

Quarterly Report
March 31,
2019



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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BOARD OF DIRECTORS



Mr. Rehmat Ali Hasnie
Chairman



Mr. Muhammad Mohsin Ali
President & CEO



Mr. Muhammad Ikram Khan
Director



Mr. Asad Ullah Saleem
Director



Mr. Naveed Asghar Chaudhry
Director



Mr. Muhammad Naeemuddin
Director



Mr. Muhammad Iqbal Hussain
Director



Mr. Muhammad Ameen
Director



COMPANY INFORMATION

AUDIT COMMITTEE:

Mr. Muhammad Ameen Chairman
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Naeemuddin

HR AND REMUNERATION COMMITTEE:

Mr. Muhammad Naeemuddin Chairman
Mr. Muhammad Ikram Khan
Mr. Asad Ullah Saleem
Mr. Muhammad Iqbal Hussain
Mr. Muhammad Mohsin Ali

RISK MANAGEMENT COMMITTEE:

Mr. Muhammad Iqbal Hussain Chairman
Mr. Asad Ullah Saleem
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Mohsin Ali

COMPANY SECRETARY:

Mr. Muhammad Amin Khatri

AUDITORS:

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISOR:

Ahmed & Qazi

BANKERS:

National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Tameer Microfinance Bank Limited
Khushhali Bank Limited
U Microfinance Bank Limited
The First Microfinance Bank Limited

SHARE REGISTRAR:

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400
Ph.#+92 (21) 111-000-322
Fax # +92 (21)34168271

HEAD OFFICE / REGISTERED OFFICE:

2nd Floor, Sidco Avenue Centre,
Stratchen Road, Karachi - 74200, Pakistan.
Ph. # : 35658750-1, 35670452, 35688490
Fax. # : 35689331, 35686310
E-mail: info@fcibank.com.pk
Website: www.fcibank.com.pk



DIRECTORS' REVIEW

On behalf of the Board of Directors, we have the privilege of presenting un-audited financial statements of **First Credit and Investment Bank Limited** for the nine months ended March 31, 2019.

Operating Results

Total income for the nine months ended March 31, 2019 increased to Rs.86.24 million as compared to Rs.79.39 million for the nine months ended March 31, 2018, a net increase of Rs.6.85 million. The Company recorded operating profit of Rs.16.50 million, as compared to operating profit of Rs.14.36 million for the corresponding period of last year, and net increase of Rs.2.14 Million. Further, after taking effect of reversals of provisions made against non performing investments, the Company's profit before tax increased by Rs.5.34 million, to Rs.21.08 million during the third quarter of F Y 2018-19 as against Rs.15.74 million reported for the corresponding period of last year. Similarly, the Company closed the third quarter by registering an increase of Rs.4.30 million in after tax profit of Rs.14.37 million as against profit after tax of Rs.10.07 million posted for the corresponding period of last year. As a result, shareholders equity net of deficit on re-measurement of available for sale investments is reported at Rs.731.11 million, against Rs.722.25 million, reported as at June 30, 2018. Total balance sheet footing as at March 31, 2019 decreased to Rs.1,208.13 million from Rs.1,327.36 million as at June 30, 2018 due to repayment of bank loan.

Credit Rating

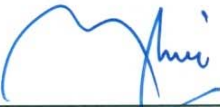
JCR-VIS Credit Rating Company Limited vide its report dated December 28, 2018 has reaffirmed the medium to long-term rating of the Company at 'A-' (Single A Minus) and Short-term rating at '**A-2**' (**A-Two**). The outlook of the rating is '**Stable**'.

Future Outlook

We are diversifying our business focus into new avenues to increase revenue streams, which will be forthcoming with improvement in economic and business conditions of the country. Your Company will continue to improve its assets quality, infrastructure, build capacity through training of existing personnel and engaging professionals to diversify products and services, updating policies and procedures to meet the requirements of the new challenges and opportunities.

Acknowledgement

The directors wish to express their appreciation to stakeholders, valued customers and financial institutions for their continued trust and patronage. We are grateful to the regulatory authorities especially the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Pakistan Stock Exchange for their guidance and support. We also acknowledge hard work and dedication of the management and employees.



President and CEO



Director

Karachi:
April 27, 2019

ڈائریکٹرز جائزہ

ہم فرسٹ کریڈٹ اینڈ انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے تیسری سہ ماہی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی تفصیلات کا گوشوارہ بمطابق ۳۱ مارچ ۲۰۱۹ء پیش کرتے ہوئے طمانیت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

۳۱ مارچ ۲۰۱۹ء کو ختم ہونے والی تیسری سہ ماہی میں کمپنی کی کل آمدنی ۶.۸۵ ملین روپے اضافے کے بعد ۸۶.۲۴ ملین روپے رہی جو کہ پچھلے سال ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی اسی مدت میں ۷۹.۳۹ ملین روپے تھی۔ سال کے پہلے نو ماہ کے اختتام پر کمپنی نے ۲.۱۴ ملین روپے اضافے کے ساتھ آپریٹنگ منافع ۱۶.۵۰ ملین روپے حاصل کیا جو پچھلے سال اسی عرصہ میں ۱۴.۳۶ ملین روپے تھا۔ مزید یہ کہ کچھ صارفین کے اکاؤنٹ میں نقصان کے خدشات کو ملحوظ خاطر لاتے ہوئے رقم مختص کی گئی تھی ان اکاؤنٹ میں بہتری کی وجہ سے وہ رقم واپس شامل کر لی گئی ہے جس کی وجہ سے کمپنی نے سال ۲۰۱۸-۱۹ء کی موجودہ تیسری سہ ماہی میں قبل از ٹیکس منافع ۵.۳۴ ملین روپے اضافے کے بعد ۲۱.۰۸ ملین روپے ریکارڈ کیا جبکہ پچھلے سال اسی مدت میں ۱۵.۷۴ ملین روپے قبل از ٹیکس منافع ظاہر کیا گیا تھا اسی طرح تیسری سہ ماہی کے اختتام پر ۴.۳۰ ملین روپے اضافے کے ساتھ بعد از ٹیکس منافع ۱۴.۳۷ ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال تیسری سہ ماہی میں بعد از ٹیکس منافع ۱۰.۰۷ ملین روپے تھا۔ اسکے نتیجے میں شیئر ہولڈرز ایکویٹی بعد سرمایہ کاری کی مالی پیکس ۳۱.۱۱ ملین روپے ہوئی جبکہ ۲۰۱۸ء جون ۳۰ء کو شیئر ہولڈرز ایکویٹی ۲۲.۲۵ ملین روپے تھی۔ ۳۱ مارچ ۲۰۱۹ء کو کمپنی کے کل اثاثہ جات کمی کے بعد ۱,۴۰۸.۱۳ ملین روپے ہوئے جو کہ ۲۰۱۸ء جون ۳۰ء کو ۱,۳۲۷.۳۶ ملین روپے تھے۔ یہ کمی بینکوں کے قرضوں کی واپسی کی وجہ سے ہوئی۔

کریڈٹ ریٹنگ:

JCR-VIS کریڈٹ ریٹنگ کی رپورٹ بتاریخ ۲۸ دسمبر ۲۰۱۸ء کے مطابق کمپنی نے درمیانے سے طویل مدتی اینٹی سی ریٹنگ کو 'A' (سنگل A منفی) اور مختصر مدتی ریٹنگ کو 'A-2' پر برقرار رکھا ہے۔ ریٹنگ کا آؤٹ لک منقسم ہے۔

مستقبل کے امکانات:

ہماری تمام کاروباری سرگرمیاں نئی آمدنی کے سلسلے کو بڑھانے کیلئے کاروبار متنوع کرنے پر مرکوز ہیں جو ملک کے اقتصادی و کاروباری حالات میں بہتری کے ساتھ آگے بڑھیں گی۔ آپ کی کمپنی اپنے اثاثوں کے معیار کو بحال کرنے، اور موجودہ عملہ اور اہم پیشہ ورانہ عملہ کی خدمات حاصل کر کے ان کو ریٹنگ کے ذریعہ اپنے انفراسٹرکچر میں بہتری لانے، مختلف النوع پروڈکٹ اور خدمات کی بحالی کی مناسب کوششیں کر رہی ہے، اور نئے مواقع اور نئے چیلنجز کا سامنے کرنے کے لئے اپنی پالیسیاں اور طریقہ کار کو اپ ڈیٹ کر رہی ہے۔

اظہار تشکر:

ڈائریکٹرز اپنے اسٹیک ہولڈرز، قابل قدر صارفین اور مالیاتی اداروں کا ان کے مسلسل اعتماد اور سرپرستی کے لیے تشکر کا اظہار کرتے ہیں۔ ریگولیٹری اداروں خاص طور پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی رہنمائی اور سپورٹ کے بھی شکر گزار ہیں۔ ہم انتظامیہ اور ملازمین کی محنت اور لگن سے کام کرنے کا اعتراف بھی کرتے ہیں۔


پریذیڈنٹ وی ای او


ڈائریکٹر

کراچی۔

۱۴ اپریل ۲۰۱۹ء



FIRST CREDIT AND INVESTMENT BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	Rupees	
ASSETS			
Non-current Assets			
Fixed assets			
- Property and equipment	8	4,638,960	5,856,334
- Intangible assets		-	-
Long-term investments	9	32,398,058	39,977,939
Long-term loans and finances		461,479,350	351,899,754
Long term investment finance lease	10	1,549,896	647,265
Long-term security deposits		57,500	57,500
Deferred tax asset -net	11	70,461,181	72,957,425
Total non-current assets		570,584,945	471,396,217
Current Assets			
Short-term Investments	12	102,142,819	84,147,138
Short-term placements	13	198,000,000	430,000,000
Current portion of			
- Long-term investments	9	29,915,278	29,915,276
- Long-term loans and finances		79,534,215	29,435,328
- Net investment in finance lease	10	1,175,977	509,568
Accrued mark-up		54,340,469	59,296,138
Advances prepayments and other receivables		1,548,293	1,240,033
Advance taxation - net		13,828,329	12,346,934
Cash and bank balances		157,058,766	209,076,400
Total current assets		637,544,146	855,966,815
Total Assets		1,208,129,091	1,327,363,032
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital			
75,000,000 (June 30, 2018: 75,000,000) shares of Rs. 10 each		750,000,000	750,000,000
Issued, subscribed and paid-up share capital			
65,000,000 (June 30, 2018: 65,000,000) shares of Rs. 10 each		650,000,000	650,000,000
Statutory reserves		137,456,536	134,582,762
Accumulated loss		(39,994,749)	(51,489,845)
Deficit on revaluation of investments - net	14	(16,356,322)	(10,842,766)
Total Shareholders' equity		731,105,465	722,250,151
LIABILITIES			
Non-current liabilities			
Deferred liability - staff gratuity		2,837,253	2,430,419
Long term loan		78,125,000	125,000,000
Security deposit against finance lease	10	752,000	333,400
Total non-current liabilities		81,714,253	127,763,819
Current liabilities			
Short-term running finance facility	15	278,177,547	402,137,807
Current portion of long-term loan		78,125,000	62,500,000
Accrued mark-up	16	15,649,687	7,022,701
Accrued expenses and other liabilities		23,357,139	5,688,554
Total current liabilities		395,309,373	477,349,062
Total liabilities		477,023,626	605,112,881
CONTINGENCIES AND COMMITMENTS			
Total equity and liabilities	17	1,208,129,091	1,327,363,032

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



FIRST CREDIT AND INVESTMENT BANK LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited)
 FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	For the nine months period ended March 31,		For the three months period ended March 31,	
		2019	2018	2019	2018
INCOME					
Income from term finances and fund placements		74,058,194	70,066,884	27,833,375	21,731,209
Income from investments		6,625,140	5,875,686	1,735,333	1,499,309
Fees and commission		5,194,888	1,564,436	1,354,430	440,223
Other income		360,277	1,882,399	169,422	131,668
		86,238,499	79,389,405	31,092,560	23,802,409
EXPENDITURES					
Finance cost					
- Mark-up on bank loans		11,927,542	12,113,503	4,353,253	3,721,987
- Marku-up on short term running finance		25,168,967	23,620,681	9,552,986	6,788,716
- Others		199,795	142,797	165,214	107,154
		37,296,304	35,876,981	14,071,453	10,617,857
Administrative and operating expenses		32,449,419	29,153,405	10,601,158	9,428,431
		69,745,723	65,030,386	24,672,611	20,046,288
Operating income		16,492,776	14,359,019	6,419,949	3,756,121
(Provision) / Reversals					
Reversal of provision for non-performing investments	9.1	-	-	-	-
		5,012,609	1,700,000	1,319,166	750,000
		21,505,385	16,059,019	7,739,115	4,506,121
Workers' welfare fund		(430,108)	(321,180)	(154,783)	(79,957)
Profit before taxation		21,075,277	15,737,839	7,584,332	4,426,164
Taxation	18	(6,706,407)	(5,667,833)	(1,992,506)	(1,131,777)
Profit for the period		14,368,870	10,070,006	5,591,826	3,294,387
Earnings per share -basic and diluted	20	0.22	0.15	0.09	0.05

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	For the nine months period ended March 31,		For the three months period ended March 31,	
	2019	2018	2019	2018
	Rupees			
Profit for the period	14,368,870	10,070,006	5,591,826	3294387
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account subsequently:</i>				
Gain / (Loss) on remeasurement of investment classified as 'available for sale'	(5,513,556)	(2,218,833)	1,527,458	3,682,129
<i>Items that will not be subsequently reclassified to profit and loss account:</i>				
Remeasurement of defined benefit obligations	-	-		
Total comprehensive income for the period	8,855,314	7,851,173	7,119,284	6,976,516

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



FIRST CREDIT AND INVESTMENT BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
 FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Issued, subscribed and paid-up share capital	Reserves		Total	Deficit on remeasurement of investment classified as	Total shareholders' equity
		Capital Statutory reserve	Revenue Accumulated loss			
Rupees						
Balance as at July 01, 2017 as previously reported	650,000,000	132,744,837	(58,797,060)	73,947,777	-	723,947,777
Transfer to deficit on remeasurement of investment	-	-	-	-	(8,020,695)	(8,020,695)
Balance as at July 01, 2017- restated	650,000,000	132,744,837	(58,797,060)	73,947,777	(8,020,695)	715,927,082
Transactions with other than owners of equity:						
Net profit for the period	-	-	10,070,006	10,070,006	-	10,070,006
Other comprehensive income	-	-	-	-	(2,218,833)	(2,218,833)
- Total comprehensive income	-	-	10,070,006	10,070,006	(2,218,833)	7,851,173
- Transfer to statutory reserve	-	2,014,001	(2,014,001)	-	-	-
Balance as at March 31, 2018	650,000,000	134,758,838	(50,741,055)	84,017,783	(10,239,528)	723,778,255
Balance as at July 01, 2018	650,000,000	134,582,762	(51,489,845)	83,092,917	(10,842,766)	722,250,151
Transactions with other than owners of equity:						
Net profit for the period	-	-	14,368,870	14,368,870	-	14,368,870
Other comprehensive income	-	-	-	-	(5,513,556)	(5,513,556)
- Total comprehensive income	-	-	14,368,870	14,368,870	(5,513,556)	8,855,314
- Transfer to statutory reserve	-	2,873,774	(2,873,774)	-	-	-
Balance as at March 31, 2019	650,000,000	137,456,536	(39,994,749)	97,461,787	(16,356,322)	731,105,465

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



FIRST CREDIT AND INVESTMENT BANK LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)
 FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	Rupees	
Cash flows from operating activities		
Profit before taxation	21,075,277	15,737,839
Adjustments for non-cash and other items:		
Depreciation	1,329,106	1,160,088
Amortisation	-	37,078
Gratuity	406,834	(3,732,380)
Dividend income	(1,414,634)	(594,058)
Finance cost	37,296,304	35,876,981
Gain on disposal of property and equipment	-	(330,848)
Reversal of provision for non-performing investments-net	(5,012,609)	(1,700,000)
	<u>32,605,002</u>	<u>30,716,861</u>
Operating cash flows before working capital changes	53,680,279	46,454,700
(Increase) / decrease in current assets		
Short-term investments	(17,995,681)	(2,803,346)
Prepayments and other receivables	(308,260)	(2,120,738)
Accrued mark-up	4,955,669	(5,988,312)
	<u>(13,348,272)</u>	<u>(10,912,396)</u>
Increase / (decrease) in current liabilities		
Accrued expenses and other liabilities	17,668,585	(4,911,685)
Security deposit against finance lease	418,600	-
	<u>18,087,185</u>	<u>(4,911,685)</u>
Cash (used in)/ generated from operations	58,419,192	30,630,619
Income tax paid	(5,691,558)	(5,890,223)
Dividend received	1,414,634	594,058
Disposal of property and equipment	-	895,399
Markup paid	(28,669,318)	(36,386,872)
	<u>(32,946,243)</u>	<u>(40,787,638)</u>
Cash generated from operating activities	25,472,949	(10,157,019)
Cash flows from investing activities		
Acquisition of property and equipment	(111,735)	(2,822,800)
Long term investments-net	7,078,932	38,710,188
Long-term loan and finances (payment/ acquisition - net)	(159,678,480)	(93,334,539)
Long-term finances lease	(1,569,040)	306,442
Net cash (used in) / generated from investing activities	(154,280,323)	(57,140,709)
Cash flows from financing activities		
Long-term loan obtained /(repaid)	(31,250,000)	(46,875,000)
Net cash generated from / (used in) financing activities	(31,250,000)	(46,875,000)
Net increase in cash and cash equivalents	(160,057,374)	(114,172,728)
Cash and cash equivalents at the beginning of the period	236,938,593	517,704,432
Cash and cash equivalents at the end of the period	19 <u>76,881,219</u>	<u>403,531,704</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



FIRST CREDIT AND INVESTMENT BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 First Credit and Investment Bank Limited ("the Investment Bank") was incorporated in Pakistan on August 31, 1989 as a private company with its liability limited by shares under the name of 'First Credit and Discount Corporation (Private) Limited', converted in to a public company. Subsequently, the name of the Investment Bank was changed to First Credit and Investment Bank Limited. During the year ended June 30, 2009, the Investment Bank was listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) limited by way of issue of shares to general public. The registered office of the Investment Bank is situated at 2nd floor, Sidco Avenue Centre, Stratchen Road, R.A. Lines, Karachi, Pakistan. The Investment Bank is an associated undertaking of Water and Power Development Authority (WAPDA) and National Bank of Pakistan (NBP) which each holds 30.77% holding in the Investment Bank.

1.2 The Investment Bank is licensed to undertake business of investment finance services as a Non-Banking Finance Company 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 Investment Bank has changed its status from Deposit taking Investment Bank to Non-Deposit taking Investment Bank from July 01, 2018.

The JCR-VIS has re-affirmed the investment bank credit rating of 'A-' (A minus) for long & medium term and 'A-2' (A Two) for short term on December 28, 2018. The outlook of the rating is stable.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statement of the Investment Bank for the nine months period ended March 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting Standards", provisions of and directives issued under the Companies Act 2017, the NBFC Rules 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the NBFC Regulations") and the other directives issued by the SECP. Wherever the requirements of the Act, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Act, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The Securities and Exchange Commission of Pakistan has deferred the applicability of IFRS-9, 'Financial Instruments: Recognition and measurement through S.R.O 229 (I)/2019 dated February 14, 2019 in partial modification of S.R.O 1007(I)/2017 dated October 4, 2017. Accordingly the effective date for the applicability of IFRS-9 is as reporting period/year ending on or after June 30, 2019.

This condensed interim financial statement does not include all the information required for full annual financial statements, and should be read in conjunction with the Investment Bank's annual financial statements for the year ended June 30, 2018.

3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE INVESTMENT BANK'S FINANCIAL POSITION AND PERFORMANCE

a) During the period the Investment Bank has granted further disbursement of loan and advances to the parties amounting to Rs.199.51 million.

4 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements for the year ended June 30, 2018.

**5 EFFECT OF RESTATEMENT****5.1 Due to Change in accounting policy**

The specific requirement of SECP through circular no. 19 dated August 13, 2003 has not been carried forward. Previously such circular has deferred the applicability of IAS-39 on the Investment Bank and instructed the Investment Bank to observe the State Bank of Pakistan's (SBP) BSD Circular Letter No.11 dated September 11, 2002 regarding the application of said IASs. In the light of such deferment the Investment Bank is following the requirement of SBP's BPRD Circular No. 02 of 2018 for the format of financial statement (C4) for disclosure and measurement financial instrument under IAS 39 along with requirement of NBFC rules and regulations, as a result of which surplus/ deficit on remeasurement on available for sale investment is not made of equity and is mentioned in the statement of financial position under total shareholders' equity. However, the State Bank of Pakistan vide BPRD Circular No. 02 of 2018 has revised their financial statements formats and accordingly as per such notification surplus/ deficit on remeasurement on available for sale investment.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	Previously reported	Re-statement	As-restated
Rupees			
Effect on the financial statements for the year ended June 30, 2018			
Statement of Financial Position			
Deficit on remeasurement of investment classified as available for sale	10,842,766	(10,842,766)	
Total shareholders' equity	-	(10,842,766)	(10,842,766)
	Previously reported	Re-statement	As-restated
Rupees			
Effect on the financial statements for the year ended June 30, 2017			
Statement of Financial Position			
Deficit on remeasurement of investment classified as available for sale	8,020,695	(8,020,695)	
Total shareholders' equity	-	(8,020,695)	(8,020,695)

6 FINANCIAL RISK MANAGEMENT

The Investment Bank's financial risk management objectives and policies are same as disclosed in the annual financial statements for the year ended June 30, 2018.

7 ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation are same as those applied by the Company in the annual financial statements for the year ended June 30, 2018.

**8 PROPERTY AND EQUIPMENT**

Additions and disposal during the period & year ended are as under:

	For the nine month period ended March 31, 2019		For the year ended June 30, 2018	
	Un-audited		Audited	
	Additions (cost)	Disposal (book value)	Additions (cost)	Disposal (book value)
	Rupees			
Office Equipment	-	-	31,499	-
Computers	111,735	-	124,000	-
Vehicles	-	-	5,186,260	564,548
	111,735	-	5,341,759	564,548

	Note	As at March 31, 2019	As at June 30, 2018
		Un-audited	Audited
		Rupees	

9 LONG-TERM INVESTMENTS**Held-to-maturity**

Term Finance Certificates (TFCs) and Sukuk - unquoted		201,820,167	204,770,167
TFCs - quoted		49,915,276	57,415,276
		251,735,443	262,185,443
Less: Provision against investments	9.1	(190,462,943)	(193,412,943)
		61,272,500	68,772,500

Available-for-sale

TFCs - quoted		17,666,618	19,729,227
Less: Provision against investments	9.1	(17,666,618)	(19,729,227)
		-	-
Investment in shares - quoted		1,040,836	1,120,715
Total long-term investments		62,313,336	69,893,215
Less: Current portion of long-term investments		(29,915,278)	(29,915,276)
		32,398,058	39,977,939

9.1 Provision against investments

Opening balance	213,142,170	215,692,170
Provision/(Reversed) during the period/year	(5,012,609)	(2,550,000)
Closing balance	208,129,561	213,142,170



		As at March 31, 2019	As at June 30, 2018
	Note	Un-audited	Audited
Rupees			
10 Long-term investment finance lease -net			
Lease rental receivable		2,231,046	891,744
Residual value		752,000	333,400
Gross investment in finance lease		2,983,046	1,225,144
Less: Unearned finance lease Income		<u>(257,173)</u>	<u>(68,311)</u>
		2,725,873	1,156,833
Less: Current maturity of investment in finance lease		<u>(1,175,977)</u>	<u>(509,568)</u>
		<u>1,549,896</u>	<u>647,265</u>
11 DEFERRED TAX ASSET			
The management of the company has prepared financial projections the said projections are based on certain key assumptions made for the estimation of the recovery against provision. The determination of future axable profit and recoveries are most sensitive to certain key assumption. A significant change in the key assumption and estimate may have an effect on the recovery of deferred tax asset. The management believes that the company will be able to achieve the recovery and profit projected in the financial projection and consequently the deferred tax asset accounted for in the financial statement will be fully realized in the future.			
12 SHORT TERM INVESTMENTS			
Available for sale			
Dewan Cement Limited -Pre- IPO TFCs	12.1	50,000,000	50,000,000
(Provision)TFC-Dewan Cement Limited	12.1	<u>(6,930,383)</u>	<u>(6,930,383)</u>
		43,069,617	43,069,617
Investment in shares - listed		36,225,143	17,350,319
Mutual Funds		22,848,059	23,727,202
		<u>102,142,819</u>	<u>84,147,138</u>
12.1 This investment has been calssified under loss category and accordingly made 100% provision has been accounted for after considering FSV of the collateral held as per NBFC and NE Regulations.			
13 SHORT TERM PLACEMENTS			
	13.1	<u>198,000,000</u>	<u>430,000,000</u>
13.1 This represent placement with financial institutions under term deposits carrying markup rate of 9.5% to 12.5% per annum (June 30, 2018 : 8.6% to 10% per annum)			
14 DEFICIT ON REVALUATION OF INVESTMENTS - net			
Available-for-sale investments			
Mutual Fund		<u>(2,727,941)</u>	<u>(1,272,798)</u>
Shares long-term		<u>(2,686,811)</u>	<u>(2,606,932)</u>
Shares short-term		<u>(11,720,630)</u>	<u>(7,810,900)</u>
Related deffered tax (assets)		779,060	847,864
		<u>(16,356,322)</u>	<u>(10,842,766)</u>



	Note	As at March 31, 2019	As at June 30, 2018
		Un-audited	Audited
Rupees			
15 SHORT TERM RUNNING FINANCE FACILITY			
MCB Bank Limited	15.1	178,177,596	302,137,856
National Bank of Pakistan - an associated undertaking	15.2	99,999,951	99,999,951
		278,177,547	402,137,807

15.1 This represent short-term running finance obtained against TDR from MCB Bank Limited carrying markup rate of 3 months KIBOR plus 0.6% per annum (June 30, 2018: 3 months KIBOR plus 0.6% per annum).

15.2 This represent short-term running finance obtained with a limit of Rs.100 million (June 30, 2018: Rs.100.0 million) carrying markup @ 3 months KIBOR plus 1.00% per annum (June 30, 2018: 3 months KIBOR plus 1%) per annum. The loan is secured by first pari passu hypothecation charge against all present and future assets of the Investment Bank with 25% margin.

16 ACCRUED MARK-UP

Secured

Loans and borrowings including running finances	16.1	14,089,550	5,462,564
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Unsecured

Long-term certificate of deposit		1,560,137	1,560,137
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		15,649,687	7,022,701
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16.1 This amount includes mark-up due to National Bank of Pakistan, an associated undertaking.

17 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies as at period end (June 30, 2018: Nil)

Commitments

-Standby letter of credit	17.1	39,014,063	33,848,438
-Letter of credit exposure -Pioneer Cement Ltd.	17.2	10,314,688	28,561,667
-Letter of credit exposure -Power Cement Ltd.	17.3	2,441,493	7,647,405

17.1 This represents the Investment Bank's share in standby letter of credit under agreement of participation dated December 13, 2010 with Allied Bank Limited. Under the said agreement, the Investment Bank irrevocably agrees and undertakes with Allied Bank Limited to take undivided share of 2.5% in standby letter of credit up to November 17, 2019.



17.2 This represents the Investment Bank's participation in syndicated Term Finance L/C facility to the extend of Rs.100.0 million for import of plant and machinery. Initially the facility will be non-funded and FCIBL has recorded it as contingencies liability, subsequently upon retirement of L/C documents the payment will be made through the facility will become funded.

17.3 This represents the Investment Bank's participation in syndicated Term Finance L/C facility to the extend of Rs.100 million for import of plant and machinery (subsequently reduced to Rs.75.0 million). Initially the facility will be non-funded and FCIBL has recorded it as contingencies liability, subsequently upon requirement of L/C documents the payment will be made through the facility will become funded.

	For the nine-month period ended March 31, 2019	For the nine-month period ended March 31, 2018
	Un-audited	Un-audited
18 TAXATION	Rupees	
Current	4,278,967	3,989,211
Deferred - net	2,427,440	1,678,622
	6,706,407	5,667,833
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	157,058,766	396,934,927
Short-term placements	198,000,000	352,000,000
Short-term running finance	(278,177,547)	(345,403,223)
	76,881,219	403,531,704
20 EARNINGS PER SHARE (EPS)		
20.1 Basic EPS		
Earnings for the period	14,368,870	10,070,006
Weighted average number of shares outstanding	65,000,000	65,000,000
Earnings per share - basic	0.22	0.15
20.2 Diluted EPS		

There is no dilution effect on the basic earning per share as the Company has no convertible dilutive potential ordinary shares outstanding on March 31, 2019.

**21 TRANSACTIONS WITH RELATED PARTIES**

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

Nature of relationship with related party	Nature of transactions and balances	For the nine month period ended and as at March 31, 2019	For the nine-month period ended March 31, 2018 and as at June 30, 2018
		Rupees	
	Transactions for the nine month period:		
Associate Undertakings	National Bank of Pakistan		
	Markup - paid on long term loan	<u>11,927,542</u>	<u>12,113,503</u>
	Markup - paid on running short-term finance	<u>7,116,745</u>	<u>2,155,479</u>
	Rent paid	<u>3,077,353</u>	<u>2,789,982</u>
	Taurus Securities Limited		
Brokerage Expenses	<u>23,194</u>	<u>-</u>	
Key management personnel	Salaries, benefits and allowances	<u>7,512,812</u>	<u>8,200,573</u>
	Retirement benefits	<u>574,481</u>	<u>589,247</u>
	Return on long-term loans	<u>-</u>	<u>29,251</u>
Staff Retirement Plans	Contributions made to staff retirement fund	<u>548,874</u>	<u>357,178</u>
	Balances as at period-end/year - end		
Associate Undertakings	National Bank of Pakistan		
	Investment in shares at cost	<u>3,858,395</u>	<u>3,858,395</u>
	Long term Loan	<u>156,250,000</u>	<u>187,500,000</u>
	Short-term running finance	<u>99,999,951</u>	<u>99,999,951</u>
	NAFA Stock Fund	<u>25,000,000</u>	<u>25,000,000</u>
Key management personnel	Balances as at period-end/year - end	<u>1,857,698</u>	<u>3,983,301</u>

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of all financial instruments as at year end 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 re-pricing 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.

The Investment Bank uses following fair value hierarchy that reflects significance of inputs used in making the measurements:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	March 31, 2019 (Unaudited)		
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	110,029,314	-	-
Unlisted securities	-	11,357,224	-
	110,029,314	11,357,224	-


	June 30, 2018 (Audited)		
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	99,613,512	-	-
Unlisted securities	-	11,357,224	-
	99,613,512	11,357,224	-


c) Other financial instruments

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

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information are authorized for issue on April 27, 2019 by the Board of Directors of the Company.


Muhammad Amin Khatri
 Chief Financial Officer


Muhammad Mohsin Ali
 President & CEO


Muhammad Ameen
 Director