	1,050,000

		Note	2013 Rupees	2012 Rupees
9	**Deferred Tax Asset**			
	Deferred tax asset on deductible temporary differences:			
	-Unused tax losses		**6,489,103**	6,276,022
	-Provisions		**86,044,227**	76,425,324
	-Government securities		**320,572**	-
	-Accelerated tax depreciation allowance		**97,236**	138,605
	-Minimum tax on turnover		**511,547**	1,366,231
			93,462,684	84,206,182
	Deferred tax liability on taxable temporary differences:			
	- On gratuity		**(744,817)**	(408,154)
		9.1	**92,717,867**	83,798,027

9.1 The management of the Company has prepared financial projections. The said projection are based on certain key assumptions made for the estimation of future taxable profit projection in the plan. The determination of future taxable profits is most sensitive to certain key assumptions such as cost to income ratio, deposit composition, growth of certificate of deposits, investment returns etc. A significant change in the key assumption may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the company will be able to achieve the profit projected in the financial projections and consequently the deferred tax asset accounted for in the financial statements will be fully realized in the future.

		Note	2013 Rupees	2012 Rupees
10	**Short-Term Investments**			
	Available-for-sale			
	- Dewan Cement Limited - Pre IPO term finance certificates	10.1	**50,000,000**	50,000,000
	- Investment in Shares- Listed	10.2	**21,488,475**	23,393,876
	- Investment in Mutual Funds	10.3	**18,373,334**	35,677,834
	- Investment in Preference shares	10.4	**15,000,000**	15,055,000
			104,861,809	124,126,710
	Provision for non-performing investments	6.6 / 10.1	**(25,000,000)**	(25,000,000)
			79,861,809	99,126,710
	Held-to-maturity			
	- Government securities - T-Bills	10.5	**-**	138,451,380
	Held-for-trading			
	- Investment in shares - Listed	10.6	**-**	150,760
			79,861,809	237,728,850

10.1 This investment has been classified under loss category and provision has been made accordingly after considering the forced sale value of Rs. 39.5 million as per NBFC and NE Regulations no. 25.

10.2 Investment in shares - Listed

Number of Shares 2013	Number of Shares 2012	Investee Company	Note	2013 Cost Rupees	2013 Market Value Rupees	2012 Cost Rupees	2012 Market Value Rupees
(Unless otherwise specified the face value of each share is Rs.10/-)							
		Automobile and parts					
3,000	3,000	Agriauto Industries Limited		**107,999**	**225,390**	107,999	243,000
		Commercial Banks					
-	10,376	Summit Bank Limited		-	-	65,260	32,996
-	16,675	Askari Bank Limited		-	-	190,645	226,280
-	20,000	Bank of Punjab		-	-	325,676	153,600
-	1,767	Habib Bank Limited		-	-	141,807	199,388
-	8,835	MCB Bank Limited		-	-	1,419,364	1,468,730
92,000	10,312	National Bank Limited	10.2.1	**4,175,013**	**3,783,040**	383,636	448,984
-	6,238	United Bank Limited		-	-	327,941	488,934
		Industrial metals and mining					
-	43,500	Siddique Sons Tin Plate Ltd.		-	-	617,824	315,375
		Chemicals					
-	19,917	Fauji Fertilizer Company Limited		-	-	2,248,956	2,211,783
815,800	815,800	Agritech limited		**20,501,054**	**9,446,964**	24,474,000	10,230,132
8,000	15,000	Fatima Fertilizer Company Limited		**80,000**	**198,640**	150,000	370,050
		Financial services					
60,500	55,000	Arif HabibCorporation Ltd.		**2,158,395**	**1,340,680**	2,158,395	1,701,150
-	5,666	Jahangir Siddiqui & Co. Ltd.		-	-	138,650	70,315
		Equity Investment Instruments					
-	104,249	First Constellation Modaraba		-	-	241,765	-
87,618	87,618	PICIC Growth Fund		**1,303,311**	**2,115,975**	1,303,311	1,073,321
		Oil and Gas					
1,250	1,250	Mari Gas Company Limited		**67,290**	**170,713**	67,290	117,263
3,500	4,400	Pakistan Petroleum Limited		**389,322**	**740,530**	611,792	828,476
1,000	5,000	Oil & Gas Development Company Limited		**108,329**	**228,750**	541,645	802,200
3,600	2,500	Pakistan State Oil Company Ltd.		**738,225**	**1,153,368**	738,225	589,600
1,000	2,000	Attock Refinery Limited		**119,322**	**172,550**	238,644	245,740
		Electricity					
30,000	30,000	Kot Addu Power Company Limited		**1,218,333**	**1,856,400**	1,218,333	1,350,000
		Software and computer services					
-	2,265	Netsol Technologies Limited		-	-	67,612	31,098
		Fixed line Telecommunication					
2,500	2,500	Pakistan Telecommunication Company Limited		**51,395**	**55,475**	51,395	34,225
-	108,212	Telecard Limited		-	-	439,361	161,236
				31,017,988	**21,488,475**	38,269,526	23,393,876
		Permanent Diminution in value of Investment	10.2.2	**(5,000,854)**	-	(4,214,711)	-
		Deficit on remeasurement	18	**(4,528,659)**	-	(10,660,939)	-
				21,488,475	**21,488,475**	23,393,876	23,393,876

10.2.1 This represents an investment in shares of associated undertaking.

10.2.2 This represents the permanent diminution in the value of shares of Agritech Limited.

10.3 Investment in mutual funds

Number of Units 2013	Number of Units 2012	Investee Company	Note	2013 Cost Rupees	2013 Market Value Rupees	2012 Cost Rupees	2012 Market Value Rupees
1,624,762	1,591,344	Namco Balanced Fund		**10,844,716**	**11,373,334**	10,844,716	6,842,779
-	123,227	JS Principal Secure Fund		**-**	**-**	13,696,138	13,761,475
77,925	171,116	JS Income Fund		**7,000,000**	**7,000,000**	15,000,000	15,073,580
				17,844,716	**18,373,334**	39,540,854	35,677,834
		Surplus / (deficit) on remeasurement	18	**528,618**	**-**	(3,863,020)	-
				18,373,334	**18,373,334**	35,677,834	35,677,834

10.4 Investment in preference shares

Number of Units 2013	Number of Units 2012	Investee Company	Note	2013 Cost Rupees	2013 Market Value Rupees	2012 Cost Rupees	2012 Market Value Rupees
Listed Shares							
		Cable and Electrical Goods					
1,500,000	1,500,000	Pak Electron Limited		**15,000,000**	**15,000,000**	15,000,000	15,000,000
Unlisted Shares							
		Industrail Metals and Mining					
-	5,500	Aisha Steel Mills Ltd.		**-**	**-**	55,000	55,000
				15,000,000	**15,000,000**	15,055,000	15,055,000
		Surplus on remeasurement		**-**	**-**	-	-
				15,000,000	**15,000,000**	15,055,000	15,055,000

10.5 This represents investment in government securities that matured during the year on various dates and carried at a rate of return ranging from 11.8% to 13.83% per annum.

10.6 Investments in shares - Listed

Number of Shares 2013	Number of Shares 2012	Investee Company	Note	2013 Cost Rupees	2013 Market Value Rupees	2012 Cost Rupees	2012 Market Value Rupees
		Financial services					
-	2,500	Jahangir Siddiqui & Co. ltd		-	-	31,600	31,025
		Commercial Banks					
-	2,750	National Bank of Pakistan		-	-	124,970	119,735
				-	-	156,570	150,760
		Less: Deficit on remeasurement		-	-	(5,810)	-
				-	-	150,760	150,760

		Note	2013 Rupees	2012 Rupees
11	**Short-Term Placements**			
	Unsecured placements - considered good	11.1	**170,000,000**	100,000,000

11.1 This represents investment in certificate of deposit amounting to Rs.100 million (2012: Rs100 million) issued by Development Financial Institution carrying markup rate of 9.2% (2012: 12.45%) per annum and maturing on July 05, 2013 and Term Deposit Receipt of Rs.70 million (2012: Nil) with commercial bank carrying markup rate of 9.75% (2012: Nil) per annum and maturing on July 24, 2013.

		Note	2013 Rupees	2012 Rupees
12	**Current portion of Non-Current Assets**			
	Investments			
	Current portion of term finance certificates - unlisted	6.1	**78,309,468**	77,675,977
	Current portion of government securities -PIB's	6.3	**49,619,700**	-
	Current portion of term finance certificates - listed	6.2&6.5	**740,134**	16,545,031
			128,669,302	94,221,008
	Advances			
	Current portion of long-term loans to employees	7.1	**2,068,082**	1,766,712
	Current portion of long-term loans to other	7.2	**5,860,000**	14,500,000
			7,928,082	16,266,712
			136,597,384	110,487,720
13	**Markup / Interest Accrued**			
	Accrued profit/markup/interest on:			
	- Term finance certificates/Sukuk		**42,217,832**	46,988,086
	- Government securities		**599,243**	20,137,950
	- Term finances		**4,990,306**	5,100,894
	- Placements		**231,695**	2,490,022
			48,039,076	74,716,952
	Less : provision for markup/interest on non-performing investment		**(36,209,908)**	(36,778,037)
			11,829,168	37,938,915
14	**Advance, Prepayments and Other Receivables**			
	Prepayments - Considered good		**956,118**	1,278,740
	Other receivables			
	- Dividend receivable		**2,999**	16,250
	- Receivable from gratuity fund	14.1	**1,333,979**	1,198,756
	- Other receivables		**1,624,200**	1,791,002
			3,917,296	4,284,748
	Less : provision against other receivables		**(1,575,000)**	(1,575,000)
			2,342,296	2,709,748
14.1	**Receivable from gratuity fund**	14.1.5	**1,333,979**	1,198,756

	Note	2013 Rupees	2012 Rupees

14.1.1 Actuarial Assumptions

The valuation has been carried out based on the Projected Unit Credit Method, using the following significant assumptions:

	2013	2012
Discount rate (per annum)	**13%**	13%
Expected rate of increase in salaries (per annum)	**13%**	12%
Expected return on plan assets (per annum)	**12%**	12%
Expected average remaining working lives of employees	**7 year**	7 year

14.1.2 Reconciliation of amount receivable from defined benefit plan

	2013	2012
Present value of defined benefit obligation	**11,966,231**	9,657,498
Fair value of plan assets	**(14,094,280)**	(11,650,324)
Unrecognized actuarial gains / (losses)	**-**	826,671
	(2,128,049)	(1,166,155)

14.1.3 Changes in the present value of the defined benefit obligation

	2013	2012
Opening defined benefit obligation	**9,657,498**	8,801,252
Current service cost	**1,053,258**	932,086
Interest cost	**1,255,475**	1,056,150
Benefits paid	**-**	(822,653)
Actuarial gain	**-**	(309,337)
	11,966,231	9,657,498

14.1.4 Changes in the fair value of plan assets

	2013	2012
Fair value of plan asset as at July 01:	**11,650,324**	9,911,262
Expected return	**1,514,542**	1,189,351
Contribution	**929,414**	855,030
Benefits paid	**-**	(822,653)
Actuarial gain	**-**	517,334
	14,094,280	11,650,324

14.1.5 Movement in net (asset)/liability

	2013	2012
Opening (asset)/liability	**(1,198,756)**	(1,142,611)
Charge for the year	**794,191**	798,885
Contributions	**(929,414)**	(855,030)
Closing (asset)/liability	**(1,333,979)**	(1,198,756)

14.1.6 Charge for the year

	2013	2012
Current service cost	**1,053,258**	932,086
Interest cost	**1,255,475**	1,056,150
Expected return on plan assets	**(1,514,542)**	(1,189,351)
Actuarial gain recognized	**-**	-
	794,191	798,885

14.1.7 The present value of defined benefit obligation, fair value of plan assets and surplus or deficit on gratuity fund for the five years is as follows:

	2013	2012	2011	2010	2009
	---------	---------	Rupees	---------	---------
Present value of defined obligation	11,966,231	9,657,498	8,801,252	7,000,667	5,826,866
Fair value of plan assets	(14,094,280)	(11,650,324)	(9,911,262)	(8,251,696)	(5,660,696)
Unrecognized actuarial gain	-	826,671	-	-	-
Deficit/(surplus)	(2,128,049)	(1,166,155)	(1,110,010)	(1,251,029)	166,170

15 Cash and Bank Balances

	Note	2013 Rupees	2012 Rupees
Balance with banks			
- Deposit accounts	15.1	**3,258,662**	2,241,350
- Current account with SBP		**563,956**	459,359
- Reserve account with SBP		**1,750,000**	1,750,000
Cash in hand		**61,432**	63,451
		5,634,049	4,514,160

15.1 Effective markup rate in respect of deposit accounts ranges from 6 % to 7 % (2012: 5 % to 7 %) per annum.

16 Issued, Subscribed and Paid-Up Capital

2013 No. of Shares	2012 No. of Shares		2013 Rupees	2012 Rupees
28,500,000	28,500,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	**285,000,000**	285,000,000
36,500,000	36,500,000	Ordinary shares of Rs. 10 each issued as fully paid Bonus shares	**365,000,000**	365,000,000
65,000,000	65,000,000		**650,000,000**	650,000,000

17 Reserves

	Note	2013 Rupees	2012 Rupees
Capital			
- statutory reserve	17.1	**117,663,484**	117,663,484
Revenue			
- unappropriated (loss) / profit		**(117,211,950)**	(110,880,633)
		451,534	6,782,851

17.1 Statutory reserve

	Note	2013 Rupees	2012 Rupees
Opening balance		**117,663,484**	117,663,484
Transferred from profit and loss account	17.2	**-**	-
Closing balance		**117,663,484**	117,663,484

17.2 Statutory reserve represents amount set aside at the rate of 20% of profit for the year after taxation as per the requirements of clause 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008. Since the company suffered loss for the last two years, therefore there had been no transfer from profit and loss account to there reserves.

		Note	2013 Rupees	2012 Rupees
18	**Deficit on Remeasurement of Investments - Net of tax**			
	Available-for-sale - government securities			
	Government Securities PIBs	6.3	**(915,921)**	-
	Related deferred tax		**320,572**	-
			(595,349)	-
	Available-for-sale - listed securities			
	Term finance certificates	6.5	**51,375**	(4,922,925)
	Shares	6.4 &10.2	**(10,197,587)**	(10,660,939)
	Mutual funds	10.3	**528,618**	(3,863,020)
			(9,617,594)	(19,446,884)
			(10,212,943)	(19,446,884)

19 Long-Term Loan

From Banking Companies - Secured

	2013 Rupees	2012 Rupees
National Bank of Pakistan (NBP) - an associated undertaking	**140,625,000**	203,125,000
Current portion of long term loans	**(78,125,000)**	(78,125,000)
	62,500,000	125,000,000

On June 30, 2010, 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 September 11, 2011 and carried markup @ 3 months KIBOR plus 0.4% per annum, maturing on June 30,2015. The loan is secured by first pari passu hypothecation charge against all present and future assets of the Company.

		2013 Rupees	2012 Rupees
20	**Long-Term Certificates of Deposit**	**17,500,000**	9,200,000

This represents certificate issued for a term of three years at the rate of 13% (2012: 13%) per annum payable half yearly.

		2013 Rupees	2012 Rupees
21	**Short-Term Borrowings Secured from Banking Companies**		
	Under repurchase agreement	**-**	279,162,800

This represented funds borrowed from National Bank of Pakistan, an associated undertaking against government securities carrying markup rates ranging from 10.4% to 12 % (2012: 11.85 % to 11.90 %) per annum maturing from July 2012 to May 2013.

		2013 Rupees	2012 Rupees
22	**Short-Term Running Finance - Secured**		
	National Bank of Pakistan (NBP)-an associated undertaking	-	37,415,695

This represent short term running finance obtained from NBP with a limit of Rs. 50,000,000 (2012: Rs 50,000,000) carrying markup at a rate based on 3 month KIBOR plus 1.5% (2012: 3 month KIBOR plus 1.5%) per annum. The running finance is secured by first pari passu hypothecation charge against all present and future assets of the company with 25% margin.

		2013 Rupees	2012 Rupees
23	**Short-Term Certificates of Deposit- Unsecured**	**29,060,000**	32,740,000

These have been issued to various customers for terms ranging from one month to one year and expected return on these certificates ranges from 10% to13% (2012: 11% to13.86%) per annum payable monthly, quarterly, semi annually or on maturity.

		Note	2013 Rupees	2012 Rupees
24	**Accrued Markup**			
	Mark-up allocated on:			
	Secured			
	- Loans and borrowings including running finance	24.1	**3,528,644**	7,089,938
	- Repo borrowings	24.1	**-**	4,893,181
	Unsecured			
	- Certificates of deposit		**1,323,099**	1,077,807
			4,851,743	13,060,926

24.1 This amount includes Rs.3,528,644 (2012: Rs.11,983,047) due to National Bank of Pakistan, an associated undertaking.

		Note	2013 Rupees	2012 Rupees
25	**Accrued Expenses and Other Liabilities**			
	Accrued expenses		**2,642,395**	5,730,724
	Other liabilities		**2,417,881**	3,307,024
			5,060,276	9,037,748

26 Contingencies and Commitments

Contingencies

There are no material contingencies as at the reporting date (2012: Nil)

Commitments

	Note	2013 Rupees	2012 Rupees
Bank guarantee		**5,000,000**	5,000,000
Standby letter of credit facility	26.1	**57,183,750**	56,375,712
		62,183,750	61,375,712

26.1 This represents the company's share in standby letter of credit under agreement of participation dated December 13, 2010 with Allied Bank Limited. Under the said agreement, the company irrovocably agrees and undertakes with Allied Bank Limited to take undivided share of 2.5% in standby letter of credit upto January 20, 2014.

		Note	2013 Rupees	2012 Rupees
27	**Income from Term Finances and Funds Placements**			
	Income from long-term finances		**92,693**	789,605
	Return on fund placements with financial institutions	27.1	**4,738,774**	26,996,140
			4,831,467	27,785,745
27.1	**Return on fund placements with financial institutions**			
	Return on:			
	- bank deposits		**411,575**	550,092
	- certificates of investment		**2,409,504**	14,158,431
	- reverse repo		**69,490**	-
	- fund placements		**1,848,205**	12,287,617
			4,738,774	26,996,140
28	**Income from Investments**			
	Return on government securities		**29,153,447**	44,021,707
	Return on term finance certificates / sukuks		**45,963,392**	57,916,589
	Dividend income on available-for-sale investments		**1,347,943**	2,192,822
	Capital gain on sale of securities		**10,094,832**	5,974,656
			86,559,614	110,105,774
29	**Fees and Commission**			
	Underwriting commission		**-**	399,375
	Guarantee commission		**713,417**	525,048
	Consultancy and corporate advisory fees		**50,000**	-
			763,417	924,423
30	**Finance Cost**			
	Markup/Interest on:			
	- Long-term loans		**17,684,991**	29,735,898
	- Short-term borrowings		**12,479,724**	21,209,939
	- Short-term running finances		**357,126**	959,888
	- Certificate of deposits		**5,554,279**	39,084,141
	- Other charges		**54,537**	50,940
			36,130,657	91,040,806

		Note	2013 Rupees	2012 Rupees
31	**Administrative and Operating Expenses**			
	Salaries and allowances	31.1 - 31.3	**26,462,582**	24,380,600
	Travelling, conveyance and meeting charges		**5,857,542**	2,195,121
	Printing and stationery		**747,506**	713,112
	Rent, rates and taxes		**3,010,014**	3,008,827
	Legal and professional		**1,185,200**	1,502,786
	Repairs and maintenance		**931,331**	1,153,664
	Auditors' remuneration	31.4	**777,500**	590,000
	Brokerage and commission		**232,981**	319,633
	Motor vehicle running expenses		**2,892,456**	3,040,493
	Telephone, telex and fax		**484,107**	501,850
	Electricity, gas and water charges		**1,397,645**	1,050,915
	Advertisement and business promotion		**985,190**	822,432
	Newspaper and periodicals		**52,879**	64,232
	Postage and courier services		**90,224**	111,210
	Fees and subscription		**1,461,363**	1,389,092
	Security guards		**252,000**	231,000
	Insurance		**805,730**	716,096
	Medical		**1,861,176**	1,474,536
	Office supplies		**320,914**	396,452
	IT support		**457,372**	575,940
	Training		**364,640**	524,189
	Depreciation	4	**2,907,395**	3,518,806
	Amortization	5	**934,228**	746,467
			54,471,975	49,027,453

31.1 It includes charge for gratuity and provident fund as follows:

	2013 Rupees	2012 Rupees
- Gratuity	**794,191**	798,885
- Provident fund	**941,816**	928,247
	1,736,007	1,727,132

31.2 The size of the provident fund as at balance sheet date is Rs.13.004 million (2012: Rs.15.760 million). Trustee have made investment out of Provident fund in following.

	Note	2013 Rupees	2012 Rupees
- National Saving Centre in Special Saving Account		**11,914,000**	11,512,456
- Certificate of Deposits		**-**	2,000,000
- Bank Deposit		**524,000**	-
		12,438,000	13,512,456

These investments are made for meeting the requirement of section 227 of Companies Ordinance 1984 and Employee's Provident Fund Rules 1996.

31.3 The aggregate amounts incurred during the year for remuneration including all benefits to Chief Executive, directors and executives of the Company are given below:

	2013		2012	
	Chief Executive	**Executive**	Chief Executive	Executive
	.......................Rupees.........................			
Managerial remuneration	6,543,413	8,798,087	5,290,357	7,350,363
Retirement benefits	1,109,043	366,131	1,123,405	655,638
Total	7,652,456	9,164,218	6,413,762	8,006,001
Number of persons	1	4	1	4

31.3.1 In addition, the chief executive and executives are provided with free use of company provided cars in accordance with the terms of their employment.

31.3.2 Fee of Rs.1,510,000 (2012: Rs.675,000/-) was paid to directors for attending the Board and its Committee Meetings.

	2013 Rupees	2012 Rupees
31.4 Auditor's remuneration		
Statutory audit	**475,000**	375,000
Half - yearly review	**125,000**	125,000
Code of Corporate Governance certification and other services	**140,000**	40,000
Out of pocket expenses	**37,500**	50,000
	777,500	590,000

32 Taxation

Current	**536,000**	1,560,241
Prior	**-**	497,962
Deferred	**(8,599,268)**	(15,974,035)
	(8,063,268)	(13,915,832)

32.1 Tax Charge Reconciliation

Since the company incurred tax losses, the current tax provision represents the tax under section 113 of the Income Tax Ordinance, 2001, and therefore it is impracticable to prepare the reconciliation between accounting profit and tax expense.

32.2 The income tax assessment of the Company has been finalized up to the tax year 2011.

	2013 Rupees	2012 Rupees
33 Earnings per Share - basic and diluted		
(Loss) / profit for the year	**(6,331,317)**	(71,196,863)
Weighted average number of shares outstanding during the year	**65,000,000**	65,000,000
Earnings / (loss) per share - basic and diluted	**(0.10)**	(1.10)

	Note	2013 Rupees	2012 Rupees

34 Financial Instruments

Financial assets as per balance sheet

Long-term investments		**265,544,107**	560,575,495
Long-Term loans and finances		**48,224,092**	58,472,493
Long-term security deposits		**1,050,000**	1,050,000
Short-term investments		**79,861,809**	237,728,850
Short-term placements		**170,000,000**	100,000,000
Current portion of non-current assets			
-Long term investments		**128,669,302**	94,221,008
-Long term loans and finances		**7,928,082**	16,266,712
Markup/interest accrued		**11,829,168**	37,938,915
Advances and other receivables		**1,386,178**	1,374,407
Cash and bank balances		**5,634,049**	4,514,160
		720,126,787	1,112,142,040

Financial liabilities as per balance sheet

Long-term loans		**62,500,000**	125,000,000
Long-term certificate of deposit		**17,500,000**	9,200,000
Short-term borrowings		**-**	279,162,800
Short-term running finance		**-**	37,415,695
Current portion of long-term loans		**78,125,000**	46,875,000
Short-term certificates of deposit		**29,060,000**	32,740,000
Accrued markup		**4,851,743**	13,060,926
Accrued expenses and other liabilities		**5,060,276**	9,037,748
		197,097,019	552,492,169

35 Financial Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance Department under policies approved by the Board.

35.1 Market risk

Market risk is the risk that the fair value or the future cash flows of financial instrument may fluctuate as a result of changes in market prices. The Company is exposed to market risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

Market risk mainly comprises of currency risk and interest rate risk.

35.1.1 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

35.1.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Market rate risk arises from the possibility that changes in market rates of return will affect the value of the financial instruments. An entity is exposed to yield / market rate risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. the Company manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

Financial assets and liabilities include balances of Rs. 710,851,961 (2012: Rs.1,078,968,234) and Rs. 196,797,019 (2012: Rs.582,712,205) respectively, which are subject to interest /markup rate risk. Applicable interest /mark-up rates for financial assets and liabilities have been indicated in respective notes.

The Company's exposure to yield / market rate risk and the effective rates on its financial assets and liabilities are summarized as follows:

		Exposed to yield / market rate risk				
	Effective rate %	Total	Within one year	More than one year and less than five years	More than five years	Not exposed to yield / market rate risk
As at June 30, 2013						
Financial Assets						
Investments	12.02%	474,075,218	208,531,111	108,145,754	49,733,550	107,664,803
Long term loans and finances	4.80%	40,051,478	5,860,000	17,471,478	16,720,000	-
Long-term security deposits		1,050,000	-	-	-	1,050,000
Placements	10%	170,000,000	170,000,000	-	-	-
Markup / interest accrued		11,829,168	11,829,168	-	-	-
Other receivables		1,627,199	-	-	-	1,627,199
Cash and bank balance	7%	5,634,049	3,258,662	-	-	2,375,388
		704,267,112	399,478,941	125,617,232	66,453,550	112,717,390
Financial Liabilities						
Term Loans	10.76%	140,625,000	78,125,000	62,500,000	-	-
Certificates of deposit	12.12%	46,560,000	29,060,000	17,500,000	-	-
Short-term running finance	10.52	-	-	-	-	-
Interest and markup accrued		4,851,743	-	-	-	4,851,743
Accrued expenses and other liabilities		5,060,276	-	-	-	5,060,276
		197,097,019	107,185,000	80,000,000	-	9,912,019
On-balance sheet gap		507,170,093	292,293,941	45,617,232	66,453,550	102,805,371

	Effective rate %	Total	Within one year	More than one year and less than five years	More than five years	Not exposed to yield / market rate risk
		Exposed to yield / market rate risk				
As at June 30, 2012						
Financial Assets						
Investments	12.35	866,457,764	232,672,388	170,547,748	388,960,158	74,277,470
Long term loans and finances	12.79	67,200,143	15,932,076	41,095,029	6,680,281	3,492,757
Long-term security deposits		1,050,000	-	-	-	1,050,000
Placements	12.45	100,000,000	100,000,000	-	-	-
Markup / interest accrued		37,938,915	37,938,915	-	-	-
Other receivables		1,807,252	-	-	-	1,807,252
Cash and bank balance	7.00	4,514,160	2,241,350	-	-	2,272,810
		1,078,968,234	388,784,729	211,642,777	395,640,439	82,900,289
Financial Liabilities						
Term Loans	13.40	203,125,000	78,125,000	125,000,000	-	-
Certificates of deposit	12.42	41,940,000	32,740,000	9,200,000	-	-
Short-term borrowings	12.27	279,162,800	279,162,800	-	-	-
Short-term running finance	13.19	37,415,695	37,415,695	-	-	-
Interest and markup accrued		13,060,926	-	-	-	13,060,926
Accrued expenses and other liabilities		9,037,784	-	-	-	9,037,748
		583,742,205	427,443,495	80,000,000	-	22,098,674
On-balance sheet gap		1,662,710,439	816,228,224	291,642,777	395,640,439	104,998,963

35.1.3 Other price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity and debt securities and the chances of market crush at any moment. The company manages the price risk through diversification and placing limits on individual and total equity and debt instruments in accordance with NBFC's regulation and internal investment policy.. Reports on the equity and debt portfolio are submitted to the company's senior management on regular basis. The company's Board of Directors reviews and approves all equity and debt investment decisions. The Company is exposed to price risk since it has investments in quoted equity and debt securities amounting to Rs. 126.22 million (2012: 87.27 million).

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 52.3% during the financial year.

The table below summarizes Company's equity price risk as of 30 June 2013 and 2012 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity and debt investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
June 30, 2012	**Rupees**	**126,222,019**	**10% increase**	**138,844,221**	**12,622,202**	**12,622,202**
			10% decrease	**113,599,817**	**-12,622,202**	**-12,622,202**
June 30, 2012	Rupees	87,290,000	10% increase	96,019,000	8,729,000	8,729,000
			10% decrease	78,561,000	-8,729,000	-8,729,000

35.2 Credit risk and concentrations 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. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

The Company follows two sets of guidelines. It has its own operating policy and the management of the Company also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Company seeks to manage its credit risk through diversification of financing activities to avoid undue concentrations of credit risk with individuals or groups of customers in specific locations or businesses. Its also obtains securities when appropriate. Details of the composition of finance portfolios of the Company are given below:

	2013 Rupees	2013 %	2012 Rupees	2012 %
	......................Rupees.........................			
Investment and Finances *				
Sugar and allied industry	**-**	**-**	2,500,000	0.34%
Cement	**101,544,647**	**15.06%**	132,624,649	18%
Chemical	**144,399,104**	**21.42%**	153,504,732	21%
Cable and electrical goods	**89,282,778**	**13.24%**	75,176,378	10%
Textile	**180,335,804**	**26.75%**	189,607,726	26%
Financial institutions	**125,361,942**	**18.59%**	137,374,301	19%
Technology and communication	**14,802,186**	**2.20%**	19,662,331	3%
Pharmaceuticals	**-**	**0.00%**	-	0%
Construction	**15,930,000**	**2.36%**	26,700,000	4%
Miscellaneous	**2,518,751**	**0.37%**	-	0%
	674,175,212	**100%**	737,150,117	100%

* Investment and finances are gross of provisions.

35.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet the commitments associated with financial instruments. To safeguard this risk, the Company has diversified sources of funds and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile of assets and liabilities is monitored to ensure adequate liquidity is maintained. The Company has the ability to mitigate any short-term liquidity gaps by disposal of short-term investments and the availability of liquid funds at short notice.

The table below summarises the maturity profile of the Company assets and liabilities. The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date and do not take account of the effective maturities as indicated by the Company's history and the availability of liquid funds. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

As at June 30, 2013	**Total**	**Within one year**	**More than one year and less than five years**	**More than five years**
	-------------------------------Rupees---------------------------------			
Financial Assets				
Investments	480,660,067	316,195,914	114,730,603	49,733,550
Long term loans and finances	40,051,478	5,860,000	17,471,478	16,720,000
Long-term security deposits	1,050,000	-	-	
Placements	170,000,000	170,000,000	-	-
Markup / interest accrued	11,829,168	11,829,168	-	-
Advances, and other receivables	1,627,199	-	-	-
Cash and bank balance	5,634,049	3,258,662	-	-
	710,851,961	507,143,744	132,202,081	66,453,550
Financial Liabilities				
Term loans	140,625,000	78,125,000	62,500,000	-
Certificates of deposit	46,560,000	29,060,000	17,500,000	-
Short-term borrowings	-	-	-	-
Interest and markup accrued	4,851,743	550	-	-
Accrued expenses and other liabilities	4,759,726	-	-	-
	196,796,469	107,185,550	80,000,000	-
	706,092,235	399,958,194	52,202,081	66,453,550

As at June 30, 2012	Total	Within one year	More than one year and less than five years	More than five years
	--------Rupees--------			
Financial Assets				
Investments	866,457,764	306,949,858	170,547,748	388,960,158
Long term loans and finances	67,200,143	15,932,076	41,095,029	10,173,038
Long-term security deposits	1,050,000	-	1,050,000	-
Placements	100,000,000	100,000,000	-	-
Markup / interest accrued	37,938,915	37,938,915	-	-
Advances, and other receivables	1,431,008	1,431,008	-	-
Cash and bank balance	4,514,160	4,514,160	-	-
	1,078,591,989	466,766,016	212,692,777	399,133,196
Financial Liabilities				
Term loans	203,125,000	78,125,000	125,000,000	-
Certificates of deposit	41,940,000	32,740,000	9,200,000	-
Short-term borrowings	279,162,800	279,162,800	-	-
Interest and markup accrued	13,060,926	13,060,926	-	-
Accrued expenses and other liabilities	9,037,748	9,037,748	-	
	546,326,474	412,126,474	134,200,000	-
	532,265,515	54,639,542	78,492,777	399,133,196

36 Capital risk management

The objective of managing capital is to safeguard the Company ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Company to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The capital structure of the Company consist of equity comprising issued share capital, statutory reserves and unappropriated profits.

Goals of managing capital

The goals of managing capital of the Company are as follows:

- To be an appropriately capitalised institution, as defined by regulatory authorities and comparable to the peers;
- Maintain strong ratings and to protect against unexpected events;
- Availability of adequate capital at a reasonable cost so as to expand and achieve low overall cost of capital with appropriate mix of capital elements.

The NBFCs & NEs Regulations 2008 issued by SECP prescribed the minimum equity requirements for NBFCs licensed by the Commission to undertake different form of business.

37 Fair value of Financial Instruments

37.1 As at June 30, 2013, the fair values of all financial instruments are based on the valuation methodology outlined below:

a) **Finance and certificates of deposit**

For all finances (including certificates of deposit) the fair values have been taken at carrying amounts as these are not considered materially different from their fair values based on the current yields / market rates and repricing profits of similar finance and deposit portfolios.

b) **Investments**

The fair values of quoted investments are based on quoted market prices. Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment, if any, which approximates their fair value in the absence of an active market.

c) **Other financial instruments**

The fair values of all other financial instruments are considered to approximate their carrying amounts.

38 Transactions with Related Parties

The related parties comprise associated undertakings, key management personnel and post employment benefit schemes. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to associated undertakings, executives and remuneration of directors and executives are disclosed in the relevant notes. Transactions with related parties are as follows:

	2013 Rupees	2012 Rupees
Associated Undertakings		
Mark-up on repo borrowings	**11,835,026**	10,535,454
Mark-up on long-term loans	**17,684,991**	29,639,774
Mark-up on short-term running finance	**357,126**	1,055,941
Rent paid	**2,111,343**	2,111,343
Balance at year end	**140,625,000**	519,703,495
Key Management Personnel		
Salaries, benefits and other allowances	**15,341,500**	13,475,158
Retirement benefits	**2,194,734**	1,779,044
Return on long-term loans	**371,500**	699,586
Balance at year end	**9,757,251**	12,413,815
Staff Retirement Plans		
Contribution to staff retirement Plans	**1,922,845**	1,885,314

39 Date of Authorization for Issue

These financial statements have been authorized for issue on September 27, 2013 by the Board of Directors of the Company.

40 General

figures have been rounded off to the nearest rupee

MUHAMMAD MOHSIN ALI
Acting Chief Executive

WAJAHAT A. BAQAI
Director

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2013

Number of Shareholders	Shareholding From	To	Total number of Shares held	Percentage %
232	1	100	3,154	0.0049
580	101	500	286,280	0.4404
84	501	1,000	82,883	0.1275
66	1,001	5,000	169,766	0.2612
15	5,001	10,000	110,854	0.1705
2	10,001	15,000	23,000	0.0354
1	20,001	25,000	21,000	0.0323
1	45,001	50,000	47,500	0.0731
1	55,001	60,000	56,236	0.0865
1	4,800,001	4,805,000	4,801,703	7.3872
1	6,295,001	6,300,000	6,296,478	9.6869
1	6,490,001	6,495,000	6,494,900	9.9922
1	6,605,001	6,610,000	6,606,246	10.1635
2	19,995,001	2,0000,000	40,000,000	61.5385
988		**Company Total**	**65000000**	**100.0000**

The Slabs representing nil holding have been omitted

Categories of Shareholders	Number	Shares Held	Percentage
Directors	2	13,101,146	20.155%
Associated companies, undertakings & related parties	2	40,000,000	61.539%
General Public			
Local	976	11,830,754	18.201%
Foreign	2	7,000	0.011%
Others	6	61,100	0.094%
Total	**988**	**65,000,000**	**100.0000%**

PATTERN OF SHAREHOLDING INFORMATION REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage %
Associated Companies, Undertakings and Related Parties			
National Bank of Pakistan	1	20,000,000	30.77%
Water and Power Development Authority (WAPDA)	1	20,000,000	30.77%
	2	40,000,000	61.54%
Mutual Fund	-	-	-
NIT and ICP	-	-	-
Directors, Chief Executive and their spouse and minor children			
Chaudhry Tahir Hussain	1	6,606,246	10.16%
Imdad Ali	1	6,494,900	9.99%
	2	13,101,146	20.15%
Executives	10	11,000	0.01%
Public Sector Companies & Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies and Mutual Funds	-	-	-
General Public	968	11,826,754	18.21%
Others	6	61,100	0.09%
Total	**988**	**65,000,000**	**100.00%**
Shareholders holding 5% or more voting interest			
National Bank of Pakistan	1	20,000,000	30.77%
Water and Power Development Authority (WAPDA)	1	20,000,000	30.77%
Chaudhry Tahir Hussain	1	6,606,246	10.16%
Imdad Ali	1	6,494,900	9.99%
Syed Shoaib Khursheed	1	6,296,478	9.69%
Javed Ali Khan	1	4,801,703	7.39%

FORM OF PROXY

The Company Secretary
First Credit and Investment Bank Ltd.
2nd Floor, Sidco Avenue Centre,
Stratchen Road,
Karachi -74200
Pakistan.

I/We ____
(name)
of ____ being member(s)
(address)
of First Credit and Investment Bank Ltd. and holder of ____________________ Ordinary
(number of shares)
Shares as per Share Registered Folio No. __________ and/or CDC Participant I.D No. __________

and Sub Account No. __________ hereby appoint ____________________ of
(name)
____________________ or failing him/her ____________________
(address) (name)
of ____ as my proxy to vote
(address)
for me and on my behalf at the Annual General meeting of the company to be held on Tuesday, October 29, 2013 at 5.00 p.m. at PIIA (Pakistan Institute of International Affairs) Auditorium, Aiwan-e-Saddar Road Karachi.

Signed this ____________________ day of __________ 2013.

1. Witness:
Signature ____________________
Name ____________________
Address ____________________
____
CNIC or ____________________
Passport # ____________________

Signature

Signature on Rs. 5/- Revenue Stamp

(Signature should agree with the specimen registered with the Company)

2. Witness:
Signature ____________________
Name ____________________
Address ____________________
____
CNIC or ____________________
Passport # ____________________

IMPORTANT:

- In order to be effective, the proxy forms must be received at the office of our Registrar THK Associates (Pvt.) Limited, Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signatures, names, address and CNIC numbers given on the form.
- In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- In the case of proxy by a corporate entity, Board of Directors Resolution / power of attorney and attested copy CNIC or passport of the proxy shall be submitted alongwith proxy form.
- Proxy shall authenticate his / her identity by showing his / her original national identity card or original passport and bring folio number at the time of attending the meeting.

AFFIX
CORRECT
POSTAGE

First Credit And Investment Bank Ltd.

Registrar:
THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3
Dr. Ziauddin Ahmed Road,
Karachi. 75530

Fold : Here **Fold : Here**

Fold : Here **Fold : Here**