Annual Report 2014

Invest Capital Investment Bank Limited

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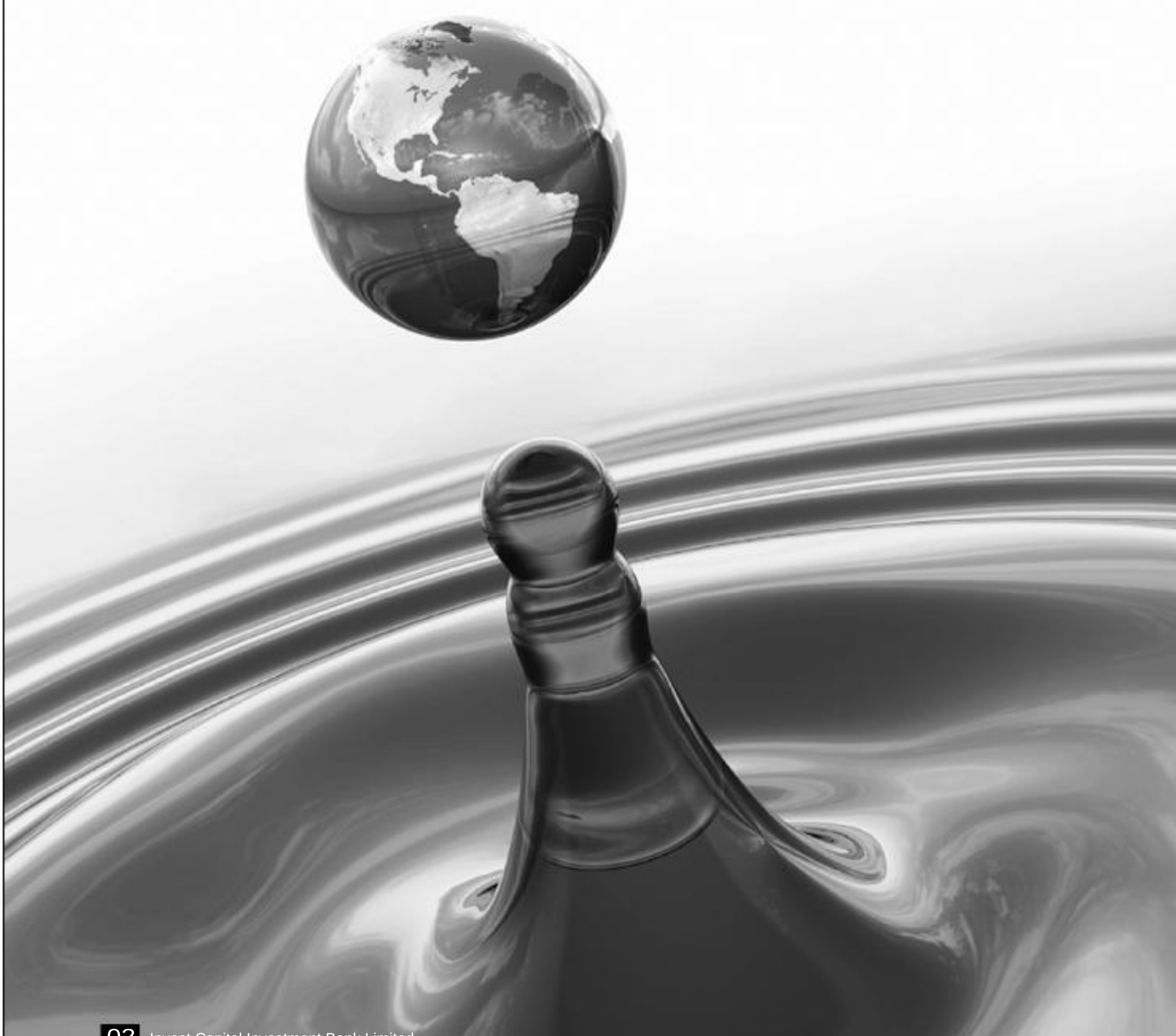
Vision Statement

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

Mission Statement

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



Company Information

Board of Directors

Mr. Shaukat Ali	-Chairman
Mr. Muhammad Asif	-Chief Executive
Mr. Ejaz Ahmed Khan	-Director
Mr. Muhammad Qasim	-Director
Ms. Ayesha Zahid	-Executive Director
Ms. Fiza Zahid	-Director
Mr. Shahab Ud Din Khan	-Director

Audit Committee

Mr. Ejaz Ahmed Khan	-Chairman
Mr. Shaukat Ali	-Member
Ms. Fiza Zahid	-Member

Human Resource Committee

Mr. Muhammad Qasim	-Chairman
Mr. Muhammad Asif	-Member
Ms. Fiza Zahid	-Member

Chief Financial Officer & Company Secretary

Mr. M. Naim Ashraf

Auditors

Awais Haider Liaquat Nauman
Chartered Accountants

Legal Advisors

Ahmad & Qazi

Share Register

Corptec Associates (Private) Limited
503-E, Johar Town, Lahore.
Tel: 042-35170336-7
Fax: 042-35170338
E-mail: mimran.csbm@gmail.com

Bankers

Askari Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
State Bank of Pakistan

Registered Office

603-604, 6th Floor, Lakson Square
Building No. 3, Sarwar Shaheed
Road, Karachi.
Tel: 021-35661968
Fax: 021-35654022
Website: www.icibl.com

Head Office

701-A, City Tower, 6-K Main
Boulevard, Gulberg II, Lahore.
Tel: 042-35770383-4
Fax: 042-35788711

National Tax Number

0656427-5

Notice of 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 6:30 p.m. on Friday, 31st October, 2014 at The Central Library, DHA, Phase-II, Sunset Boulevard, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 21st Annual General Meeting of the Shareholders held on 26th October 2013.

2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30th June 2014.

3. To appoint auditors and fix their remuneration for the year ending 30th June, 2015. The present auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

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

By Order of the Board

Lahore
October 09, 2014

M. Naim Ashraf
Company Secretary

NOTES:

1. The Members' Register will remain closed from 24th October 2014 to 30th October 2014 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 23rd October 2014 will be treated in time.

2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf.

3. The instrument appointing proxy and the power of attorney or other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of Share Registrar of the Company, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting.

4. The CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A- For attending the meeting:

(i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending meeting.

(ii) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signatures of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B- **For appointing proxies :**

(i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall submit the proxy forms accordingly.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copy of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

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

(v) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Members are requested to notify any change in their addresses immediately to the Share Registrar of the Company.

Directors' Report

The Board of Directors of Invest Capital Investment Bank Limited (the 'Company') is pleased to present before shareholders the audited financial statements of the Company for the year ended June 30, 2014 along with the Auditors' report thereon.

This has been the third year since the current management took over the control. During this time, the management has followed three pronged strategy involving settlement of outstanding liabilities, divestiture of non-core/non-performing assets and continuation in writing selective new business. The management has not only survived from a point of collapse but also managed to turnaround with consistent profits.

Financial Performance

In 2014, the company has earned net profit after tax of Rs.98.72 million despite slow recoveries. The leasing business has been re-commenced in September 2011 in-spite of difficult recoveries and limited resources. This has helped in re-establishing itself in the marketplace. It has reported disbursements in car leasing business of Rs.123.38 million as against Rs.91.90 million in 2013 reflecting thirty-four percent growth. The management has been very careful in screening clients, and accepting security collateral and guarantees. The total non-performing lease/loan receivables has declined to Rs.1,409.30 million as compared to Rs.1,504.63 million last year.

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

	Rupess in million		
Financial Highlights	**2014**	2013	2012
Gross revenue	**76.16**	107.92	190.14
Administrative expenses	**51.78**	101.62	156.94
Other operating expenses	**0**	42.44	0
Financial charges (Net)	**24.65**	(29.79)	110.53
Provisions and write offs	**(4.16)**	77.81	63.14
Other income	**96.69**	289.28	151.45
Profit / (loss) for the year before taxation	**100.57**	205.12	10.98
Taxation - net	**(1.84)**	146.69	(1.68)
Profit / (loss) for the year after taxation	**98.72**	351.81	9.30
Earnings / (loss) per share - basic	**0.35**	1.24	0.03

The gross revenue has witnessed almost 29% decrease on year on year basis due to the decline in overall size of leases and loans portfolio. In line with the revenue decline, the management has brought down overall administrative and other operating expense to 50% of the last year. One of the main contributors in overall profitability has been other income, which represents gain on settlement of liabilities against immovable properties, discount in principal repayments and waiver of related unpaid mark-up. These initiatives have helped in reporting positive bottom line. In essence, all this has been achieved with the concerted efforts of management team and stake holders under the guidance and support of regulatory authorities.

Economic Review

Pakistan's economy achieved a GDP growth of 4.1% as compared to 3.7% in the last year despite power and gas shortage, terrorism, disturbed law and order situation, floods and rains etc. Power/ gas shortage has been the biggest constraint and has retarded GDP growth substantially. The growth momentum is broad based and all three major sectors namely agriculture, industry and services have provided support to improve growth.

The economy is showing encouraging signs by following serious economic agenda and striving seriously to implement it. Early positive results, particularly stabilizing foreign exchange reserves, better industrial growth and exceptional increase in remittances, historical heights of Karachi Stock Exchange, successful launching of Eurobond and auction of 3G/4G licenses are the key achievements of the present government.

In latest update on monetary policy statement, State Bank of Pakistan (SBP) has decided to keep the discount rate unchanged to 10%. According to SBP the economic conditions are certainly better at the beginning of financial year 2015 than a year ago. However security challenges, non ending energy crisis, ongoing political impasse, delay in the finalization of fourth IMF review and the current heavy rains and floods will remain major challenge for the economic growth at desired level.

The performance of NBF sector during the year under review continued to remain under pressure mainly due to paucity of funds for fresh business, low recovery from NPL's due to deteriorating law and order and economic conditions of the Country.

Your Company, however, performed a bit better than some other entities in the market and is continuing to progress slowly and gradually despite unfavorable economic factors. The key to stability and growth of an NBFI lies in undertaking fresh lease business which cannot be achieved due to non-availability of ample funds. However, the management is using the available resources cautiously and appropriately in new business, meeting its obligations with the lenders and depositors and managing its operating expenses.

Achievements of the Year

Respected members, the new management team had formulated a revival plan in July 2011, which has been meticulously implemented over the last three years tenure. Today, the results are visible from consistent year on year financial performance. The main focus areas of the plan were, settlement with financial institutions and depositors, effecting recoveries from NPLs, achieving reduction in administrative expenses and writing of new lease business. These focus areas are briefly discussed hereunder:

- **Settlement of Liabilities:**

Up-till end of June 30, 2014 around 87% of the total liabilities have been settled or restructured.

The following table shows the comparative figures:

Description	Rs. in million
Total liabilities (Loans + Deposits) of Banks / FIs (As at June 30, 2011 prior to change of Management)	1,561.48
Amount settled / principally agreed for settlement / restructured as at June 30, 2014	1,354.95
Outstanding amount pending settlement	206.52

Subsequent to the year end, liabilities amounting to Rs. 87.03 million have been settled alongwith waiver of markup of Rs 46.43 million. All out efforts are being made to settle the remaining outstanding liabilities at the earliest.

Another main concern was meeting the maturities of the deposits i.e. Certificates of Musharakah and Certificates of Investment. This issue has also been handled effectively by making timely payments to individual depositors and financial institutions as per agreed settlement terms. The total amount of deposits as on June 30, 2011 was Rs. 602.84 million which has come down to Rs. 68.33 million as on balance sheet date. The category-wise details for the last three years are given hereunder:

Category	June 30,2014	June 30,2013	June 30, 2012
Financial Institutions	52.44	24.10	126.12
Corporate	-	55.60	141.64
Individuals	15.89	55.41	67.78
Total	68.33	135.11	335.54

The Company has been satisfying the depositors, especially individual depositors, through repayment as desired by them. It is relevant to inform you that almost all categories of deposit holders extended their cooperation to the company enabling it to achieve the target of getting out of the default situation. At present, no demand of the deposit holder is pending with us for payment and all maturities are met on due dates.

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

  Managing the recoveries from NPLs is a challenging task keeping in view the overall depressing economic conditions.The outstanding portfolio was Rs. 2,060.32 million as on June 30, 2011 when the new management took control, which stands at Rs. 1,596.29 million as on June 30, 2014 (inclusive of fresh disbursements). The company has recovered 128% of the total billing amount as compared to 94% during the year ended 2013 and 93% during the year ended 2012 which indicates that during the year recoveries have been made from the stuckup and matured lease/loan portfolio. The management team is satisfied on this achievement and is determined to continue their best efforts, energy, experience and skills in future to improve the performance.

- **Reduction in Administrative Cost**

  Reduction in the administrative cost without affecting the operational efficiency was another difficult target to achieve. In the prior periods the operating cost was quite high as compared to the other competitors. In order to address this, the management has initiated a reorganization-cum-restructuring exercise involving human resource, branch network and overall policy framework. Resultantly, this year the expenses have gone down by 50% as compared to last year.

- **Disposal of Non-Core Assets**

  The management focused on disposal of its non-core assets and was able to dispose off properties having book value of Rs. 459.84 million up to June 30, 2014 (Since the change of management) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs.125.80 million on this account uptill this year end and also saved the impact of depreciation. This has resulted in reduction of its liabilities and improvement in the liquidity and equity position of the Company.

- **Awards & Recognitions**

  For the financial year ended June 30, 2013, NBFI and Modaraba Association of Pakistan has awarded the best performance award to Invest Capital Investment Bank Limited in turnaround category.

Future Strategy

The Management of the Company has chalked out a detailed plan on the basic premise to further consolidate overall business operations on sound commercial footings. The plan encompasses the following main aspects:

- **Compliance of minimum equity requirement:** SECP is in the process of introducing major reforms for the revival of NBF sector, which has been in deep crisis since the economic meltdown. One of the proposed reforms is to reduce the minimum equity requirement for NBFCs and link it to their specific business activities. It is hoped that the proposed changes will be notified in the near future. The management is confident that these reforms on enforcement will ensure equity compliance of the company and others in the coming years.

- **Settlement of Liabilities and Transfer of Brokerage Related Assets and Liabilities:** The management has been making hectic efforts in order to resolve all the outstanding matters and conclude the transfer.

- **Management of Non Performing Loans:** At present, the recoveries from non-performing loans portfolio has been the key source of liquidity. The management has been exerting pressure on non-performing customers to settle and monitoring performing customers to ensure timely repayments.

- **Business:** The management has started investments in blue chip scrips along with undertaking fresh lending business.The objective of the management is to diversify the investments and mitigate the single line business risk. In addition, the management has been exploring options involving risk free service based income like trusteeship, etc. This will improve profitability and will also enhance the share holders' wealth.

Corporate and financial reporting framework

The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant of their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

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

b) Proper books of accounts of the Company have been maintained as required by the Companies Ordinance, 1984;

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

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure therefrom;

e) The system of internal control is sound and has been effectively implemented and monitored;

f) There is material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern, however the management on the basis of factors discussed in note # 1.3 to the Financial Statements, is confident that the Company has ability to continue as going concern;

g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations, except the matters discussed by auditors in their attached review report.

h) Information about outstanding taxes and other government levies is provided in related note(s) to the accounts.

i) During the year under review, four (4) meetings of the Board of Directors were held. The attendance of each Director is as follows:

Name	Meetings attended	Remarks
Mr. Shaukat Ali	4	
Mr. Basheer A. Chowdry	4	
Mr. Ahmed Kamran	0	Resigned during the year
Mr. Ejaz Ahmed Khan	2	Appointed during the year
Mr. Muhammad Qasim	4	
Mr. Muhammad Asif	4	
Ms. Fiza Zahid	4	
Ms. Ayesha Zahid	4	

No trading in shares was done by the Directors/CEO of the company during the year ending June 30, 2014.

During the year under review, four (4) meetings of the Audit Committee were held. The number of meetings attended by each Director is as follows:

Name	Meetings attended	Remarks
Mr. Ejaz Ahmed Khan	2	Appointed during the year
Mr. Shaukat Ali	4	
Mr. Ahmed Kamran	0	Resigned during the year
Ms. Ayesha Zahid	3	
Ms. Fiza Zahid	1	

Dividend

As discussed above the actions taken by the management have successfully resulted in a turnaround of the Company, however,the board of directors is committed to further strengthen its capital base, achieve further profitability and enhance the value of shareholders' investment.Therefore, no dividend has been declared for the year under review.

Credit Rating

JCR-VIS Credit Rating Company Limited has placed the entity rating of the Company in 'D' category in August 2010. The management is confident that the rating shall be up-graded to at least minimum investment grade as soon as the process of settlements of liabilities is concluded.

Auditors

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

The auditor's report includes emphasis of matter paragraphs on the going concern of the company and non compliance with some of the NBFC's regulations. The management feels that the company is a going concern as set forth in note 1.3 to the financial statements and also requested the SECP for relaxation of the rules and regulations referred to in note 1.4 to the financial statements. The management is hopeful that the requested relaxations will be granted.

Pattern of Shareholding

The pattern of shareholding as of June 30, 2014 is enclosed herewith.

Acknowledgments

The Board of Directors acknowledges with thanks the support and guidance provided by the Securities and Exchange Commission of Pakistan during difficult times. The Board is also thankful to all its depositors, lending institutions, clients and shareholders for their continued support and confidence in the management of the Company. The Board also appreciates the members of the staff for working hard and helping the management in achieving its plans for the survival and growth of the Company.

For and on behalf of the Board of Directors

Lahore
October 09, 2014

Muhammad Asif
Chief Executive Officer

Pattern of Shareholding

As at June 30, 2014

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1,225	1	100	46,978
3,576	101	500	794,501
556	501	1,000	403,321
2,700	1,001	5,000	5,436,102
389	5,001	10,000	2,783,611
127	10,001	15,000	1,601,384
85	15,001	20,000	1,510,611
36	20,001	25,000	807,393
40	25,001	30,000	1,102,700
24	30,001	35,000	796,739
13	35,001	40,000	484,889
11	40,001	45,000	462,472
17	45,001	50,000	827,299
8	50,001	55,000	417,000
12	55,001	60,000	704,173
5	60,001	65,000	312,536
7	65,001	70,000	477,433
3	70,001	75,000	216,500
5	75,001	80,000	385,438
1	80,001	85,000	85,000
2	85,001	90,000	175,500
3	90,001	95,000	280,799
12	95,001	100,000	1,188,156
5	100,001	105,000	513,912
3	120,001	125,000	369,739
2	125,001	130,000	256,100
3	130,001	135,000	398,709
1	135,001	140,000	140,000
2	145,001	150,000	300,000
1	155,001	160,000	159,500
2	160,001	165,000	328,708
1	165,001	170,000	169,322
1	175,001	180,000	175,137
1	185,001	190,000	190,000
1	190,001	195,000	191,000
2	195,001	200,000	395,190
1	200,001	205,000	200,500
1	205,001	210,000	205,060
2	215,001	220,000	433,519
1	225,001	230,000	229,348
1	230,001	235,000	230,222
2	240,001	245,000	483,975
1	245,001	250,000	247,000
1	255,001	260,000	259,764
1	270,001	275,000	270,260
1	280,001	285,000	280,800
2	295,001	300,000	600,000
1	305,001	310,000	305,422
1	355,001	360,000	360,000
1	360,001	365,000	363,475
1	370,001	375,000	375,000
4	395,001	400,000	1,599,000
1	480,001	485,000	481,260
1	515,001	520,000	515,500
1	580,001	585,000	583,080
1	595,001	600,000	600,000
1	650,001	655,000	652,147
1	660,001	665,000	664,776
1	695,001	700,000	700,000
1	945,001	950,000	946,284
1	1,085,001	1,090,000	1,085,500
1	1,095,001	1,100,000	1,095,158
1	1,115,001	1,120,000	1,117,876
1	1,195,001	1,200,000	1,200,000
1	1,795,001	1,800,000	1,800,000
1	1,800,001	1,805,000	1,802,500
1	1,835,001	1,840,000	1,840,000
1	1,850,001	1,855,000	1,852,721
1	2,160,001	2,165,000	2,163,500
1	2,395,001	2,400,000	2,399,500
1	2,420,001	2,425,000	2,424,076
1	2,490,001	2,495,000	2,494,000
1	2,495,001	2,500,000	2,500,000
1	2,595,001	2,600,000	2,600,000
1	2,995,001	3,000,000	3,000,000
1	3,705,001	3,710,000	3,705,680
1	3,760,001	3,765,000	3,761,500
1	3,910,001	3,915,000	3,914,892
1	4,245,001	4,250,000	4,246,917
1	5,540,001	5,545,000	5,544,059
1	7,840,001	7,845,000	7,840,349
1	8,480,001	8,485,000	8,482,500
1	9,775,001	9,780,000	9,778,692
1	13,290,001	13,295,000	13,294,982
1	40,220,001	40,225,000	40,224,125
1	53,995,001	54,000,000	54,000,000
1	64,220,001	64,225,000	64,224,125
Total: 8,939			**284,866,896**

Pattern of Shareholding

As at June 30, 2014

Categories of Shareholders	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Muhammad Asif	-	500	500	0.00
Directors				
Ms. Ayesha Zahid	-	40,224,125	40,224,125	14.12
Ms. Fiza Zahid	-	64,224,125	64,224,125	22.55
Mr. Basheer Ahmed	-	24,000	24,000	0.01
Mr. Basheer Ahmed & Nishat Basheer	-	26,000	26,000	0.01
Mr. Muhammad Qasim	-	1,000	1,000	0.00
Mr. Shaukat Ali	1,000	-	1,000	0.00
Subtotal	**1,000**	**104,499,750**	**104,500,750**	**36.68**
Associated Companies, Undertakings & Related Parties				
Al-Zamin Modaraba Management (Pvt) Ltd.	-	7,912,349	7,912,349	2.78
Subtotal	**-**	**7,912,349**	**7,912,349**	**2.78**
NIT & ICP (Name Wise Detail)				
Investment Corporation of Pakistan	105,913	-	105,913	0.04
National Dev. Finance Corp. (Investor)	-	26	26	0.00
National Development Fin. Corp. - (Investor A/c.)	348	-	348	0.00
National Development Finance Corp. - Investor	62,660	-	62,660	0.02
National Development Finance Corporation	390	-	390	0.00
Subtotal	**169,311**	**26**	**169,337**	**0.06**
Mutual Funds (Name Wise Detail)				
Growth Mutual Fund	96	-	96	0.00
Subtotal	**96**	**-**	**96**	**0.00**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**47,629**	**8,225,509**	**8,273,138**	**2.90**
Modarabas	**603,738**	**-**	**603,738**	**0.21**
Insurance Companies	**100,672**	**2,446,176**	**2,546,848**	**0.89**
Other Companies				
Other Companies,Corporate Bodies, Trust etc.	**562,153**	**23,373,927**	**23,936,080**	**8.40**
General Public	**9,783,856**	**127,140,704**	**136,924,560**	**48.07**
Total	**11,268,455**	**273,598,441**	**284,866,896**	**100.00**

Shareholders having More Than 5.00%		
Ms. Fiza Zahid	64,224,125	22.55
Mr. Muhammad Zahid	54,000,000	18.96
Ms. Ayesha Zahid	40,224,125	14.12

Key Financial and Operating Data

……………………………………..Rupees in thousand ………………………………………

Balance Sheet	2014	2013	2012	2011	2010	2009
Ordinary share capital	**2,848,669**	2,848,669	2,848,669	2,848,669	2,848,669	2,727,669
Equity	**180,107**	69,925	(290,305)	(297,995)	224,723	978,923
Net Investment in Lease	**417,762**	428,302	584,681	812,558	1,676,055	2,707,581
Musharakah/Finances	**204,418**	234,218	286,740	307,707	366,898	506,698
Trade debts	**-**	-	-	-	1,005,106	1,445,526
Profit & Loss Account						
Total Income	**172,846**	397,195	341,593	233,886	697,102	636,587
Finance & Other Charges	**24,654**	48,022	173,673	325,595	561,067	60,849
Admin & Operating Expense	**51,782**	144,057	156,938	228,676	612,798	236,134
Profit / (Loss) Before Tax	**100,566**	205,116	10,982	(524,837)	(704,625)	175,970
Profit / (Loss) After Tax	**98,725**	351,809	9,305	(525,548)	(748,874)	165,350
Break up Value of Share	**0.63**	0.25	(1.02)	(1.05)	0.79	3.59
Market Value per Share	**2.00**	1.56	0.81	0.32	0.85	1.55
Financial Ratios:						
Earning per share	**0.350**	1.237	0.033	(1.847)	(2.629)	0.606
Revenue Per Share	**0.607**	1.394	1.199	0.821	2.447	2.334

Statement of Compliance

With Best Practices of Code of Corporate Governance
For the year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No . 3 5 of listing regulations of all the Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance .

The Company has applied the principles contained in the CCG in the following manner :

1. The Company encourages representation of independent Non -Executive Directors and Directors representing minority interests on its Board of Directors . At 3 0 th June 2 0 1 4 the Board included the following :

Category	Names
Independent Directors	Mr. Shaukat Ali Mr. Ejaz Ahmed Khan
Executive Directors	Mr. Muhammad Asif Ms. Ayesha Zahid
Non-Executive Directors	Mr. Muhammad Qasim Ms. Fiza Zahid Mr. Basheer A. Chowdry

The independent Directors meet the criteria of independence under clause i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. Six resident Directors of the Company are registered as taxpayers and no director has defaulted in payment of any loan to a banking company, a DFI or a NBFI.

4. During the year, one vacancy occurred on the Board due to the resignation of Mr. Ahmed Kamran which was duly filled in by the appointment of Mr. Ejaz Ahmed Khan within the specified time period.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which these were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Director have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met 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. The Company Secretary and CFO attended all the meetings of the Board.

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the corporate and other

laws, if any. One Director of the Company is exempt from the requirement of certification under the Directors Training Program.

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

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members of whom one is Non-Executive Director and two are Independent Directors including Chairman of the Committee.

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

17. The Board has formed Human Resource and Remuneration Committee. It Comprises of one independent director, one non-executive director and one executive director. The independent director is also Chairman of the Committee.

18. The Board has set up an effective internal audit function with employees who are considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company.

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

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

21. The related party transactions and pricing methods have been placed before the Audit committee and approved by the Board of Directors. The transactions were made on terms equivalent to those that prevail in arm's length transactions.

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

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

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

For and on behalf of the Board of Directors

Muhammad Asif
Chief Executive Officer

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2014 prepared by the Board of Directors of Invest Capital Investment Bank Limited (the company) to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges (the stock exchanges) where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code also requires the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

a) One director of the company is not a registered taxpayer (Refer paragraph (3) in the Statement of Compliance).

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

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

Based on our review, with the exception of the matters described in the preceding paragraphs (a) to (c), nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2014.

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: Hamid Masood

Date: October 09, 2014
Place: Faisalabad

Auditors' Report to the Members

We have audited the annexed balance sheet of Invest Capital Investment Bank Limited (the company) as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention towards:

i) Note 1.3 to the financial statements which indicates that the company has suffered operating losses in prior years and as at the balance sheet date, the accumulated loss of the company is Rs. 656.52 million and current liabilities of the company exceed its current assets by Rs. 125.83 million. These conditions, along with other matters, as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern; and

ii) Note 1.4 to the financial statements which indicates that the company has not complied with certain regulatory requirements applicable on the company as detailed in the said note.

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: Hamid Masood

Dated: October 09, 2014
Place: Faisalabad

Financial Statements

For the year ended June 30, 2014

Balance Sheet

As at June 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	4	**70,494,513**	80,511,871
Intangible assets	5	**2,837,804**	3,711,149
Long term investments	6	**83,574,966**	74,719,200
Net investment in Ijarah finance / assets under Ijarah arrangements	7	**185,764,111**	198,327,537
Long term musharakah finances	8	**-**	16,658,032
Long term loans	9	**73,544,479**	10,654,216
Long term security deposits	10	**2,863,225**	2,948,225
Deferred tax asset	11	**150,000,000**	150,000,000
		569,079,098	537,530,230
Current assets			
Short term investments	12	**19,857,275**	34,903,415
Short term musharakah finances	13	70,506,503	73,185,784
Short term finances	14	**8,480,523**	8,954,453
Ijarah rentals receivables	7.2.2	**1,977,679**	2,427,377
Current portion of non-current assets	15	**381,320,653**	354,739,685
Advances, deposits, prepayments and other receivables	16	**38,446,365**	131,739,303
Cash and bank balances	17	**10,932,682**	11,450,823
Assets classified as held for sale	18.1	**226,304,317**	245,883,502
		757,825,997	863,284,342
TOTAL ASSETS		**1,326,905,095**	1,400,814,572

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
485,000,000 (2013 : 485,000,000)			
ordinary shares of Rs. 10 each		**4,850,000,000**	4,850,000,000
Issued, subscribed and paid-up capital	19	**2,848,668,960**	2,848,668,960
Capital reserve			
Capital reserve on amalgamation		**(2,022,075,992)**	(2,022,075,992)
Unrealized gain / (loss) on remeasurement of available for sale investments		**11,907,743**	(1,417,707)
Revenue reserve			
Accumulated loss		**(656,524,687)**	(755,249,271)
		181,976,024	69,925,990
Non-current liabilities			
Subordinated loan from directors	20	**126,000,000**	126,000,000
Security deposits from lessees	21	**91,770,437**	71,937,653
Long term certificates of musharakah	22	**9,448,323**	13,908,327
Long term certificates of investments	23	**3,501,625**	9,201,625
Long term musharakah and murabaha borrowings	24	**20,806,238**	7,543,754
Long term loans	25	**-**	-
Deferred liability			
Mark up on long term musharakah	24.1	**9,747,000**	-
		261,273,623	228,591,359
Current liabilities			
Current portion of non-current liabilities	26	**243,398,174**	378,892,706
Short term certificates of musharakah	27	**25,740,000**	45,450,000
Short term certificates of investments	28	**16,200,000**	25,300,000
Loan from sponsor	29	**197,542,473**	197,542,473
Accrued and other liabilities	30	**93,370,645**	77,834,668
Profit / mark up payable	31	**194,206,741**	191,527,619
Liabilities directly associated with assets held for sale of discontinued operation	18.2	**113,197,415**	185,749,757
		883,655,448	1,102,297,223
TOTAL EQUITY AND LIABILITIES		**1,326,905,095**	1,400,814,572
COMMITMENTS	32	**-**	-

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

Muhammad Asif
Chief Executive Officer

Shaukat Ali
Director

Profit and Loss Account

For the Period Ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
Income			
Income from leasing operations		**41,956,076**	43,010,603
Operating lease rentals		**11,454,603**	27,026,357
Profit on musharakah investments		**1,230,547**	5,366,201
Income from investment and placement		**28,544**	1,270,318
Income from finances		**7,118,619**	12,775,630
Income on deposits with banks		**385,920**	999,923
Income from joint ventures		**7,820,628**	9,661,593
Dividend income		**2,417,704**	4,482,896
Net gain on sale of marketable securities		**3,634,854**	7,724,987
Loss from Diesel / CNG filling station-net		**-**	(1,030,970)
Unrealized gain / (loss) on investment in marketable securities - net		**109,699**	(3,368,541)
		76,157,194	107,918,997
Expenses			
Administrative and operating expenses	33	**(51,782,417)**	(101,618,072)
Financial charges - net	34	**(24,654,087)**	29,787,292
Other operating expenses		**-**	(42,439,319)
		(76,436,504)	(114,270,099)
		(279,310)	(6,351,102)
Other income	35	**96,688,693**	289,276,886
		96,409,383	282,925,784
Provision (charged) / reversed on non-performing loans and write-offs			
Reversal / (provision) against:			
Finance lease receivable and rentals - net		**12,137,562**	(36,293,870)
Long term / short term musharakah finances		**1,119,187**	3,587,963
Long term / short term loans		**7,708,747**	(13,980,800)
Available for sale investment - at cost		**198,999**	-
Other receivables		**(1,717,130)**	(2,968,666)
Balances written off:			
Lease receivables		**(15,026,000)**	(4,812,294)
Loans		**(264,307)**	(14,925,155)
Other receivables		**-**	(8,416,285)
		4,157,058	(77,809,107)
Profit before taxation		**100,566,441**	205,116,677
Provision for taxation	36	**(1,841,857)**	146,691,888
Profit for the year		**98,724,584**	351,808,565
Earnings per share - Basic and Diluted	37	**0.347**	1.235

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

Muhammad Asif
Chief Executive Officer

Shaukat Ali
Director

Statement of Comprehensive Income

For the Period Ended June 30, 2014

	2014 Rupees	2013 Rupees
Profit for the year	**98,724,584**	351,808,565
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Unrealized gain / (loss) on remeasurement of available for sale investments	**13,012,693**	(1,293,040)
Other Items		
Un-realized loss on available for Sale investment reclassified to profit and loss account on disposal	**312,757**	457,725
Revaluation surplus realized on disposal of revalued assets	**-**	9,257,925
	13,325,450	8,422,610
Total comprehensive Income for the year	**112,050,034**	360,231,175

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

Muhammad Asif
Chief Executive Officer

Shaukat Ali
Director

Cash Flow Statement

For the Year Ended June 30, 2014

	2014 Rupees	2013 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**100,566,441**	205,116,677
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	**8,204,357**	11,993,330
Amortization of intangible assets	**1,173,345**	1,233,351
Depreciation on assets leased out	**3,122,491**	30,110,193
(Reversal) / provision against:		
Long term / short term musharakah finances	**(1,119,187)**	(3,587,963)
Long term / short term loans	**(7,708,747)**	13,980,800
Other receivables	**1,717,130**	2,968,666
Finance lease receivable and rentals - net	**(12,137,562)**	36,293,870
Balances written off		
Doubtful lease receivables	**15,026,000**	4,812,294
Musharakah receivables	-	14,925,155
Other receivables	-	8,416,285
Loans	**264,307**	-
Loss / (gain) on disposal of:		
Operating assets	**(567,468)**	19,881,333
Non current assets held for sale	-	(28,494,397)
Unrealised (gain) / loss on investments in marketable securities	**(109,699)**	3,368,541
Impairment loss on assets	-	21,868,531
Financial charges - net	**24,654,087**	(29,787,292)
Gain on settlement of liabilities	**(74,155,915)**	(260,782,489)
	(41,636,861)	(152,799,792)
Cash flow from operating activities before working capital changes	**58,929,580**	52,316,885
Changes in working capital		
Decrease / (increase) in current assets		
Short term investments	**15,155,839**	(33,757,607)
Short term musharakah finances	**2,682,564**	8,705,706
Short term finances	**4,783,930**	5,644,035
Ijarah rentals receivables	**449,698**	2,328,069
Advances, deposits, prepayments and other receivables	**18,369,688**	14,814,828
Stock in trade	-	439,115
Assets classified as held for sale - net	**18,981,185**	-
(Decrease) / increase in current liabilities		
Short term certificates of musharakah	**(19,710,000)**	(37,980,005)
Short term certificates of investments	**(9,100,000)**	(500,000)
Accrued and other liabilities	**15,535,977**	(15,221,048)
Cash generated from / (used in) operations	**47,148,881**	(55,526,907)
Financial charges paid	**(12,227,965)**	(11,552,062)
Income tax paid	**(590,079)**	(3,370,001)
Net cash generated from / (used in) operations	**93,260,417**	(18,132,085)

	2014 Rupees	2013 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Operating assets	(141,000)	(242,778)
Intangible assets	(300,000)	(1,000,000)
Recovery of / (investment in) :		
Long term investments	4,469,684	9,351,810
Net investment in Ijarah finance / assets under Ijarah	3,751,983	(6,321,607)
Long term musharakah finances	2,156,347	5,866,997
Long term loans	4,035,977	6,988,596
Long term security deposits	85,000	3,492,715
Proceeds from disposal of:		
Operating assets	2,521,469	26,393,759
Non-current assets held for sale	-	30,600,000
Net cash generated from investing activities	16,579,460	75,129,492
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Security deposits from lessees received	662,247	27,192,025
Repayment of :		
Redeemable capital	(18,928,750)	-
Long term certificates of musharakah	(34,970,008)	(39,234,158)
Long term certificates of investments	(2,998,375)	(1,045,000)
Long term musharakah and murabaha borrowings	(13,397,895)	(6,377,085)
Musharakah term finance certificates	(38,923,611)	(83,456,402)
Long term loan	(1,801,626)	(3,474,684)
Short term musharakah borrowings	-	(1,350,000)
Net cash (used in) financing activities	(110,358,018)	(107,745,304)
Net (decrease) in cash and cash equivalents	(518,141)	(50,747,897)
Cash and cash equivalents at the beginning of the year	11,450,823	62,198,720
Cash and cash equivalents at the end of the year	**10,932,682**	11,450,823

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

Muhammad Asif
Chief Executive Officer

Shaukat Ali
Director

Statement of Changes in Equity

For the Period Ended June 30 2014

	Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserve	Total
		Capital reserve on amalgamation	(Loss) / gain on remeasurement of available for sale investments	Sub total	Accumulated loss	
	Rupees					
Balance as at July 01, 2012	2,848,668,960	(2,022,075,992)	(582,392)	(2,022,658,384)	(1,116,315,761)	(290,305,185)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	351,808,565	351,808,565
Other comprehensive income / (loss)						
Items that may be reclassified subsequently to profit or loss						
Unrealized (loss) on remeasurement of available for sale investments	-	-	(1,293,040)	(1,293,040)	-	(1,293,040)
Other items						
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-	457,725	457,725	-	457,725
Surplus realized on disposal of revalued assets	-	-	-	-	9,257,925	9,257,925
	-	-	(835,315)	(835,315)	361,066,490	360,231,175
Balance as at June 30, 2013	2,848,668,960	(2,022,075,992)	(1,417,707)	(2,023,493,699)	(755,249,271)	69,925,990
Total comprehensive income for the year						
Profit for the year	-	-	-	-	98,724,584	98,724,584
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Unrealized gain on remeasurement of available for sale investments	-	-	13,012,693	13,012,693	-	13,012,693
Other items						
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-	312,757	312,757	-	312,757
	-	-	13,325,450	13,325,450	98,724,584	112,050,034
Balance as at June 30, 2014	**2,848,668,960**	**(2,022,075,992)**	**11,907,743**	**(2,010,168,249)**	**(656,524,687)**	**181,976,024**

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

Muhammad Asif
Chief Executive Officer

Shaukat Ali
Director

Notes to the Financial Statements

For the year ended June 30, 2014

1. LEGAL STATUS AND OPERATIONS

1.1 Invest Capital Investment Bank Limited ('the Company') is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is listed on all the stock exchanges of Pakistan. The registered office of the Company is situated at A-603, 604, 6th Floor, Lakson Square Building No 3, Sarwar Shaheed Road,Karachi in the province of Sindh.

1.2 In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).

1.3 The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:

- the Company suffered huge operating losses till 2011 and, as at the balance sheet date, the accumulated loss is Rs. 656.52 million (2013: Rs. 755.25 million) and the current liabilities of the Company exceed its current assets by Rs. 125.83 million (2013: Rs. 239.01 million).

- The Company has been unable to comply with certain prudential regulations as stipulated under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) (Refer Note 1.4).

- the Company has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the financial statements.

- the Company has been facing difficulty in recovery of its leases and loans portfolio.

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

- The Company is defending a suit for winding up of the Company filed by a creditor of the Company having a stake of 1.68% (2013: 1.24%) of the total liabilities as at June 30, 2014 amounting to Rs. 17.41 million (2013 : 17.41 million).

There has been material uncertainty related to events and conditions which may cast significant doubt about the Company’s ability to continue as a going concern and, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

However, the management implemented its multi-facet plan which resulted in improvement in the financial and operational condition of the Company. The plan and efforts and their impact on the financial and operational conditions of the Company are discussed below:

(a) Substantial reduction in administrative and other expenses

The management of the Company has curtailed its administrative and other operating expenses as reflected in the profit and loss account to minimum possible level without affecting the operational efficiency of the Company. This has resulted in improving the operating results and equity position of the Company.

(b) Commencement of new leasing business

The Company recommenced leasing business from September 2011 after a considerable gap. The Company is mainly carrying out car leasing business at a very attractive IRR and reasonable deposit margin. During the year leases amounting to Rs. 123.38 million (2013: Rs. 91.90 million) have been disbursed. Leasing business is resulting in profits thereby improving the operational results and equity position of the Company.

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

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Management has made great progress in settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of Company's lease / loan portfolio and immovable properties / shares / other assets with waiver of mark-up. During the year liabilities amounting to Rs. 93.39 million (2013: Rs. 516.31 million) have been settled / rescheduled, the percentage of liabilities settled to date is 84.47% (2013: 80.79%). Subsequently a final settlement agreement has been executed in respect of long term murabaha borrowings of Rs. 36.88 million (2013 : Nil) and long term loans of Rs. 50.16 million (2013 : Nil) with waiver of related outstanding mark up (Refer Note 24.6 & 25.3). Advanced stage negotiations are in process for the remaining amounts. Best efforts are being made to settle the remaining outstanding liabilities.

(d) Disposal of non-core assets

The management focused on disposal of its non-core assets, during the year the management has disposed off properties having book value of Rs. 19.95 million (2013: Rs. 182.55 million) against settlement of liabilities as well as against cash. The Company has earned a capital gain of Rs. 20.37 million (2013: Rs. 12.34 million) on this account. Also, properties having book value of Rs. 61.87 million (2013: Rs. 80.46 million) have been agreed for disposal against settlement of liabilities as well as against cash, and requirements in this regard shall be completed in due course. This has resulted in reduction of liabilities and improvement in the liquidity and equity position of the Company.

(e) Disposal / transfer of brokerage related assets and liabilities

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group as explained in detail in Note 18. During the year, net assets amounting to Rs. 0.59 million (2013 : 433.88 million) have been transferred to the outgoing group against payment / settlement of equivalent borrowings of brokerage business by the outgoing group. Other receivables of Rs. 71.95 million (2013: Nil) has been transferred to long term loans and related gain has been recorded during the year. This transaction on completion will result in net saving of approximately Rs. 146.83 million for the Company and, therefore, will result in improvement in financial performance and equity position of the Company. Saving of Rs. 71.95 million (2013: Nil) has been realized during the year.

(f) Improved recovery of leases and loans portfolio

Recovery from leases and loans portfolio has been substantially improved in relation to the previous financial years. Net recovery during the year is Rs. 170.50 million (2013: Rs. 216.19 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

The above mentioned plans / efforts have helped to overcome the financial and operational problems to a great extent and will result in further improvement of financial and operational position of the Company. Considering management's plans and the results of the mitigating actions as discussed in paras (a) to (f) above, management is confident that the Company will be able to continue as a going concern.

1.4 As at June 30, 2014, the Company could not meet the regulatory requirements of NBFC Rules, 2003] and Non-Banking Finance Companies Regulations, 2008 mentioned as under:

- SRO 764 (I)/2009 dated September 02, 2009 issued by SECP : The aggregate minimum equity requirement as per NBFC Regulations, 2008 for leasing and investment finance companies has been set at Rs. 1,700 million. The aggregate equity of the Company as at June 30, 2014 is Rs. 306.10 million (2013: Rs. 195.93 million) inclusive of subordinated loan of Rs. 126 million (2013: Rs. 126 million).

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting / Financial Reporting Standards (IASs / IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IASs / IFRSs, requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

SECP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 and IFRS 7, 'Financial Instruments: Disclosures' through SRO 411(1)/2008 dated April 28, 2008 for NBFCs providing investment finance services, discounting services and housing finance services.

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost convention' except:

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

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

2.3 Functional and presentation currency

These financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Rupee.

2.4 Accounting estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are as under:
- Property, plant and equipment (Note 4)
- Intangible assets (Note 5)

- Net investment in Ijarah finance / assets under Ijarah arrangements (Note 7)
- Ijarah rentals receivables (Note 7.2.2)
- Long term musharakah finances (Note 8)
- Deferred tax asset (Note 11)

2.5 Application of new and revised International Financial Reporting Standards (IFRSs)

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

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2013 and therefore, have been applied in preparing these financial statements:

- IFRS 7 (Amendments) "Financial Instruments Disclosures" on offsetting financial assets and financial liabilities. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Company does not have any offsetting arrangements in place, therefore, the amendments do not have material impact on the disclosures.

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

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

- IFRS 13 "Fair Value Measurement" establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value for financial reporting purposes, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of IFRS 13 may result in changes in how entities determine fair values for financial reporting purposes. IFRS 13 requires extensive disclosures about fair value measurements. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial Instruments". Disclosures are extended by IFRS 13 to cover all assets and liabilities within its scope. The standard does not have any material impact on the Company's financial statements.

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

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

2.5.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2013 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- IFRS 9 "Financial Instruments" (2014): A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 "Financial Instruments: Recognition and Measurement". The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting, de-recognition.

  Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. It introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It also introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The standard is effective for accounting periods beginning on or after January 01, 2018.

  IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before February 01, 2015. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the Company's financial statements.

- IFRS 15 "Revenue from Contracts with Customers": IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

  Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Company's financial statements.

- IAS 32 (Amendment) "Financial Instruments: Presentation". This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment is effective for accounting periods of the Company beginning on or after July 01, 2014. The application of the amendment is not expected to have any material impact on the Company's financial statements.

- Amendments to IAS 36 "Impairment of Assets": These amendments address the disclosures and clarify the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are effective for accounting periods beginning on or after January 01, 2014. The application of amendments is not expected to have any material impact on the Company's financial statements.

- Amendments to IAS 39 "Financial Instruments Recognition and Measurement": These amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments are effective for accounting periods beginning on or after January 01, 2014. The application of amendments is not expected to have any material impact on the Company's financial statements

- The IASB has issued Annual Improvements to IFRS’s 2010-2012 Cycle

  Amendments to the following standards were made which are effective for the accounting periods beginning on or after July 01, 2014:

  IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

  IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

  IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

  IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

  IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
  IAS 24 — Clarify how payments to entities providing management services are to be disclosed.

  These amendments are not expected to have any material impact on the Company’s financial statements.

- The IASB has issued Annual Improvements to IFRS’s 2011-2013 Cycle

  Amendments to the following standards were made which are effective for the accounting periods beginning on or after July 01, 2014:

  IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

  FRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

  IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52.

  IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

  These amendments are not expected to have any material impact on the Company’s financial statements.

- IFRIC 21 Levies

  "This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 ""Provisions, Contingent Liabilities and Contingent Assets"" and those where the timing and amount of the levy is certain.

  The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies. The interpretation is effective for accounting periods beginning on or after January 01, 2014. The application is not expected to have material impact on the Company’s financial statements.

2.5.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company’s operations, therefore, not disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting policies

3.1.1 Property, plant and equipment

Owned assets

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method over the estimated useful life of related assets at the rate specified in Note 4 to these financial statements. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which an asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of property, plant and equipment are included in current income.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit / (accumulated loss) through statement of comprehensive income. Surplus realised on disposal of revalued asset is transferred to unappropriated profit / (accumulated loss) through statement of comprehensive income.

Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

3.1.2 Intangible assets

Intangible assets are recognized as assets if it is probable that future economic benefits will flow to the company and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Company comprise of computer softwares which are being amortized applying the reducing balance method over the estimated useful life of related assets at the rate specified in Note 5 to these financial statements. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

3.1.3 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the profit and loss account.

Where impairment loss subsequently reverses, impairment loss is reversed to the extent that the remaining impairment loss is in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations and the carrying value of the assets represent the estimated net future cash flows from the assets.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset’s recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.1.4 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.
All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

3.1.5 Investments

All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investments except in case of held for trading investments, in which case these are charged to the profit and loss account. All purchases and sales of investments are recognised / derecognised on the trade date. After initial recognition, these are categorised and accounted for as follow:

3.1.5.1 Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the profit and loss account.

3.1.5.2 Held-to-maturity

Investments with fixed maturity, where management has both intention and the ability to hold to maturity, are classified as held to maturity. These investments are initially recorded at cost. Such investments are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. Any gain / loss arising on derecognition / impairment in value of such investments, is recognised in profit and loss account.

3.1.5.3 Available-for-sale

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available for sale. These are initially measured at cost, being fair value of the consideration given. After initial recognition, the above investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at their declared net asset value per unit). Any resultant gain or loss is taken directly to equity, until the investments are sold or until the investments are determined to be impaired, at which time the cumulative gain or loss previously reported in the equity is included in the current year's profit and loss account.

Fair value of unquoted investment is estimated based on appropriate valuation method, if it is practicable to determine the fair value.

3.1.5.4 Investments in joint ventures

These investments are accounted for using equity method of accounting. Under the equity method, an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition changes in equity of the joint venturer and dividend received during the year.

3.1.6 Net investment in Ijarah finance / assets under Ijarah arrangements, musharakah finance, long term and short term loans / finances

Ijarah agreements commencing on or before June 30, 2008 and after July 01, 2011 are accounted for as finance lease and are included in the financial statements as 'Net investment in Ijarah finance' at an amount equal to the present value of the lease payments, including estimated residual value (net of allowance for non-operating lease).

Ijarah agreements commencing between July 01, 2008 and June 30, 2011 are stated at cost less accumulated depreciation and impairment losses, if any in accordance with the Islamic Financial Accounting Standard 2 'Ijarah'. Depreciation is charged on these assets by using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing amount of the corresponding assets.

Other lending arrangements comprising of musharakah finance, long term and short term loans / finances are stated net of impairment provisions, if any.

Allowance against non-performing balance is made in accordance with Prudential Regulations for NBFC's issued by SECP and is charged to profit and loss account currently.

3.1.7 Assets acquired in satisfaction of finances

These are initially stated at lower of recoverable amount or the original claim of the Company. Difference between the above two is charged to profit and loss account. Subsequently, these are stated at carrying value less impairment loss, if any.

3.1.8 Receivable from terminated / mature contracts

These are stated net of impairment losses, if any. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for NBFCs issued by SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.1.9 **Trade debts and other receivables**

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on the review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

3.1.10 **Stock in trade**

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

3.1.11 **Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.1.12 **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in their present condition.
Non-current assets held for sale are measured at the lower of their previous carrying amounts and fair value less costs to sell.

Non-current assets held for sale that no longer meet the criteria of classification as held for sale are transferred to non-current assets at the lower of :

- Their carrying amounts before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and

- Their recoverable amounts at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

3.1.13 **Staff retirement benefits**

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary.

3.1.14 **Murabaha borrowings and financing**

In accordance with the requirements of Islamic Financial Accounting Standards 1 'Murabaha', issued by the Institute of Chartered Accountants of Pakistan, the Company accounts for murabaha as follows:
Funds disbursed for purchase of goods are recorded as 'Advance for murabahas'. On the culmination of murabaha i.e. on sale of goods to customers, murabaha financing are recorded at the deferred sale price net of profit.

Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.

Profit on murabaha is recognised on accrual basis. However, profit for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately at the time of culmination.
Funds received against sale of goods are recorded as 'murabaha payables'. On the culmination

of murabaha i.e. on purchase of goods from the counter party, murabaha payables are recorded at the deferred purchase price net of expenses.

Expenses on murabaha are recognised on accrual basis. However, expenses for the period from the date of receipt to the date of culmination of murabaha are recognised immediately at the time of culmination.

3.1.15 Gain on sale and lease back transaction

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

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

Securities sold under repurchase agreements (repo) are retained in books as investments and its counter-part liability is included in repurchase agreement borrowings. The difference between sale and repurchase price is treated as mark-up expense and recognised over the period of contract.

Securities purchased under agreements to resell (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is treated as markup income and recognised over the period of the contract.

3.1.17 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

3.1.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.1.19 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and charge / credit for prior years or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base on the basis of expected manner of realization or settlement of carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced, if it is no longer probable that the related tax benefit will be realized. The Company also recognises deferred tax liabilities on surplus on revaluation of fixed assets and surplus /deficit on available-for-sale investments, which is charged to related surplus / deficit in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

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

3.1.20 Foreign currency transactions

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

3.1.21 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the company loses the control of the contractual rights that comprises the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the current income.

3.1.22 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.1.23 Revenue recognition

3.1.23.1 Finance lease / Ijarah income

The Company follows finance method for recognising income on Ijarah contracts and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under the Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce the constant rate of return on net investment in the Ijarah.

For Ijarah arrangements Ijarah rentals are recognised as income on accrual basis, as and when the rentals become due.

Documentation charges, front-end fee and other Ijarah income is recognised as income on receipt basis. Unrealized lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

Leases in which a significant portion of the risk and reward is retained by the Company are classified as operating lease. Rental income from operating leases is recognised on a straight line under the time proportion basis (on an accrual basis).

3.1.23.2 Income on debt investment securities, bank deposits, long term loans and balances receivable under reverse repurchase agreement, murabaha and musharkaha investments and finances

Income on above assets is recognised on a time proportion basis under the effective yield method.

3.1.23.3 Dividend income

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

3.1.23.4 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary (on non-performing assets including the non-performing lease / Ijarah portfolio, musharakah, murabaha, and other loans and landings), in accordance with the requirements of the Prudential Regulations for NBFCs issued by SECP. The unrealised suspended income is recognised in income on receipt basis.

3.1.23.5 Sale of CNG / Diesel

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

3.1.24 Earning per share

Basic EPS is calculated by dividing the profit and loss attributable to ordinary share holders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.1.25 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in business activities in which it earns revenue and incurs expenses, whose operating results are regularly reviewed by the management in decision making and for which discrete financial information is available. The Company's primary format of reporting is based on following operating segments.

Investments / financing

It consists of capital market, money market investments and financing functions. The activities include profit on bank deposits, term deposit receipts, capital gains on equity and debt securities, mark-up income on term finance certificates and sukuks and dividend income.

Leasing / Ijarah

It include all types of leases viz operating lease, finance lease and Ijarah and is a major source of revenue for the Company.

Other operations

It consists of advisory, consultancy function, musharakah, murabaha and all other functions not included in other segments.

Geographical segments

The Company operates in Pakistan only.

4. Property, plant and equipment

	Company owned									Assets subject to finance lease	Assets held for operating lease	Total
	Land		Buildings	Office renovation	Furniture and fixture	Office equipment	Vehicles	Plant and machinery	Sub total	Office equipment		
	Rupees											
At July 01, 2012												
Cost	45,198,000	16,000,000	31,974,008	-	28,035,565	20,704,436	19,482,997	14,395,635	175,790,639	20,926,378	74,455,577	271,172,594
Accumulated depreciation/amortisation		(484,822)	(3,825,704)		(10,194,938)	(12,532,999)	(9,794,772)	(4,425,932)	(41,259,167)	(15,944,806)	(15,681,562)	(72,885,535)
Written down value	45,198,000	15,515,178	28,148,302		17,840,627	8,171,437	9,688,225	9,969,703	134,531,472	4,981,572	58,774,015	198,287,059
Reconciliation of written down value at June 30, 2013												
Written down value as at July 01, 2012	45,198,000	15,515,178	28,148,302	-	17,840,627	8,171,437	9,688,225	9,969,703	134,531,472	4,981,572	58,774,015	198,287,059
Additions	-	-	-		961,764		-	-	961,764	-	-	961,764
Transfer from leased to owned assets												
Cost						20,926,378			20,926,378	(20,926,378)	-	
Accumulated depreciation						(15,944,806)			(15,944,806)	15,944,806		
			-			4,981,572	-	-	4,981,572	(4,981,572)	-	
Transfer to held for sale									-			-
Cost	(45,198,000)	-	(7,707,900)	-	(38,300)	(45,000)	-	(14,396,635)	(67,384,835)	-	-	(67,384,835)
Accumulated depreciation	-	-	1,440,906	-	37,528	14,969	-	5,422,902	6,916,305	-	-	6,916,305
	(45,198,000)		(6,266,994)		(772)	(30,031)		(8,972,733)	(60,468,530)		-	(60,468,530)
Less: Disposals												
Cost	-	16,000,000	24,266,106	-	4,461,206	3,861,937	4,843,006	-	53,432,255	-	7,624,941	61,057,196
Accumulated depreciation	-	(629,946)	(3,646,373)	-	(2,935,122)	(3,003,521)	(2,749,864)	-	(12,964,826)	-	(1,817,278)	(14,782,104)
	-	15,370,054	20,619,733	-	1,526,084	858,416	2,093,142	-	40,467,429	-	5,807,663	46,275,092
Less: Depreciation/amortisation	-	145,124	1,261,575	-	1,860,006	1,284,216	1,771,032	996,970	7,318,925	-	4,674,405	11,993,330
Written down value as at June 30, 2013	-	-	-	-	15,415,527	10,980,346	5,824,051	-	32,219,924	-	48,291,947	80,511,871
At June 30, 2013												
Cost	-	-	-	-	24,497,823	37,723,877	14,639,991	-	76,861,691	-	66,830,636	143,692,327
Accumulated depreciation/amortisation	-	-	-	-	(9,082,296)	(26,743,531)	(8,815,940)	-	(44,641,767)	-	(18,538,689)	(63,180,456)
Written down value	-	-	-	-	15,415,527	10,980,346	5,824,051	-	32,219,924	-	48,291,947	80,511,871
Reconciliation of written down value at June 30, 2014												
Written down value as at July 01, 2013					15,415,527	10,980,346	5,824,051		32,219,924		48,291,947	80,511,871
Additions	-	-	-		21,000	120,000	-	-	141,000	-	-	141,000
Less: Disposals												
Cost					961,639	501,680	3,595,684		5,059,003		-	5,059,003
Accumulated depreciation	-	-	-		(356,995)	(264,629)	(2,483,378)	-	(3,105,002)	-	-	(3,105,002)
	-	-	-	-	604,644	237,051	1,112,306	-	1,954,001	-	-	1,954,001
Less: Depreciation/amortisation			-		1,505,448	1,312,610	1,042,308		3,860,366		4,343,991	8,204,357
Written down value as at June 30, 2014					13,326,435	9,550,685	3,669,437		26,546,557		43,947,956	70,494,513
At June 30, 2014												
Cost	-	-	-	-	**23,557,184**	**37,342,197**	**11,044,307**	-	**71,943,688**	-	**66,830,636**	**138,774,324**
Accumulated depreciation/amortisation	-	-	-	-	**(10,230,749)**	**(27,791,512)**	**(7,374,870)**	-	**(45,397,131)**	-	**(22,882,680)**	**(68,279,811)**
Written down value	-	-	-	-	**13,326,435**	**9,550,685**	**3,669,437**	-	**26,546,557**	-	**43,947,956**	**70,494,513**
Rate (%)	-	1.03	5	33.33	10	10, 30	20	10		10	10	

4.1 Disposal of operating assets

The following is a statement of assets disposed off during the year:

Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers	Mode of disposal
	Rupees					
Office equipment						
	501,680	(264,629)	237,051	43,365	WDV of each asset is below Rs. 50,000 so particulars of the buyer are not required.	Through bidding
Furniture and fixture						
	961,639	(356,995)	604,644	151,835	WDV of each asset is below Rs. 50,000 so particulars of the buyer are not required.	Through bidding
Vehicles						
	315,584	(266,499)	49,085	110,500	WDV of each asset is below Rs. 50,000 so particulars of the buyer are not required.	Through bidding
	1,425,500	(1,021,484)	404,016	825,000	Mr. Hameed Rabbani, House # CA-2, University Campus, Peshawar.	Through negotiation
	859,600	(381,739)	477,861	575,728	Mr. Sher Alam Mughal, B-6, Crystal Bunglows, Model Town, Karachi.	Through negotiation
	395,000	(332,440)	62,560	290,038	Mr. Rana Sajeel Ahmed, Kashana -e- Rahat, Jinnah Park, College Road, Sargodha.	Through bidding
	600,000	(481,216)	118,784	525,000	Mr. Shahab Raza Naqvi, Flat # A-382, Gulistan Johor, Block 15 , Karachi.	Through bidding
	3,595,684	(2,483,378)	1,112,306	2,326,266		
2014	**5,059,003**	**(3,105,002)**	**1,954,001**	**2,521,466**		
2013	61,057,196	(14,782,104)	46,275,092	26,393,759		

	2014 Rupees	2013 Rupees

5. INTANGIBLE ASSETS

	2014 Rupees	2013 Rupees
At June 30, 2014		
Cost	**12,800,000**	12,500,000
Accumulated amortisation	**(9,962,196)**	(8,788,851)
Written down value	**2,837,804**	3,711,149

5.1 Reconciliation of written down value :

	2014 Rupees	2013 Rupees
Opening balance	**3,711,149**	3,944,500
Additions	**300,000**	1,000,000
Amortisation	**(1,173,345)**	(1,233,351)
Closing balance	**2,837,804**	3,711,149
Rate (%)	**30%**	30%

6. LONG TERM INVESTMENTS

	Note	2014 Rupees	2013 Rupees
Investment in joint ventures	6.1	**52,445,264**	53,401,960
Available for sale investments			
- At fair value	6.2	**28,887,357**	18,593,664
- At cost	6.3	**2,242,345**	2,723,576
		83,574,966	74,719,200

6.1 Investment in joint ventures

This represents investment in CNG filling stations.The latest available audited financial statements of joint ventures as on June 30, 2014 have been used for the purpose of application of equity method.

	Note	2014 Rupees	2013 Rupees
- Centre Gas (Private) Limited	6.1.1 & 6.1.3	**33,305,101**	33,139,088
- Ameen Enterprises	6.1.2 & 6.1.3	**19,140,163**	20,262,872
		52,445,264	53,401,960

6.1.1Centre Gas (Private) Limited

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

	2014 Rupees	2013 Rupees
Cost	**34,535,703**	34,535,703
Cumulative share of profit of joint venture	**24,517,712**	16,073,773
Dividend received	**(25,748,314)**	(17,470,388)
	33,305,101	33,139,088

CGL's paid-up share capital is Rs. 5 million comprising of 5,000 ordinary shares of Rs. 1,000 each. The equity as at June 30, 2014 is Rs 82.37 million (2013: 65.48 million). Profit and loss is shared equally.

6.1.2 Ameen Enterprises

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

	2014 Rupees	2013 Rupees
Cost	**20,622,015**	20,622,015
Cumulative share of profit of joint venture	**4,952,736**	5,576,047
Drawings	**(6,434,588)**	(5,935,190)
	19,140,163	20,262,872

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

6.1.3 Summarized financial information of the joint ventures is given below;

	2014		2013	
	CGL	AE	CGL	AE
	---------------Rupees---------------			
As at June 30,				
Current liabilities	**(6,233,131)**	**(1,987,603)**	(5,340,120)	(2,415,941)
Non current liabilities	-	-	-	-
Cash and cash equivalents	**4,693,121**	**716,700**	5,042,497	486,347
Total current assets	**87,648,393**	**2,665,301**	69,475,651	2,517,117
Non current assets	**14,380,312**	**34,999,818**	14,772,167	36,822,962
For the year ended June 30,				
Revenue	**(93,345,990)**	**(11,888,137)**	(96,548,729)	(23,998,083)
Operating (profit) / loss	**(16,887,877)**	**1,246,622**	(20,663,044)	1,339,858
Depreciation	**446,855**	**1,823,144**	952,457	2,011,145
Income tax	**2,155,117**	**223,122**	2,473,276	477,808

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

Number of shares / **certificates** 2013	**2014**	Name of company	**2014 Rupees**	2013 Rupees
		Listed		
112,000	**112,000**	English Leasing Limited	-	-
135,000	**135,000**	Zeal Pak Cement Factory Limited	-	-
683,842	**642,226**	Bank Al-Habib Limited	**28,887,357**	18,593,664
		Un-Listed		
1,140	**1,140**	Innovative Investment Bank Limited	-	-
931,982	**890,366**		**28,887,357**	18,593,664
		Cost	**16,979,614**	19,887,869

6.3 Available for sale investments in Term Finance Certificates

Number of certificates 2013	**2014**	Name of company	Note	**2014 Rupees**	2013 Rupees
		Listed			
1,000	**1,000**	Saudi Pak Leasing Corporation Limited	6.3.1	**1,188,864**	1,469,094
1,551	**1,551**	Trust Investment Bank Limited	6.3.2	**1,053,481**	1,254,482
2,551	**2,551**			**2,242,345**	2,723,576

6.3.1 The principal is receivable in 63 stepped-up unequal installments commenced from January 2012 and ending on March 2017. These carry mark up at the rate of 6% per annum for first three years and 1 month KIBOR for the remaining period. Outstanding markup as of December 2011 and mark-up for first two years will be deferred and will be paid in three equal annual installments commencing from December 2014 and ending on December 2016. Considering the financial difficulties being faced by investee, the Company has made a provision of Rs. 1.57 million against these TFCs in the previous years. These are carried at cost as the trading in these Term Finance Certificates (TFCs) is suspended.

6.3.2 The terms of payment have been revised during the year. The principal amount of Rs. 1.45 million is receivable in monthly installments of Rs. 0.20 million with last installment of balance amount of Rs. 0.25 million commenced from May 2014 and ending on November 2014. Provision for impairment of Rs. 0.199 million (2013: Nil) has been reversed due to settlement out of total provision of Rs. 1.42 million (2013: 1.62 million).

	Note	**2014 Rupees**	2013 Rupees
7. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS			
Contracts accounted for as finance lease under IAS 17	7.1	**417,761,620**	404,849,680
Contracts accounted for under IFAS 2	7.2	**777,310**	23,452,162
		418,538,930	428,301,842
Less : Current portion	15	**(232,774,819)**	(229,974,305)
		185,764,111	198,327,537

7.1 Net investment in Ijarah finance

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

	2014			2013		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees			Rupees		
Minimum lease payments receivable	836,371,013	117,928,632	954,299,645	848,193,450	135,414,788	983,608,238
Residual value of leased assets	12,957,796	91,770,437	104,728,233	13,260,940	71,369,853	84,630,793
Lease contracts receivable	849,328,809	209,699,069	1,059,027,878	861,454,390	206,784,641	1,068,239,031
Unearned lease income (including suspended income)	(164,396,847)	(16,978,784)	(181,375,631)	(173,863,224)	(17,497,938)	(191,361,162)
Provision for potential lease losses	(452,157,143)	(7,733,484)	(459,890,627)	(457,616,861)	(14,411,328)	(472,028,189)
	(616,553,990)	(24,712,268)	(641,266,258)	(631,480,085)	(31,909,266)	(663,389,351)
	232,774,819	184,986,801	417,761,620	229,974,305	174,875,375	404,849,680

7.1.1 These finances carry profit rates ranging from 10.0% to 27.03 % per annum (2013: 9.97% to 26.8% per annum). These agreements usually are for three to five years period and are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

7.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 595.32 million (2013: Rs. 629.72 million). Detail of non performing leases is as follows:

	2014			2013		
Category of classification	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Substandard	4,027,971	1,006,993	1,006,993	33,212,765	8,303,192	8,303,192
Doubtful	32,943,859	16,316,750	16,316,750	19,742,553	9,871,283	9,871,283
Loss	558,353,344	442,566,884	442,566,884	576,773,347	453,853,714	453,853,714
	595,325,174	459,890,627	459,890,627	629,728,665	472,028,189	472,028,189

7.2 Assets under Ijarah arrangement

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

	2014						
	COST			DEPRECIATION			Net carrying value as at June 30, 2014
	As at July 01, 2013	Additions / (disposals)	As at June 30, 2014	As at July 01, 2013	For the year / (adjustment on disposals)	As at June 30, 2014	
	Rupees						
Plant and machinery	6,815,640	- (6,815,640)	-	5,733,108	- (5,733,108)	-	-
Equipment	60,598,103	- (59,598,103)	1,000,000	43,520,351	1,725,681 (44,459,382)	786,650	213,350
Vehicles	14,953,150	- (13,114,150)	1,839,000	9,661,272	1,396,810 (9,783,042)	1,275,040	563,960
	82,366,893	- (79,527,893)	2,839,000	58,914,731	3,122,491 (59,975,532)	2,061,690	777,310

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

7.2.1 Above Ijarah arrangements carry profit rates ranging from 21.00% to 21.14% per annum (2013: 9.55% to 27.03% per annum).

	2014 Rupees	2013 Rupees
7.2.2 Ijarah rentals receivable		
Ijarah rentals receivable	89,027,920	94,188,757
Less : Provision against Ijarah rentals receivable	(87,050,241)	(91,761,380)
	1,977,679	2,427,377

7.2.2.1 Provision against Ijarah rentals receivable

	2014			2013		
Category of classification	Rental receivable	Suspension required	Suspension held	Rental receivable	Suspension required	Suspension held
	Rupees			Rupees		
Substandard	-	-	-	5,445,549	5,445,549	5,445,549
Doubtful	4,875,051	4,875,051	4,875,051	14,046,566	14,046,566	14,046,566
Loss	82,175,190	82,175,190	82,175,190	72,269,265	72,269,265	72,269,265
	87,050,241	87,050,241	87,050,241	91,761,380	91,761,380	91,761,380

7.2.3 Contractual rentals receivable

	2014			2013		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees			Rupees		
Total rentals receivable	89,372,016	-	89,372,016	101,123,736	527,642	101,651,378

	Note	2014 Rupees	2013 Rupees

8. LONG TERM MUSHARAKAH FINANCES

	Note	2014 Rupees	2013 Rupees
Secured			
Considered good			
Individuals		-	1,015,043
Considered doubtful			
Companies (non-financial institutions)		**84,083,022**	84,830,076
Individuals		**95,530,121**	95,924,371
		179,613,143	180,754,447
Provision against doubtful balances		**(45,700,606)**	(46,816,510)
		133,912,537	133,937,937
		133,912,537	134,952,980
Less: Current portion	15	**(133,912,537)**	(118,294,948)
		-	16,658,032

8.1 These represent investments under musharakah basis for working capital and project financing. These are secured against mortgage of properties, musharakah finance (borrowing), demand promissory notes and personal guarantee of sponsor directors. Profit rates ranges from 16.00% to 30.00% per annum (2013: 13.50% to 30.00% per annum). These are payable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

9. LONG TERM LOANS

	Note	2014 Rupees	2013 Rupees
Considered good			
Employee		-	557,175
Ex-employee	9.1	**557,175**	-
Customers	9.2	**742,349**	-
Outgoing group	9.3	**71,954,665**	-
		73,254,189	557,175
Considered doubtful			
Customers	9.2	**47,749,809**	52,792,442
Provision against doubtful balances		**(32,826,222)**	(36,224,969)
		14,923,587	16,567,473
		88,177,776	17,124,648
Less: Current portion	15	**(14,633,297)**	(6,470,432)
		73,544,479	10,654,216

9.1 The loan was provided to an employee as per Company's policy. The loan is secured by equitable mortgage on the property through the title documents of the property.

9.2 These carry mark-up at the rate ranging from 10.49% to 25.0% per annum (2013: ranging from 10.49% to 25.0% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

9.3 Receivable of Rs. 71.96 million due from the outgoing group under the agreement for transfer of brokerage business related assets and liabilities (Refer Note 16.1.2) has been classified as a non current asset due to revision of terms of its repayment (Refer Note 18.3). Rs. 24.58 million is receivable in 08 unequal quarterly installments commencing from December 31, 2016 and ending on September 30,2018, and balance amount of Rs. 47.37 million is receivable in lump sum on December 31, 2018. It is subject to mark up at the rate of six months KIBOR plus 2% per annum.

	Note	2014 Rupees	2013 Rupees
10. LONG TERM SECURITY DEPOSITS	10.1	**2,863,225**	2,948,225

10.1 These represent deposits for utilities, office premises etc.

		2014 Rupees	2013 Rupees
11.	**DEFERRED TAX ASSET**	**150,000,000**	150,000,000

11.1 As at June 30, 2014 net deferred tax asset works out to Rs. 699.53 million (2013: Rs. 773.61 million) out of which deferred tax asset to the extent of Rs.150 million has been recognized in financial statements in view of expected future taxable profits. Total net deferred tax asset comprises of :

	Note	2014 Rupees	2013 Rupees
Deferred tax liability:			
Difference in tax and accounting bases of assets		**(77,249,553)**	(78,288,291)
Deferred tax assets:			
Provisions in respect of non performing receivables		**252,621,454**	266,646,352
Carry forward tax losses		**524,155,900**	585,254,453
		699,527,801	773,612,514

12. SHORT TERM INVESTMENTS

	Note	2014 Rupees	2013 Rupees
Investments at fair value through profit or loss			
Quoted securities - different listed companies	12.1	**19,857,275**	30,952,615
Available for sale investments			
Quoted securities			
National Bank of Pakistan		-	3,700,800
Un-quoted securities			
Dawood Family Takaful Limited - Held for sale		-	250,000
		19,857,275	34,903,415

12.1 Investments at fair value through profit and loss

2013 Number	2014 Number	Name of company	2014 Rupees	2013 Rupees
45,000	-	Pakistan Telecommunication Co. Ltd.	-	998,550
8,000	-	Pakistan Oil Fields Ltd.	-	3,978,960
15,000	-	Fauji Fertilizer Bin Qasim Ltd.	-	563,100
45,000	**10,000**	Pakistan Petroleum Ltd.	**2,243,400**	9,521,100
5,000	**10,000**	Nishat Mills Ltd.	**1,119,200**	471,050
-	**25,000**	Nishat Chunian Ltd.	**1,059,750**	-
70,000	-	Askari Bank Ltd.	-	1,065,400
2,000	-	Adamjee Insurance Company Ltd.	-	152,160
50,000	-	Sui Southern Gas Company Ltd.	-	976,000
36,500	-	Engro Corporation Ltd.	-	4,448,255
10,000	-	Pakistan Reinsurance Ltd.	-	236,300
155,000	-	TRG Pakistan Ltd.	-	1,579,450
10,000	-	Dawood Hercules Chemicals Ltd.	-	461,100
20,000	-	Fatima Fertilizer Company Ltd.	-	496,600
5,000	-	National Refinery Ltd.	-	1,202,900
125,000	-	BYCO Petroleum Ltd.	-	1,305,000
2,000	-	IGI Insurance Ltd.	-	288,000
40,000	**75,000**	Pakgen Power Ltd.	**1,353,000**	981,200
50,000	-	Bank Islami Pakistan Ltd.	-	325,500
43,000	-	Tariq Glass Ltd.	-	946,000
7,000	-	Mari Petroleum Company Ltd.	-	955,990
-	**50,000**	Qucie Foods Ltd.	**400,500**	-
-	**50,000**	Hub Power Company Ltd.	**2,937,000**	-
-	**5,000**	Oil & Gas Development Co. Ltd.	**1,306,400**	-
-	**25,000**	Engro Polymer Ltd.	**338,250**	-
-	**15,500**	Maple Leaf Cement Ltd.	**465,775**	-
-	**100,000**	Lafrage Pakistan Cement Ltd.	**1,598,000**	-
-	**500,000**	Bank of Punjab	**4,550,000**	-
-	**1,600**	Siemens Pakistan Ltd.	**2,011,200**	-
-	**20,000**	Kohinoor Textile Mills Ltd.	**474,800**	-
743,500	**887,100**		**19,857,275**	30,952,615
		Cost	**22,451,063**	33,656,102

	2014 Rupees	2013 Rupees

13. SHORT TERM MUSHARAKAH FINANCES

	2014 Rupees	2013 Rupees
Secured		
Considered doubtful	**129,025,182**	131,707,746
Provision against doubtful balances	**(58,518,679)**	(58,521,962)
	70,506,503	73,185,784

13.1 These represent finances disbursed to different companies for working capital purposes for the periods ranging between 92 to 365 days and are secured against mortgaged properties, demand promissory notes and personal guarantee of their sponsor directors. These carry profit at the rates ranging from 10.0% to 34.69% per annum.

14. SHORT TERM FINANCES

	2014 Rupees	2013 Rupees
Secured		
Considered doubtful	**10,519,530**	15,303,460
Provision against doubtful balances	**(2,039,007)**	(6,349,007)
	8,480,523	8,954,453

14.1 These represent finances receivable within a year. These are secured against registered charge over assets of the customers, pledge / hypothecation of stocks and collateral in certain cases. These carry mark-up at the rates ranging from 13.97% to 25.0% per annum.

15. CURRENT PORTION OF NON-CURRENT ASSETS

	Note	2014 Rupees	2013 Rupees
Net investment in lease finance / assets under Ijarah arrangemen	7	**232,774,819**	229,974,305
Long term musharakah finances	8	**133,912,537**	118,294,948
Long term loans	9	**14,633,297**	6,470,432
		381,320,653	354,739,685

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2014 Rupees	2013 Rupees
Unsecured			
Considered good			
Advances			
- against purchases and expenses		**165,092**	349,164
- to staff		**15,279**	811,194
- Income tax - net		**6,560,838**	7,812,616
Prepayments		**30,867**	140,625
Other receivables	16.1	**31,674,289**	111,683,882
		38,446,365	120,797,481
Considered doubtful			
Advances			
- against purchases and expenses		**5,285,097**	6,191,097
- to ex-staff		**484,616**	-
Deposit with Privatization Commission	16.2	**10,000,000**	10,000,000
Other receivables	16.1	**150,774,705**	159,578,013
		166,544,418	175,769,110
Provision against doubtful balances		**(166,544,418)**	(164,827,288)
		38,446,365	131,739,303

	Note	2014 Rupees	2013 Rupees

16.1 Other receivables

	Note	2014 Rupees	2013 Rupees
Unsecured			
Considered good			
Accrued interest / mark-up on loans and advances		**6,590,489**	586,094
Accrued profit on musharakah investment		**655,906**	716,652
Insurance claims receivable		**785,000**	785,000
Other terminated lease / musharakah receivable		**3,710,928**	3,710,928
Insurance premium recoverable		-	1,766,187
Operating lease rentals receivable		**9,793,911**	2,196,334
Others	16.1.1	**10,138,055**	101,922,687
		31,674,289	111,683,882
Considered doubtful			
Insurance claims receivable		**11,739,351**	11,739,351
Other terminated lease / musharakah receivable		**65,345,079**	66,068,179
Repossessed assets (against terminated leases)		**32,105,716**	32,286,033
Operating lease rentals receivable		-	7,890,577
Others		**41,584,559**	41,593,873
		150,774,705	159,578,013
		182,448,994	271,261,895

16.1.1 It includes Rs. 6.03 million interest on long term loan to outgoing group. Receivable of Rs. 71.96 million due from outgoing group has been transferred to long term loan (Refer Note 9.3) and balance receivable of Rs. 0.60 million has been settled against term finance certificates. Related mark up of Rs. 21.64 million due from outgoing group has also been settled against term finance certificates.

16.2 This represents amount deposited with the Privatization Commission, Government of Pakistan, on behalf of a consortium for the acquisition of 51% shares of First Women Bank Limited. The Company has 9% share in the consortium. The above balance was provided for in the year 2003, in view of the fact that the arrangement with consortium did not materialize.

17. CASH AND BANK BALANCES

	Note	2014 Rupees	2013 Rupees
Balance with banks in local currency:			
In current accounts with:			
- State bank of Pakistan		**44,694**	44,694
- Commercial banks		-	722,957
		44,694	767,651
In deposit accounts with commercial banks	17.1	**10,887,988**	10,683,172
		10,932,682	11,450,823

17.1 These bank accounts carry profit at the rates ranging from 5.0% to 7.0% per annum (2013: 5.0% to 10.0% per annum).

18. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale of discontinued operation (Refer Note 18.1) and liabilities directly associated with such assets (Refer Note 18.2) and other non-current assets classified as held for sale (Refer Note 18.1) in their respective categories are summarized hereunder:

	Note	2014 Rupees	2013 Rupees
18.1 Assets held for sale of discontinued operation	18.3		
Trade debts - unsecured		**25,249,831**	25,249,831
Advances, deposits, prepayments and other receivables		**37,067,125**	37,664,802
		62,316,956	62,914,633
Non-current assets held for sale	18.4	**163,987,361**	182,968,869
Total assets classified as held for sale		**226,304,317**	245,883,502
18.2 Liabilities directly associated with assets held for sale of discontinued operation	18.3		
Long term loan		**5,294,936**	5,294,936
Short term borrowings		**107,902,479**	107,902,479
Other liability		**-**	72,552,342
		113,197,415	185,749,757

18.3 The agreement for transfer of assets and liabilities related to brokerage business to the outgoing group has been revised during the year. The Company has received sale consideration of Rs. 24 million (Refer to Note 30) and has transferred assets (including shares in the wholly owned subsidiary Invest Capital Market Limited) and liabilities to the outgoing group on completion of sale conditions as specified in the agreement. Other liability of Rs. 71.96 million has been transferred to the outgoing group on conversion of other receivable of Rs. 71.96 million into long term loan (Refer Note 9.3). Remaining assets and liabilities will be transferred to the outgoing group on completion of other sale conditions as stipulated in the agreement on or before December 31, 2014.

	Note	2014 Rupees	2013 Rupees
18.4 Non-current assets held for sale			
Properties	18.4.1	**110,368,953**	127,988,620
Petrol / diesel filing station related assets		**40,000,000**	40,000,000
Assets acquired in satisfaction of finances 10 (2013: 11) DA Country and Golf Club Membership Seats and related deposits		**13,618,408**	14,980,249
		163,987,361	182,968,869

18.4.1 Board of Directors of the Company has approved the disposal of these properties. Active campaign is being undertaken to dispose-off these properties at the earliest including settlement against liabilities, if appropriate. During the year properties of Rs. 18.59 million (2013: Rs. 82.75 million) have been disposed-off against settlement of liabilities (Refer Note 26.1).

	2014 Rupees	2013 Rupees
Office premises		
Property no. 1	**-**	18,591,667
Property no. 2	**18,457,500**	18,457,500
Property no. 3	**400,000**	400,000
	18,857,500	37,449,167
Buildings		
Property no. 8	**53,685,744**	53,685,744
Property no. 9	**4,226,359**	4,226,359
Property no. 13	**972,000**	-
	58,884,103	57,912,103
Land		
Property no. 10	**28,500,000**	28,500,000
Property no. 11	**4,127,350**	4,127,350
	32,627,350	32,627,350
	110,368,953	127,988,620

	Note	2014 Rupees	2013 Rupees

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2014 Rupees	2013 Rupees
86,742,370 (2013: 86,742,370) Ordinary shares of Rs. 10 each fully paid in cash		**867,423,700**	867,423,700
198,124,526 (2013: 198,124,526) Ordinary of Rs. 10 each issued as fully paid under scheme of arrangement for amalgamation		**1,981,245,260**	1,981,245,260
		2,848,668,960	2,848,668,960

20. SUBORDINATED LOAN FROM DIRECTORS

	Note	2014 Rupees	2013 Rupees
SUBORDINATED LOAN FROM DIRECTORS	20.1	**126,000,000**	126,000,000

20.1 It is interest free. It will not be repaid before clearance of overdue deposits and creditors, upgradation of the Company's rating to investment grade and compliance of minimum equity requirements.

21. SECURITY DEPOSITS FROM LESSEES

	Note	2014 Rupees	2013 Rupees
Security deposits under lease contracts	21.1	**105,296,033**	104,633,786
Less: Current portion	26	**(13,525,596)**	(32,696,133)
		91,770,437	71,937,653

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

22. LONG TERM CERTIFICATES OF MUSHARAKAH

	Note	2014 Rupees	2013 Rupees
Unsecured	22.1	**17,188,327**	52,158,335
Less: Current portion	26	**(7,740,004)**	(38,250,008)
		9,448,323	13,908,327

22.1 These certificates carry profit rates ranging from 0% to 13.75% per annum (2013: 0% to 13% per annum).These certificates except certificates of Rs. 6.83 million (2013: Rs. 19.35 million) are repayable in lump sum on different dates commenced from May 2013 and ending in February 2018. Certificates of Rs. 6.83 million (2013: Rs. 19.35 million) are repayable in monthly installments over different periods commenced from July 2012 and ending on November 2017.

23. LONG TERM CERTIFICATES OF INVESTMENTS

	Note	2014 Rupees	2013 Rupees
Unsecured			
For one year or more	23.1 & 23.2	**9,201,625**	12,200,000
Less: Current portion	26	**(5,700,000)**	(2,998,375)
		3,501,625	9,201,625

23.1 The certificates of Rs. 3.6 million (2013: Rs. 6.3 million) were issued for different terms ranging from three to five years and are repayable in lump sum on different dates commenced from December 2012 and ending on October 2014. The markup thereon is ranging from 0% to 12.5% per annum (2013 : 0% to 12.5% per annum).

23.2 Certificates of Rs. 5.6 million (2013: Rs. 5.9 million) are repayable in 34 monthly installments commenced from May 2014 and ending on February 2017. These are not subject to mark up.

	Note	2014 Rupees	2013 Rupees
24. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	24.1	**23,171,284**	33,333,336
Murabaha borrowings			
From commercial banks	24.3 & 24.5	**39,327,086**	41,262,929
From financial institutions	24.4 & 24.5	**17,331,253**	18,631,253
	24.2	**56,658,339**	59,894,182
		79,829,623	93,227,518
Less: Current portion	26	**(59,023,385)**	(85,683,764)
		20,806,238	7,543,754

24.1 Terms of repayment have been revised during the year. As per terms of the agreement the Company has paid 10% of the principal amount as down payment and the remaining principal amount of Rs. 30 million along with mark up will be paid in 16 equal quarterly installments commenced from September 30, 2013 and ending on June 30, 2017. Markup outstanding as at October 07, 2013 amounting to Rs. 9.74 million has been deferred and will be repaid in 08 un-equal installments commencing from September 30, 2017 and ending on March 30, 2019. It is subject to mark up at fixed rate of 6.78% per annum (2013 : 03 months KIBOR plus 1.5% per annum).

	2014 Rupees	2013 Rupees
24.2 Murabaha borrowings		
Murabaha payable - gross	**85,027,220**	83,787,760
Mark up payable	**(28,368,882)**	(23,893,578)
Murabaha payable	**56,658,338**	59,894,182

24.3 These finances are secured against floating charge on all present and future leased assets and associated lease receivables. Murabaha finance of Rs. 36.88 million (2013: 36.88 million) is subject to mark up at the rate of 06 months KIBOR plus 3% per annum and was payable till June 2012. Murabaha finance amounting to Rs. 2.45 million (2013: 3.65 million) is not subject to markup and payable in 24 monthly installements.

24.4 These are secured against floating charge on all present and future leased assets and associated lease receivables. These finances except syndicated murahaba of Rs. 5.09 million (2013: Rs. 6.39 million) carry mark up at the rate of six months KIBOR plus 3.0% per annum, no markup is payable on syndicated murahaba finance. These finances except syndicated murahaba of Rs. 5.09 million (2013: Rs. 6.39 million) were payable in monthly installments during the period from July 2010 to June 2012. The syndicated murabaha finance amounting to Rs. 5.09 million (2013: 6.39 million) is repayable in monthly and quarterly installments commenced from April 2012 and ending on March 2017. A financial institution has filed a winding up petition with the claim of overdues against the Company in the Honorable Sindh High Court. The related outstanding murabaha borrowing is Rs. 12.24 million (2013: Rs. 12.24 million) alongwith mark up of Rs. 5.17 million (2013: Rs. 5.17 million).

24.5 During the year, the Company has repaid finances amounting to Rs. 3.23 million (2013: Rs. 6.64 million). As at the balance sheet date, finances amounting to Rs. 49.11 million (2013: Rs 49.11 million) along with related unpaid mark up of Rs. 28.37 million (2013: Rs. 23.89 million) are overdue. Overdue murabaha finance of Rs. 36.88 million has been converted into a long term loan with waiver of overdue mark-up under final settlement agreement with the lender (Refer to Note 25.3). The Company's application for restructuring / settlement of remaining overdue loans and mark-up is pending with the lenders.

24.6 Subsequently a final settlement agreement has been executed with the lender in respect of murabaha borrowing of Rs. 36.88 million and related mark up of Rs. 21.31 million. As per terms of the agreement, the outstanding mark up has been waived off and principal amount along with cost of funds will be repaid in five quarterly installements commencing from September 19, 2014 and ending on September 19, 2015. In case of delay in payment of installements, mark up will be charged at the rate of 13% per annum instead of cost of funds.

	Note	2014 Rupees	2013 Rupees

25. LONG TERM LOANS

	Note	2014 Rupees	2013 Rupees
Secured			
From banking companies			
Facility I	25.1 & 25.3	**38,022,287**	38,022,287
Facility II & IV	25.2 & 25.3	**12,136,902**	12,136,902
		50,159,189	50,159,189
Unsecured			
From non-banking finance companies		**-**	1,801,626
		50,159,189	51,960,815
Less : Current portion	26	**(50,159,189)**	(51,960,815)
		-	-

25.1 This facility was repayable in monthly installments from January 13, 2007 to January 13, 2011 and carried mark-up at the rate of six months KIBOR plus 2.0% per annum. It is secured by joint pari-passu charge on all present and future leased assets and related lease receivables. As at the balance sheet date, the loan along with related mark-up of Rs. 17.51 million (2013 Rs. Rs. 13.06 million) were overdue.

25.2 This facility carried mark-up at the rate of six months KIBOR plus 2.0% per annum and was payable in monthly installments from June 30, 2007 to December 31, 2010. These are secured by joint pari passu charge on all present and future leased assets and related lease receivables. The loan along with related mark-up amounting to Rs. 7.59 million (2013: Rs.6.17 million) is overdue.

25.3 Subsequently a final settlement agreement has been executed with the lender in respect of these loans and related mark up of Rs. 25.10 million. As per terms of the agreement, the outstanding mark up has been waived off and principal amount along with cost of funds will be repaid in five quarterly installements commencing from September 19, 2014 and ending on September 19, 2015. In case of delay in payment of installements, mark up will be charged at the rate of 13% per annum instead of cost of funds.

26. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2014 Rupees	2013 Rupees
Security deposit from lessees	21	**13,525,596**	32,696,133
Long term certificates of musharakah	22	**7,740,004**	38,250,008
Long term certificates of investments	23	**5,700,000**	2,998,375
Long term musharakah and murabaha borrowings	24	**59,023,385**	85,683,764
Long term loans	25	**50,159,189**	51,960,815
Musharakah term finance certificates	26.1	**-**	38,923,611
Redeemable capital	26.2	**107,250,000**	128,380,000
		243,398,174	378,892,706

26.1 This loan has been settled against property valuing Rs. 18.59 million (Refer Note 18.4.1) with waiver of related mark up of Rs. 20.45 million.

26.2 These certificates alongwith related mark up of Rs. 47.67 million (2013 : Rs. 36.86 million) are over due. The Company is negotiating with TFC holders for rescheduling / settlement of over due balances.

	Note	2014 Rupees	2013 Rupees

27. SHORT TERM CERTIFICATES OF MUSHARAKAH

	2014 Rupees	2013 Rupees
Unsecured		
Individuals	**1,940,000**	10,850,000
Others	**23,800,000**	34,600,000
	25,740,000	45,450,000

27.1 Above finances have been obtained for 90 to 365 days at mark up rates ranging between 0% to 11% per annum (2013: 0% to 11% per annum).

27.2 Under the Regulation No. 14 of NBFC Regulations, a NBFC can raise funds from general public under the scheme of certificates of deposits. The above funds were generated under an approved scheme of Al-Zamin Leasing Modaraba (now merged with the Company Refer Note 1.2).

27.3 During the year certificates amounting to Rs. 19.71 million (2013: Rs. 37.98 million) have been repaid.

28. SHORT TERM CERTIFICATES OF INVESTMENTS

	Note	2014 Rupees	2013 Rupees
Unsecured	28.1	**16,200,000**	25,300,000

28.1 This represents the scheme of registered certificate of Investments (COIs) for resource mobilization. The term of COIs is one year (2013 : ranges from one month to one year) and return thereon is 0% per annum (2013: 0% to 10.0% per annum).

	Note	2014 Rupees	2013 Rupees
29. LOAN FROM SPONSOR	29.1	**197,542,473**	197,542,473

29.1 It carries mark up at the rate of six month KIBOR (2013: six month KIBOR). Effective markup rate charged during the year ranges from 9.52% to 10.18% per annum (2013: 9.57% to 13.5% per annum).

30. ACCRUED AND OTHER LIABILITIES

	Note	2014 Rupees	2013 Rupees
Accrued expenses		**2,662,399**	3,171,912
Auditors' remuneration payable		**2,809,999**	2,520,000
Advance against termination of leases		**484,018**	461,477
Unclaimed dividend		**6,068,753**	6,071,707
Advance against non current assets held for sale			
Discontinued operation	18.2	**24,000,000**	24,000,000
Other assets-held for sale		**16,412,402**	5,000,000
Other liabilities		**40,933,074**	36,609,572
		93,370,645	77,834,668

31. PROFIT / MARK UP PAYABLE

	Note	2014 Rupees	2013 Rupees
Profit / mark-up payable on:			
- Certificates of musharakah / investments		**966,997**	7,046,804
- Long term musharakah and murabaha borrowings		**26,491,676**	38,160,814
- Musharakah term finance certificates	26.1	**-**	15,403,893
- Redeemable capital		**47,667,481**	36,864,834
- Long term loans		**25,105,960**	19,232,638
- Loan from sponsor		**93,974,627**	74,818,636
		194,206,741	191,527,619

32. COMMITMENTS

	2014 Rupees	2013 Rupees
Under lease financing contracts committed but not executed	**-**	36,355,500

	Note	**2014 Rupees**	2013 Rupees

33. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2014 Rupees	2013 Rupees
Directors' remuneration		**4,332,230**	6,975,996
Staff salaries, allowances and other benefits	33.1	**18,406,923**	27,829,451
Traveling, conveyance and vehicle running expenses		**811,298**	2,072,516
Office rent		**3,474,021**	5,110,767
Utility charges		**957,578**	1,586,614
Postage, telephone and telegram		**813,068**	2,024,906
Repairs and maintenance		**2,021,381**	3,251,262
Insurance		**708,862**	1,017,489
Depreciation	4.1	**8,204,357**	11,993,330
Depreciation on assets leased out	7.2	**3,122,491**	30,110,193
Amortization	5	**1,173,345**	1,233,351
Fees and subscriptions		**1,445,442**	2,564,697
Entertainment		**357,643**	651,219
Newspapers and periodicals		**13,369**	47,903
Printing and stationery		**427,414**	800,685
Legal and professional charges		**3,288,502**	2,031,910
Auditors' remuneration	33.2	**1,040,000**	1,045,000
Advertisement		**120,598**	313,970
Brokerage and commission		**827,464**	461,618
Other		**236,431**	495,195
		51,782,417	101,618,072

33.1 This includes retirement benefits of Rs. 1.05 million (2013: Rs. 1.26 million) in respect of contribution to the employees' provident fund.

	Note	2014 Rupees	2013 Rupees

33.2 Auditors' remuneration

		2014 Rupees	2013 Rupees
Annual audit fee		**750,000**	750,000
Sundry services		**290,000**	295,000
		1,040,000	1,045,000

34. FINANCIAL CHARGES

	Note	2014 Rupees	2013 Rupees
Profit / mark up on :			
- Certificates of musharakah		**4,623,735**	6,932,552
- Certificates of investments		**2,146,342**	6,995,878
- Long term musharakah and murabaha borrowings		**7,539,085**	12,135,756
- Musharakah term finance certificates		**5,044,288**	29,397,386
- Redeemable capital		**16,773,431**	20,219,846
- Long term loans		**5,873,322**	5,873,322
- Loan from sponsors		**19,155,991**	21,482,172
		61,156,194	103,036,912
Bank charges		**269,590**	362,757
		61,425,784	103,399,669
Less: mark-up waived off on settlement of loans	34.1	**(36,771,697)**	(133,186,961)
		24,654,087	(29,787,292)

34.1 Mark up waived off on settlement of loans:

		2014 Rupees	2013 Rupees
Certificates of investments		**7,399,422**	21,055,362
Long term musharakah and murabaha borrowings		**7,689,941**	265,227
Musharakah term finance certificates		**20,448,181**	111,866,372
Redeemable capital		**1,234,153**	-
		36,771,697	133,186,961

	Note	2014 Rupees	2013 Rupees
35. OTHER INCOME			
From non financial assets :			
Gain on disposal of operating assets		**567,465**	-
Gain on disposal of non-current assets held for sale		**38,159**	28,494,397
Commission and fee		**354,696**	-
Gain on settlement of liabilities		**94,459,859**	260,782,489
Others	35.1	**1,268,514**	-
		96,688,693	289,276,886

35.1 It includes mark up income on deferred payments against agreement of sale of petrol / diesel filing station related assets.

	Note	2014 Rupees	2013 Rupees
36. PROVISION FOR TAXATION			
Current			
For the year		**2,065,349**	2,884,432
For prior year		**(223,492)**	423,680
Deferred	11	**-**	(150,000,000)
		1,841,857	(146,691,888)

36.1 Relationship between tax expense and accounting profit

Relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is either subject to minimum tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

		2014	2013
37. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year	Rupees	**98,724,584**	351,808,565
Weighted average number of ordinary shares	Number	**284,866,896**	284,866,896
Earnings per share - Basic and Diluted	Rupees	**0.347**	1.235

38. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2014			2013		
	Chief Executive Officer	**Director**	**Executives**	Chief Executive Officer	Director	Executives
	Rupees					
Managerial remuneration	**3,325,750**	**795,150**	**4,603,000**	4,620,000	1,920,000	4,279,752
Retirement benefits	**184,664**	**26,666**	**266,580**	307,992	128,004	285,300
	3,510,414	**821,816**	**4,869,580**	4,927,992	2,048,004	4,565,052
Number of persons	**1**	**1**	**6**	1	1	5

38.1 The Chief Executive Officer and certain Executives are entitled to free use of Company maintained car and other perquisites. The monetary value of these benefits approximates Rs. 1,729,900/- (2013: Rs. 2,505,605/-). Some of the directors have waived off their meeting fee, meeting fee paid to other directors during the year is Rs. 320,000/- (2013: Rs. 323,600/-).

39. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated undertakings, provident fund, directors, other key management personnel and their close family members. Contributions to the provident fund, loans to the employees and remuneration of key management personnel are made / paid in accordance with the terms of their employment. Other transactions with related parties are entered into at agreed rates.

The balances due from and due to related parties have been disclosed in the relevant notes to the financial statements. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Year ended June 30	
	2014 Rupees	2013 Rupees
Transactions during the year		
Contribution to provident fund	**1,050,549**	1,266,475
Repayment of long term certificates of musharakah to associated undertaking	**-**	500,000

40. NUMBER OF EMPLOYEES

	2014	2013
Total number of employees as at June 30,	**34**	43
Average number of employees during the year	**35**	51

41. DISCLOSURE WITH REGARD TO PROVIDENT FUND

		2014	2013
Size of the fund	(Rupees)	**6,907,968**	7,290,472
Cost of investments made	(Rupees)	**5,168,451**	5,668,452
Percentage of investments made	(% age)	**75%**	78%
Fair value of investments	(Rupees)	**6,440,908**	6,779,683

41.1 Breakup of investments

	2014		2013	
	Rupees	**%age**	Rupees	%age
Defence saving certificates	**2,125,793**	**30.77%**	1,936,827	26.57%
Certificate of Investments	**4,204,164**	**60.86%**	4,731,904	64.91%
Investment in shares	**110,952**	**1.61%**	110,952	1.52%
	6,440,909	**93.24%**	6,779,683	92.99%

41.2 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management

framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

42.2 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investments. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of NBFC Rules and Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits. The credit quality of the Company's bank balances and investments portfolio are assessed with reference to external credit ratings.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligation to be similarly affected by the changes in economic, political and other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The maximum exposure to credit risk at the reporting date was:

	2014 Rupees	2013 Rupees
Long term investments	**2,242,345**	2,723,576
Net investment in Ijarah finance / assets under Ijarah arrangements	**313,242,897**	323,668,056
Long term musharakah finances	**133,912,537**	134,952,980
Long term loans	**88,177,776**	17,124,648
Deposits	**2,863,225**	2,948,225
Short term investments	**-**	250,000
Short term musharakah finances	**70,506,503**	73,185,784
Short term finances - secured	**8,480,523**	8,954,453
Ijarah rentals receivable	**1,977,679**	2,427,377
Advances and other receivables	**31,854,660**	123,786,062
Bank balances	**10,932,682**	11,450,823
	664,190,827	701,471,984

42.2.1 Past due balances and impairment losses

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

	2014		2013	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	Rupees			
Past due 91 days - 180 days	20,290,567	-	-	-
Past due 181 days to one year	79,038,770	1,006,993	52,165,932	17,125,646
Past due one year to two years	175,712,847	16,634,908	44,998,651	35,127,381
More than two years	774,686,716	676,266,172	1,116,010,471	777,019,928
	1,049,728,900	693,908,073	1,213,175,054	829,272,955
Not past due	271,338,106	-	371,459,351	-
Total	1,321,067,006	693,908,073	1,584,634,405	829,272,955

Impairment is recognized by the Company on the basis of provision requirements of Prudential regulations for NBFCs issued by SECP which includes the subjective evaluation of the portfolio carried by the Company on an ongoing basis. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that additional provision against past due balances is not required.

Below are the differences between the balances as per balance sheet and maximum exposure. These differences are due to the fact that these are not exposed to credit risk.

	2014 Rupees	2013 Rupees
Long term investments	81,332,621	71,995,624
Net investments in Ijarah/ assets under Ijarah arrangements	105,296,033	104,633,786
Short term investments	19,857,275	30,952,615
Other receivables	6,591,705	7,953,241
	213,077,634	215,535,266

42.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when due. The Company's approach to manage the liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summaries the maturity profile of the Company's financial liabilities. The contractual maturities of financial liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Contractual interest payments are required to be paid on respective contractual maturity at the rates disclosed in respective liabilities notes and are included in this maturity profile (in contractual cash flows).

	2014				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Certificates of musharakah	42,928,327	48,491,547	1,008,880	36,845,932	10,636,735
Certificates of investments	25,401,625	25,512,584	20,435,959	1,575,000	3,501,625
Musharakah and murabaha borrowings	79,829,623	90,002,423	59,453,670	8,500,000	22,048,753
Musharakah term finance certificates	-	-	-	-	
Redeemable Capital	107,250,000	115,695,938	115,695,938	-	-
Deferred mark up on long term musharakah	9,747,000	9,747,000	-	-	9,747,000
Loan from sponsor	197,542,473	202,569,929	202,569,929	-	-
Subordinated loan		-			
Long term loans	50,159,189	56,173,423	56,173,423	-	-
Accrued and other liabilities	93,370,645	93,370,645	93,370,645	-	-
Profit / mark up payable	194,206,741	194,206,741	194,206,741	-	-
	800,435,623	835,770,229	742,915,184	46,920,932	45,934,113

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

42.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is exposed to interest rate risk and equity rate risk only.

42.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments and the periods in which these will mature are as follows:

	2014					
	Profit / mark-up bearing					
	Upto three months	Three months to one year	More than one year	Sub-total	Non-profit/mark-up bearing	Total
	------ Rupees ------					
Financial assets						
Long term investments	-	-	2,242,345	2,242,345	81,332,621	83,574,966
Net investment in Ijarah / assets under Ijarah arrangements	128,477,340	104,297,479	184,986,801	417,761,620	-	417,761,620
Long term musharakah finances	119,583,518	14,329,019	-	133,912,537	-	133,912,537
Long term loans	605,175	14,028,122	73,544,479	88,177,776	-	88,177,776
Deposits	-	-	-	-	2,863,225	2,863,225
Short term investments	-	-	-	-	19,857,275	19,857,275
Short term musharakah finances	70,506,503	-	-	70,506,503	-	70,506,503
Short term finances	6,741,255	1,739,268	-	8,480,523	-	8,480,523
Ijarah rentals receivables	-	-	-	-	1,977,679	1,977,679
Advances, deposits, prepayments and other receivables	-	-	-	-	38,415,498	38,415,498
Cash and bank balances	10,887,988	-	-	10,887,988	44,694	10,932,682
	336,801,779	134,393,888	260,773,625	731,969,292	144,490,992	876,460,284
Financial liabilities						
Subordinated loan from directors	-	-	-	-	126,000,000	126,000,000
Certificates of musharakah	500,000	27,878,443	4,615,000	32,993,443	9,934,884	42,928,327
Certificates of investments	3,600,000	-	-	3,600,000	18,300,000	21,900,000
Long term musharakah and murabaha borrowings	48,635,870	6,450,000	17,200,000	72,285,870	7,543,753	79,829,623
Redeemable Capital	107,250,000	-	-	107,250,000	-	107,250,000
Deferred mark up on long term musharakah	-	-	-	-	9,747,000	9,747,000
Loan from sponsor	197,542,473			197,542,473	-	197,542,473
Long term loans	50,159,189	-	-	50,159,189	-	50,159,189
Security deposits from lessees	-	-	-	-	105,296,033	105,296,033
Creditors, accrued and other liabilities	-	-	-	-	93,370,645	93,370,645
Profit / mark up payable	-	-	-	-	194,206,741	194,206,741
	407,687,532	34,328,443	21,815,000	463,830,975	564,399,056	1,028,230,031
On balance sheet gap 2014	(70,885,753)	100,065,445	238,958,625	268,138,317	(419,908,064)	(151,769,747)

	2013					
	Profit / mark-up bearing				Non-profit/mark-up bearing	Total
	Upto three months	Three months to one year	More than one year	Sub-total		
	------ Rupees ------					
Financial assets						
Long term investments	1,334,282	239,400	1,149,894	2,723,576	71,995,624	74,719,200
Net investment in Ijarah / assets under Ijarah arrangements	165,588,504	64,385,801	174,875,375	404,849,680	-	404,849,680
Long term musharakah finances	105,641,667	12,653,281	16,658,032	134,952,980	-	134,952,980
Long term loans	2,189,930	4,280,502	10,654,216	17,124,648	-	17,124,648
Deposits	-	-	-	-	2,948,225	2,948,225
Short term investments	-	-	-	-	34,903,415	34,903,415
Short term musharakah finances	73,185,784	-	-	73,185,784	-	73,185,784
Short term finances	58,243	8,896,210	-	8,954,453	-	8,954,453
Ijarah rentals receivables	-	-	-	-	2,427,377	2,427,377
Advances, deposits, prepayments and other receivables	72,552,000	-	-	72,552,000	58,697,514	131,249,514
Cash and bank balances	10,683,172	-	-	10,683,172	767,651	11,450,823
	431,233,582	90,455,194	203,337,517	725,026,293	171,739,806	896,766,099
Financial liabilities						
Subordinated loan from directors	-	-	-	-	126,000,000	126,000,000
Certificates of musharakah	24,370,000	38,017,232	7,075,000	69,462,232	28,146,103	97,608,335
Certificates of investments	1,200,000	26,800,000	3,600,000	31,600,000	5,900,000	37,500,000
Long term musharakah and murabaha borrowings	82,447,921	-	-	82,447,921	10,779,597	93,227,518
Musharakah term finance certificates	38,923,611	-	-	38,923,611	-	38,923,611
Redeemable Capital	128,380,000	-	-	128,380,000	-	128,380,000
Loan from sponsor	197,542,473	-	-	197,542,473	-	197,542,473
Long term loans	50,159,190	-	-	50,159,190	1,801,625	51,960,815
Security deposits from lessees	-	-	-	-	104,633,786	104,633,786
Creditors, accrued and other liabilities	-	-	-	-	77,834,668	77,834,668
Profit / mark up payable	-	-	-	-	191,527,619	191,527,619
	523,023,195	64,817,232	10,675,000	598,515,427	546,623,398	1,145,138,825
On balance sheet gap 2013	(91,789,613)	25,637,962	192,662,517	126,510,866	(374,883,592)	(248,372,726)

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account. At June 30,2014, financial assets of Rs. 657.77 million (2013: Rs. 649.75 million) and financial liabilities of Rs 36.59 million (2013: Rs 101.06 million) carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

An estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease of profit for the year and decrease / increase in equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed for 2013.

	Effect on profit before tax	Carrying value
	------------ Rupees -------------	
As at 30 June 2014		
Cash flow sensitivity-variable rate financial liabilities	**(4,272,375)**	(427,237,532)
Cash flow sensitivity-variable rate financial assets	**741,970**	74,197,010
As at 30 June 2013		
Cash flow sensitivity-variable rate financial liabilities	**(4,974,532)**	497,453,195
Cash flow sensitivity-variable rate financial assets	**752,756**	75,275,576

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

42.4.2 Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company's policies to manage price risk through diversification and selection of securities within specified limits set by the internal risk management guidelines and NBFC regulations.

As at June 30, 2014, the fair value of equity securities exposed to price risk was Rs. 4.87 million (2013: Rs. 53.5 million).

An increase or decrease of 10% in the fair values of the Company's equity securities, with all other variables held constant, would have been resulted in increase / decrease of profit for the year by Rs. 1.99 million (2013: Rs. 3.10 million) and equity by Rs, 4.87 (2013: Rs. 5.35 million). This level of change is considered to be reasonably possible based on observation of current market conditions.

42.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and fair values. The carrying values of financial assets and financial liabilities approximate their fair values.

Underlying the definition of fair value is the presumption that the Company is a going concern with out any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

42.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue of new shares.

Capital requirement applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan. These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirements by assessing its capital structure against the required level on a regular basis. Pursuant to SRO 764 (I)/2009 dated September 02, 2009 issued by SECP, the aggregate minimum equity requirements as per NBFC Regulations, 2008 for leasing and investment finance companies has been set at Rupees 1,700 million.

43. SEGMENT INFORMATION

	2014				2013			
	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total
	Rupees				Rupees			
Information about reportable segment profit or loss, assets and liabilities								
Revenue from external customers	14,539,967	53,410,679	8,206,548	76,157,194	28,251,491	70,036,960	9,630,546	107,918,997
Interest expense - net	(5,275,441)	(19,378,646)	-	(24,654,087)	8,561,895	21,225,397	-	29,787,292
Depreciation and amortization	2,006,625	7,371,077	-	9,377,702	(3,801,804)	(9,424,877)	-	(13,226,681)
Impairment of assets	7,045,496	(2,888,438)	-	4,157,058	(36,702,943)	(41,106,164)	-	(77,809,107)
Reportable segment profit / (loss)	18,316,647	38,514,672	8,206,548	65,037,867	(3,691,361)	40,731,316	9,630,546	46,670,501
Reportable segment assets	680,084,170	434,135,016	212,685,909	1,326,905,095	724,201,851	445,709,468	230,903,253	1,400,814,572
Reportable segment liabilities	(925,951,605)	(105,780,051)	(113,197,415)	(1,144,929,071)	(1,040,043,562)	(105,095,263)	(185,749,757)	(1,330,888,582)

	2014 Rupees	2013 Rupees
Profit or loss		
Total profit / (loss) for reportable segments	56,831,319	37,039,955
Other profit	8,206,548	9,630,546
Unallocated amounts:		
Other administrative and operating expenses	(61,160,119)	(130,830,710)
Other income	96,688,693	289,276,886
Profit before tax	100,566,441	205,116,677
Assets		
Total assets for reportable segments	1,114,219,186	1,169,911,319
Other assets	212,685,909	230,903,253
Total assets	1,326,905,095	1,400,814,572
Liabilities		
Total liabilities for reportable segments	(1,031,731,656)	1,145,138,825
Other liabilities	(113,197,415)	185,749,757
Total liabilities	(1,144,929,071)	1,330,888,582

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2014 by the Board of Directors of the Company.

Muhammad Asif
Chief Executive Officer

Shaukat Ali
Director

Our Network

Registered Office - Karachi
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Building No. 3, Sarwar Shaheed Road,
Karachi.
Tel: 021-35661968
Fax: 021-35654022
Website: www.icibl.com

Head Office - Lahore
701-A, City Tower, 6-K Main
Boulevard, Gulberg II, Lahore.
Tel: 042-35770383-4
Fax: 042-35788711

Islamabad
Office No. 302, 3rd Floor,
82-E, Muhammad Gulistan Khan House,
Fazal-e-Haq Road, Blue Area,
Islamabad.
Tel: 051-2150014

Peshawar
Shop No. LG-524-525,
Dean Trade Centre, Islamia Road,
Peshawar Cantt.
Tel: 091-5603107 to 5603109

Faislalabad
20-Bilal Road, Civil Lines,
Faisalabad.
Tel: 041-2626418, 2620010

Gujranwala
51-A, Trust Plaza, G.T Road,
Gujranwala.
Tel: 055-3730308, 3730300
Fax: 055-3731108

Proxy Form

INVEST CAPITAL INVESTMENT BANK LIMITED
A-603, 604 Lakson Square Building No: 3, Sarwar Shaheed Road, Karachi

I, ________________________ S/o / W/o / D/o ___________________________, a member of Invest Capital Investment Bank Limited and holder of ______ shares as per Registered Folio No. ______ and / or CDC participant I.D. No. __________ and Sub Account No. __________ do hereby appoint ____of_________________________________ ____ (full address) of failing him/her ____ ____ of ____ (full address) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the 22nd Annual General Meeting to be held at 06.30 p.m. on Friday 31st October 2014 and at any adjournment thereof.

Signed this ___________ day of _____________ 2014

Signature and or Seal of Member ___________

Please Affix Rs. 5/- Revenue Stamp

In the presence of

Signature: ____________________________	Signature: ____________________________
Name: ____________________________	Name: ____________________________
Address: ____________________________	Address: ____________________________
CNIC No. ____________________________	CNIC No. ____________________________

Note:

1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney dully authorized in writing. If a member is a corporation, either its common seal be affixed to the proxy form or the Board of Director's resolution / power of attorney along with specimen signature of the nominee shall be submitted with the proxy form. The proxy shall have a right to attend, speak and vote in place of the member.
2. Proxies in order to be effective must be received at the Office of Share Registrar of the Company, M/s CorpTec Associates (Private) Limited, 503 - E, Johar Town, LAHORE at least 48 hours before the meetings and must be dully stamped signed and witnessed.
3. A proxy need not be a Member of the Company.
4. Beneficial owner of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or original passport, Account, Sub-Account number and Participant's number in Central Depository System for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the company with in stipulated time, duly witnessed by two persons whose name, address and NIC number must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy.

   In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the company.

Second Fold

Affix
Revenue
Stamp

First Fold

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

Third Fold and Tuck In

Invest Capital Investment Bank Limited

Registered Office:
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