Annual Report 2015

fcibank

First Credit And Investment Bank Ltd.

Major Joint Venture Partners:

NBP National Bank of Pakistan


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SECP
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

Vision

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

Mission Statement

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

CONTENTS

BOARD OF DIRECTORS

Mr. Wajahat A. Baqai
Chairman

Mr. Ahsanullah Khan
President & CEO

Mr. Najib Tariq
Director

Mr. Anwar-ul-Haq
Director

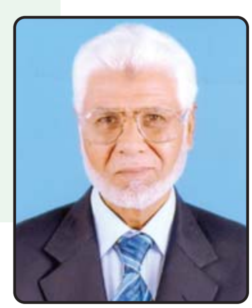
Mr. Asad Ullah Saleem
Director

Mr. Muhammad Naeemuddin
Director

Mr. Javed Rashid
Director

Mr. Jehangir Akber
Director
(subject to approval from SECP)

Mr. Saghir Ahmed
Director
(subject to approval from SECP)



Mr. Muhammad Iqbal Hussain
Director

COMPANY INFORMATION

AUDIT COMMITTEE:

Mr. Muhammad Naeemuddin	Chairman
Mr. Anwar-ul-Haq	
Mr.Javed Rashid	

HR AND REMUNERATION COMMITTEE:

Mr. Asad Ullah Saleem	Chairman
Mr. Najib Tariq	
Mr. Muhammad Naeemuddin	
Mr. Ahsanullah Khan	

RISK MANAGEMENT COMMITTEE

Mr. Najib Tariq	Chairman
Mr. Asad Ullah Saleem	
Mr. Muhammad Iqbal Hussain	
Mr. Ahsanullah Khan	

COMPANY SECRETARY:

Mr. Muhammad Mohsin Ali

AUDITORS:

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISOR:

Ahmed & Qazi

BANKERS:

MCB Bank Limited
National Bank of Pakistan

SHARE REGISTRAR:

THK Associates (Pvt.) Limited
2nd Floor, State Life Building-3
Dr. Ziauddin Ahmed Road,
Karachi. 75530
Ph. # +92 (21) 111-000-322
Fax # +92 (21) 35655595

HEAD OFFICE / REGISTERED OFFICE:

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting of the shareholders of First Credit & Investment Bank Limited will be held on Monday, October 19, 2015 at 5:00 p.m. at PIIA (Pakistan Institute of International Affairs) Auditorium, Aiwan-e-Saddar Road, Karachi to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 29, 2014.
2. To receive, consider and adopt the audited financial statements of the Company together with the Auditors' and Directors' Reports thereon for the year ended June 30, 2015.
3. To appoint the statutory auditors for the year ending June 30, 2016 and fix their remuneration. The present auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants, retire and being legible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Muhammad Mohsin Ali
Company Secretary

Karachi
September 28, 2015

Notes:

1. The share transfer books of the Company will remain closed from October 9, 2015 to October 19, 2015 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. THK Associates (Pvt.) Ltd, 2nd Floor, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi, 75530 upto the close of business on October 8, 2015, will be considered in time for purpose of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy in writing to attend the meeting who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member. A proxy need not be a member of the Company.
3. In order to be effective, proxy form must be received at the office of our Registrar not later than forty eight (48) hours before the meeting, duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
4. In case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. In case of the proxy by a corporate entity, Board of Directors resolution/ power of attorney and attested copy of CNIC or passport of the proxy shall be submitted alongwith the proxy form.
6. Account holders and sub-account holders holding book entries securities of the Company in the Central Depository Company of Pakistan Ltd, who wish to attend the meeting, are requested to bring their original CNIC with copies thereof duly attested for identification purpose.
7. The shareholders are requested to timely notify any change in their addresses to our Registrar office.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present to you the 26th Annual Report of the First Credit & Investment Bank Limited alongwith the audited financial statements and Auditors' Report thereon, for the year ended June 30, 2015.

State of Pakistan's Economy

The macroeconomic indicators of the country continue to sustain an improving trend. The real GDP grew by 4.2 percent in FY15 which is higher than 4.0 percent in FY14 but less than target of 5.1 percent. A major highlight of the period is China's USD 46 billion commitment for the development of the China Pakistan Economic Corridor (CPEC) which aims connecting Gwadar with Kashgar through heavy investments in transport infrastructure and energy related projects. CPEC would serve as the largest stimulant for domestic and foreign investment in the future.

The country's overall FX reserves position has considerably increased during FY15 and crossed the US$ 18 billion level. This was as a result of a surplus in the balance of payments position and scheduled disbursements under the Extended Fund Facility (EFF) from the IMF. Although, the trade deficit for 11M FY15 has widened by 11.7% YoY with imports up by 2.0% and exports down by 5.3%, benefits of lower oil prices have started providing respite during the latter part of FY15.

Despite a relatively weaker trade performance the current account balance improved by a significant 33% YoY to reach a deficit of US$ 2.0 billion as against US$ 3 billion during the same period last year. This was a result of larger flows under the Coalition Support Fund and a 16% increase in home remittances during the 11M of FY15 to US$ 16.6 billion. Reserves were also supported by issuance of international Sukuk and proceeds of HBL privatization this year.

Inflation has maintained its downward trajectory with the significantly lower FY15 CPI average of 4.5% (target 8% for FY15) from 8.6% in the previous fiscal year 2014. Stock Exchange continued to record bullish tendency as KSE-100 index reached to record high peak to 34,398 points as of June 30, 2015. Given the low inflation trajectory along with an improved external account outlook, the State Bank of Pakistan maintained its monetary easing stance which transpired its discount rate cut of cumulative 300 bps in FY15. Moreover, the SBP also introduced the new 'target rate' at 50 bps below the discount rate (ceiling rate).

The Government still needs to aggressively pursue enhancement in power generation capacity in the country while simultaneously reduce line losses due to theft and non-payments of bills. Circular debt issue has again substantially increased.

In view of the prevailing economic challenges, your Company continued to focus on steady growth by maintaining quality assets portfolio and enhanced business efficiencies through various cost controlling measures and implementing possible business prospects in spite of impediments faced by investment banking sector.

Financial Results

Financial results of the Company for 2014-15 are summarized below, comparative data for 2013-14 has also been provided:

	2014-15	**2013-14** Restated
	(Rupees in ,000)	(Rupees in ,000)
Total revenue	**81,247**	60,453
Operating profit before taxation & provisions	**27,550**	5,597
Profit/ (loss) before taxation	**28,665**	4,023
Profit/ (loss) after taxation	**23,016**	1,394
Shareholders' equity	**672,776**	649,417
Deficit in revaluation of investments	**(10,372)**	(10,385)
Total assets	**692,618**	737,554
Profit/ (loss) per share-basic and diluted (Rs.)	**0.35**	0.02

Review of Operations

Previous few years were bad for the NBFC sector particularly for investment banks due to adverse market and economic conditions and overall law and order situation in the country. Most of the investment banks are continuously facing serious problems in terms of liquidity, profitability and viability. Your Company was, however, successful in maintaining its liquidity and viability. Prudent approach was adopted while undertaking new business due to lack of viable opportunities. Despite all the difficulties being faced, the Company was able to improve all its financial indicators. The Company reported Operating Profit for FY15 Rs.27.6 million against Operating Profit of Rs.5.6 million reported for FY14 showing a healthy increase of 22.0 million. Further, due to reduction in provision made and recovery against already provided classified portfolio, the Profit before Tax increased by Rs.24.6 million. The Company reported Profit before Tax of Rs.28.7 million against Profit before Tax of Rs.4.0 million for the previous year. Similarly, Profit after Tax for the year ended June 30, 2015 was Rs.23.0 million against Profit after Tax of Rs.1.4 million for the last year (restated), showing an improvement of Rs.21.6 million in Profit after Tax.

On the Balance Sheet side, the shareholders' equity increased by Rs.23.4 million to Rs.672.8 million as at June 30, 2015 from Rs.649.4 million as at June 30, 2014. The increase in shareholders equity was on account of profit after tax. Total assets of the Company declined to Rs.692.6 million as at June 30, 2015 from Rs.737.6 million as at June 30 2014. Total assets declined due to repayment of bank loan as per agreement.

To comply with the NBFCs Rules and Regulations, an amount equivalent to 20% of after tax profit has been transferred to the Statutory Reverse.

Minimum Equity Requirement

The auditors of the Company in their report to the members on audit of financial statement have invited attention in respect of minimum equity requirements prescribed under the Non-Banking Finance Companies and Notified Entities Regulations 2008. The management of the Company has explained the same in detail under Note 1.3 annexed to the financial statements.

Changes since Balance Sheet Date

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

Dividend

Dividend policy of the Company in the past has been a mix of offering attractive cash dividends, bonus shares to the shareholders, improving its credit rating and allowing the availability of adequate funds to meet its investment and expansion plans. The Directors do not recommend any dividend for the year ended June 30, 2015.

Credit Rating

JCR-VIS Credit Rating Company Limited vide its report dated December 24, 2014 maintained the medium to long-term entity rating of the Company at 'A-' (Single A Minus) and Short-term rating at 'A-2' (A-Two). The outlook of the rating is 'Stable'.

Corporate and Financial Reporting Framework

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

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

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

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

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

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

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

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

Key operating and financial data

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

Year ended June 30	2015	2014 Restated	2013 Restated	2012 Restated	2011	2010
			Rupees in million			
Total revenue	81	60	93	139	138	164
Profit/ (loss) before taxation	29	4	(14)	(85)	(136)	5
Profit/ (loss) after taxation	23	1	(6)	(71)	(88)	8
Shareholders' equity	673	649	651	658	727	816
Total assets	693	738	838	1,222	1,518	1,465
Earning/ (loss) per share (Rs)	0.35	0.02	(0.10)	(1.10)	(1.36)	0.12

Staff Retirement Benefit Schemes

Value of the investment of Employees' Provident Fund and Gratuity Fund based on their latest audited financial statements as at June 30, 2014 were Rs.14,601,872/- and Rs.7,053,851/-, respectively.

Board of Directors

During the year casual vacancies occurred in the Board due to non approval of Mr. Imdad Ali Shaikh and Mr. Muhammad Ameen, as independent directors by SECP under Fit & Proper Criteria. The Board appointed Mr. Muhammad Iqbal Hussain and Mr. Javed Rashid as directors to fill the casual vacancies.

During the year six (6) Board meetings were held, in which Directors' attendance was as follows:

Name of Directors	Number of meetings Eligible to attend	Number of meetings attended
Mr. Wajahat A. Baqai	6	6
Mr. Najib Tariq	6	6
Mr. Anwar-ul-Haq	6	5
Mr. Asad Ullah Saleem	6	5
Mr. Muhammad Naeemuddin	6	6
Mr. Muhammad Iqbal Hussain	--	--
Mr. Javed Rashid	--	--
Mr. Jehangir Akber*	--	--
Mr. Sahgir Ahmed*	--	--
Mr. Ahsanullah Khan	6	6

* approval from SECP under Fit & Proper Criteria is awaited

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

Audit Committee and Internal Controls

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

	Name of Directors	No. of meetings attended
1.	Mr. Najib Tariq	4
2.	Mr. Anwar-ul-Haq	3
3.	Mr. Muhammad Naeemuddin	4

HR and Remuneration Committee

Board constituted its HR and Remuneration Committee to assist the directors in discharging their responsibilities with regard to selection, evaluation and succession planning of key management personnel. The committee consists of four members. Majority of members are non-executive directors including the Chairman of the Committee. During the year two (2) meetings of HR and Remuneration Committee were held, in which directors' attendance was as follows:

	Name of Directors	No. of meetings attended
1.	Mr. Asad Ullah Saleem	1
2.	Mr. Najib Tariq	2
3.	Mr. Muhammad Naeemuddin	2
4.	Mr. Ahsanullah Khan	2

Training Programs

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

Auditors

The present auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants, retire and being eligible offer themselves for re-appointment. As required under the Code of Corporate Governance the Audit Committee has recommended the appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants, as auditors for the year ending June 30, 2016.

Pattern of Shareholdings

The Pattern of Shareholding including Categories of Shareholders of the Company as on June 30, 2015 is annexed at the end of the annual report. During the year, no trade of shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children, except as those reported in pattern of shareholding.

Future Outlook & Strategy

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

Acknowledgement

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

By order of the Board

Ahsanullah Khan
President & CEO

Karachi
September 19, 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of First Credit and Investment Bank Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code and reflected in the paragraphs 3 where these are stated in the Statement.

Description

all the resident directors of the Company, except Mr. Saghir Ahmed - Director, are registered as taxpayers

Grant Thornton Anjum Rahman

Date: September 19, 2015

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Khaliq-ur-Rahman
Engagement Partner

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Name of Directors	Category		
	Independent Directors	Non-Executive Directors	Executive Directors
Mr. Wajahat A. Baqai		✓	
Mr. Najib Tariq		✓	
Mr. Anwar-ul-Haq		✓	
Mr. Asad Ullah Saleem		✓	
Mr. Muhammad Naeemuddin	✓	✓	
Mr. Muhammad Iqbal Hussain	✓	✓	
Mr. Javed Rashid	✓	✓	
Mr. Jehangir Akber*		✓	
Mr. Saghir Ahmed*		✓	
Mr. Ahsanullah Khan			✓

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

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

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

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

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

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

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

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

9. The directors have been provided with copies of Listing Regulations of the Karachi Stock Exchange, Memorandum and Articles of Association, NBFCs Rules and NBFCs & NEs Regulations and they are well conversant with their duties and responsibilities. Two directors have obtained certification under Directors' Training Program. All other directors have been requested to comply with this requirement by the cut off time i.e. June 2016.

10. The Board has approved the appointment of Head of Internal Audit including his remuneration and terms and conditions of appointment. There was no new appointment of CFO or Company Secretary during the year under review.

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 three members, of whom all are non-executive directors including the chairman of the Audit Committee.

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

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

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

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

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

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

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

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

By order of the Board

Karachi
Date: September 19, 2015

Ahsanullah Khan
President & CEO

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Credit and Investment Bank Limited** ('the Company') as at **June 30, 2015** 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 conduct 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 include assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements, We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion;

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with, the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4 with which we concur; .

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, 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 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, 2015 and of the profit, its total 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 (XVIII of 1980).

We draw attention to the following:

- note 1.2 to the financial statements which inter alia states that the Company's license to undertake the business of investment finance services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 is pending since December 2013 with the Securities and Exchange Commission of Pakistan (SECP). Further, note 1.3 to the financial statements which inter alia states that equity of the Company is falling short to meet prescribed minimum equity as required under the Non-Banking Finance Companies and Notified Entities Regulation, 2008 for the Companies undertaking business of investment finance services.

- note10.1 to the financial statements in which, the management of the Company has described their assumptions and estimates affecting deferred tax asset.

Our opinion is not qualified in respect of above matters.

The financial statements of the Company for the year ended June 30, 2014, were audited by another firm of Chartered Accountants who expressed an un-qualified opinion on those financial statements vide their auditors' report to the members dated September 27, 2014. However, their report contained emphasis of matter paragraph on shortfall of minimum capital requirements.

Grant Thornton Anjum Rahman

Date: September 19, 2015

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Khaliq-ur-Rahman
Engagement Partner

BALANCE SHEET

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property and equipment	5	**6,076,764**	6,101,657
- Intangible assets	6	**269,799**	496,727
Long-term investments	7	**199,525,617**	413,543,663
Long-term loans and finances	8	**34,488,666**	41,983,792
Long-term deposits	9	**50,000**	50,000
Deferred tax asset	10	**91,918,895**	92,526,192
Total non-current assets		**332,329,741**	554,702,031
CURRENT ASSETS			
Current portion of non-current assets			
- Long term investments	11	**41,335,526**	63,127,188
- Long term loans and finances	11	**7,418,569**	9,380,833
Short-term investments	12	**65,360,177**	71,319,699
Short-term placements	13	**211,500,000**	-
Markup/interest accrued	14	**14,722,412**	23,742,603
Prepayments and other receivables	15	**720,634**	1,111,621
Taxation-net		**10,351,316**	13,788,017
Cash and bank balances	16	**8,879,700**	381,619
Total current assets		**360,288,334**	182,851,580
Total assets		**692,618,075**	737,553,611

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

AHSANULLAH KHAN
President & CEO

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 75,000,000 (2014: 75,000,000) ordinary shares of Rs. 10 each		**750,000,000**	750,000,000
Issued, subscribed and paid-up share capital 65,000,000 (2014: 65,000,000) shares of Rs. 10 each	17	**650,000,000**	650,000,000
Statutory Reserve	18	**122,545,534**	117,942,319
Accmulated loss		**(99,769,501)**	(118,524,829)
Total shareholders' equity		**672,776,033**	649,417,490
Deficit on revaluation of investments - net	19	**(10,372,080)**	(10,385,063)
NON-CURRENT LIABILITIES			
Long-term certificates of deposits	20	**-**	5,000,000
Deferred liability - Staff gratuity	21	**3,925,700**	3,168,454
Total non-current liabilities		**3,925,700**	8,168,454
CURRENT LIABILITIES			
Short-term running finance	22	**-**	3,238,403
Current portion of long-term loan	23	**15,625,000**	78,125,000
Current portion of long-term certificates of deposit	20	**5,000,000**	-
Markup / interest accrued	24	**1,610,740**	2,784,511
Accrued and other payables	25	**4,052,682**	6,204,816
Total current liabilities		**26,288,422**	90,352,730
Total liabilities		**30,214,122**	98,521,184
Contingencies and commitments	26	**-**	-
Total equity and liabilities		**692,618,075**	737,553,611

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

MUHAMMAD NAEEMUDDIN
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees (Re-stated)
INCOME			
Income from term finances and funds placements	27	**20,074,678**	13,184,567
Income from investments	28	**57,860,342**	46,432,703
Fees and commission income	29	**409,031**	413,006
Other income		**2,902,714**	423,141
		81,246,765	60,453,417
EXPENDITURE			
Finance cost	30	**9,723,265**	12,401,622
Administrative and operating expenses	31	**43,973,866**	42,454,533
		53,697,131	54,856,155
Operating income before provisions		**27,549,634**	5,597,262
(Provision) / Reversals			
Reversal of provision for accrued markup		**8,789,832**	-
Provision for diminution in value of investments	7.6	**(4,050,000)**	(2,771,707)
Reversal for non-performing finances	8.2.4	**-**	1,666,670
Unrealized loss on re-measurement of investment classified as held-for-trading	12.5	**(352,943)**	(388,188)
Impairment in investments classified as available-for-sale	7.4 & 12.2	**(2,686,952)**	-
Profit before taxation and workers welfare fund		**29,249,571**	4,104,037
Workers' welfare fund		**(584,991)**	(81,356)
PROFIT BEFORE TAXATION		**28,664,580**	4,022,681
Taxation	32	**(5,648,503)**	(2,628,505)
PROFIT FOR THE YEAR		**23,016,077**	1,394,176
Earning per share - basic and diluted	33	**0.35**	0.02

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

AHSANULLAH KHAN
President & CEO

MUHAMMAD NAEEMUDDIN
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees (Re-stated)
PROFIT FOR THE YEAR		**23,016,077**	1,394,176
Other comprehensive income:			
Components of comprehensive income not reflected in equity:			
Items that may be reclassified to profit and loss account subsequently:			
Unrealized gain / (loss) on re-measurement of available-for-sale investment	19	**12,983**	(172,120)
Comprehensive income for the period transferred to equity			
Items that will not be subsequently reclassified to profit and loss account:			
Remeasurement of net defined benefit liability	21.5	**503,627**	(4,882,257)
Related tax impact		**(161,161)**	1,659,967
		342,466	(3,222,290)
Total comprehensive income/(loss) for the year		**23,371,526**	(2,000,234)

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

AHSANULLAH KHAN
President & CEO

MUHAMMAD NAEEMUDDIN
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees (Re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**29,249,571**	4,104,037
Adjustments for:			
Depreciation	5	**2,892,817**	2,819,647
Amortization	6	**375,242**	824,754
Gain on disposal of property, plant and equipment		**(2,586,800)**	(99,993)
Gratuity	21.6	**1,260,873**	414,246
Dividend income	28	**(55,261)**	(960,307)
Finance cost	30	**9,723,265**	12,401,622
Other charges		**(584,991)**	(81,356)
Provision for non-performing investments	7.6	**4,050,000**	2,771,707
Reversal of provision for accrued markup		**(8,789,832)**	-
Impairment in investments classified as available-for-sale	7.4 & 12.2	**2,686,952**	-
Provision for non-performing finances	8.2.4	**-**	(1,666,670)
Unrealized loss on held-for-trading investments	12.5	**352,943**	388,188
		9,325,208	16,811,838
Operating cash flows before working capital changes		**38,574,779**	20,915,875
(Increase) / decrease in current assets			
Short-term investments	12	**5,606,579**	8,542,110
Prepayments and other receivables	15	**390,987**	2,024,745
Markup/interest accrued	14	**17,810,023**	(11,913,435)
Increase / (decrease) in current liabilities		**23,807,589**	(1,346,580)
Accrued expenses and other liabilities	25	**(2,152,134)**	1,144,540
		(2,152,134)	1,144,540
Cash generated from operations		**60,230,234**	20,713,835
Income tax paid		**(1,765,666)**	(747,645)
Dividend received		**55,261**	960,307
Markup paid		**(10,897,036)**	(14,468,854)
		(12,607,441)	(14,256,192)
Cash generated from operating activities		**47,622,793**	6,457,643
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	5	**(2,867,924)**	(661,203)
Acquisition of intangible assets	6	**(148,314)**	(196,560)
Proceed from disposal of property and equipment		**2,586,800**	112,002
Long term deposits received		**-**	1,000,000
Long-term investments - net		**233,135,739**	(83,464,833)
Long-term finances		**5,407,390**	2,322,118
Net cash generated from/(used in) investing activities		**238,113,691**	(80,888,476)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans	23	**(62,500,000)**	(62,500,000)
Certificates of deposit	20	**-**	(41,560,000)
Net cash (used in) financing activities		**(62,500,000)**	(104,060,000)
Net increase/(decrease) in cash and cash equivalents		**223,236,484**	(178,490,833)
Cash and cash equivalents at the beginning of the year		**(2,856,784)**	175,634,049
Cash and cash equivalents at the end of the year	34	**220,379,700**	(2,856,784)

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

AHSANULLAH KHAN
President & CEO

MUHAMMAD NAEEMUDDIN
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Note	Issued, subscribed and paid-up capital	Reserve		Total	Total shareholder's equity
			Capital	Revenue		
			Statutory Reserve	Accumulated loss		
		....	..............(Rupees)	....		
Balance as at July 01, 2013		650,000,000	117,663,484	(116,417,880)	1,245,604	651,245,604
Profit for the year as re-stated		-	-	1,394,176	1,394,176	1,394,176
Other Comprehensive loss as re-stated		-	-	(3,222,290)	(3,222,290)	(3,222,290)
		-	-	(1,828,114)	(1,828,114)	(3,656,228)
Transfer to statutory reserve as re-stated	18.1	-	278,835	(278,835)	-	-
Transaction with owner		-	-	-	-	
Balance as at June 30, 2014		650,000,000	117,942,319	(118,524,829)	(582,510)	649,417,490
Balance as at July 01, 2014		**650,000,000**	**117,942,319**	**(118,524,829)**	**(582,510)**	**649,417,490**
Profit for the year		**-**	**-**	**23,016,077**	**23,016,077**	**23,016,077**
Other comprehensive income		**-**	**-**	**342,466**	**342,466**	**342,466**
		-	**-**	**23,358,543**	**23,358,543**	**23,358,543**
Transfer to statutory reserve	18.1	**-**	**4,603,215**	**(4,603,215)**	**-**	**-**
Transaction with owner		**-**	**-**	**-**	**-**	**-**
Balance as at June 30, 2015		**650,000,000**	**122,545,534**	**(99,769,501)**	**22,776,033**	**672,776,033**

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

AHSANULLAH KHAN
President & CEO

MUHAMMAD NAEEMUDDIN
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 LEGAL STATUS AND OPERATIONS

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

1.2 The Company was licensed to undertake business of investment finance services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules") issued by the Securities and Exchange Commission of Pakistan (SECP). The Company as per rule 5 of NBFC Rules, 2003 applied to SECP for renewal of the license with effect from January 16, 2014 for a period three years vide letter dated December 9, 2013. The application is pending. Further, the medium to long term credit rating of the Company, rated by JCR-VIS Credit Rating Company, on December 24, 2014 is 'A-' and Short term rating of the Company is 'A-2'. The outlook of the rating is stable.

1.3 Minimum equity requirement as per Non Banking Finance Companies (NBFCs) & Notified Entities Regulations 2008 for the companies undertaking business of investment finance services as at June 30, 2015 is Rs. 1.0 billion (2014: Rs. 1.0 billion) and is short by amounting to Rs: 419.14 million (2014: Rs. 443.12). Further, the regulation 4 of the NBFCs Regulations prescribed the procedure for applying to the Commission for obtaining relaxation in case minimum equity requirement is not met. The Non-Banking Financial Sector Reform Committee of SECP in its report issued for public comments in March 2013 has suggested that the minimum equity for companies undertaking business of investment finance services be fixed at Rs.300 million for the time being, to be enhanced to Rs.600 million till June 30, 2016 and further enhanced to Rs.1.0 billion by June 30, 2018. In view of the above the company awaits for the finalization of minimum equity requirement to be complied by NBFC thereupon.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The SECP has deferred the applicability of International Accounting Standard, IAS-39, 'Financial Instruments: Recognition and measurement' and IAS-40, 'Investment Property' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services. The SECP has also deferred the applicability.

Financial Reporting Standard, IFRS-7 'Financial Instruments: Disclosures' through Circular No. 411(1) / 2008 dated April 28, 2008 to NBFCs providing investment finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- Provision for current and deferred taxation (Note 3.10)
- Classification, impairment and provisioning of investments (Note 3.2, 3.3 and 3.15)
- Provision against finances (Note 3.15)
- Staff retirement benefits (Note 3.11)
- Depreciation and amortization on fixed and intangible assets (Note 3.1 and 3.2)

2.5 Standards, Amendments and Interpretations to Approved Accounting Standards

a) Standards, amendments and interpretations to the published standards that are relevant to the company and adopted during the year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standards, amendments and interpretations	Effective date
IAS 19 - Employee Contributions (Amendments to IAS 19)	July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014

Adoption of the above standards, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2014 and 2015.

b) Standards, amendments to published standards and interpretations that are effective but not relevant.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

c) Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

	Standards, amendments or interpretations	Effective date
-	IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
	Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
-	IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	January 1, 2016

- The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

d) Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

- Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

e)	Standards, amendments or interpretations	IASB effective date (Annual periods beginning on or after)
-	IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
-	IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
-	IFRS 9 'Financial Instruments (2014)'	January 1, 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed assets

Property and equipment

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

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

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

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

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. The depreciable cost of intangible asset is amortized over its estimated useful life, using straight line method at rate specified in note 6 to the financial statements.

3.2 Impairment

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

3.3 Investments

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

a) Classification of investments

Held-for-trading

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

Available-for-sale

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

Held-to-maturity

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

b) Initial and subsequent measurement

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

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

Unquoted available for sale investments, except where an active market exists, are carried at cost less accumulated impairment losses, if any, Impairment of investments is recognized when there is a permanent diminution in their values. Provision for impairment in the value of investment, if any, is taken to the profit and loss account.

3.4 Trade date accounting

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

3.5 Derivatives instruments

Derivative instruments held by the Company generally comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of derivatives is equivalent to the unrealized gain or loss from marking the derivatives to market using prevailing market rates at the balance sheet date. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities. The corresponding gains and losses are included in the profit and loss account.

3.6 Securities under repurchase and reverse repurchase agreements

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

Re-purchase agreements

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

Reverse repurchase agreements

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

3.7 Margin Trading System (MTS) transactions

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

3.8 Term finance / credit facilities / loans

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

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose statement of cash flows, cash and cash equivalents' comprise of cash in hand, balances in current accounts with banks, short-term bank deposits, short-term placements and short-term running finance (refer note 4 to the financial statements)

3.10 Taxation

Current

The provision for current taxation is based on taxable income at current tax rates after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for current tax also includes adjustments where necessary relating to prior years which arise from assessments framed / finalized during the year.

Deferred

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

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

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

3.11 Staff retirement benefits

3.11.1 Defined benefit plan

The Company operates an approved funded gratuity scheme for its permanent employees. The net defined benefit liability recognized in the balance sheet in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation both computed at the balance sheet date less the fair value of plan assets. An independent actuary using the projected unit credit actuarial cost method calculates the defined benefit obligation periodically. Last valuation was the balance sheet date. Amounts arising as a result of re-measurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

3.11.2 Defined contribution plan

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

3.12 Term financing- term finance certificates (TFCs)

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

3.13 Finances, certificate of deposits and other borrowings

Deposits are initially recorded at the amounts of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account over the period.

3.14 Return on certificates of deposit

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

3.15 Provisions, contingent assets and contingent liabilities

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

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

3.16 Accrued and other liabilities

Other liabilities are measured at amortized cost which equals/ estimated fair value of the consideration to be paid in the future for goods and services received by the Company.

3.17 Proposed dividend and transfer between reserves

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

Dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

3.18 Finance cost

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

3.19 Revenue recognition

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

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

b) Return on government securities and term finance certificates is represents interest income earned using effective interest rate.

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

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

e) Other income is recognized as and when incurred.

3.20 Earnings per share (EPS)

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

3.21 Financial instruments

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

3.22 Offsetting of financial assets and financial liabilities

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

3.23 Related party transactions

All transactions with related parties are carried out by the Company at arm's length prices using the comparable uncontrolled valuation method.

4 CHANGE IN POLICY AND CORRECTION OF ERROR

a) The management has changed accounting policy in respect of ‘cash and cash equivalent’. The change in policy is made to align the policy in accordance with the requirements of the International Accounting Standard 7 ‘Statement of cash flows’ (IAS 7).Previously, only ‘cash and bank balances’ were the only component recognized as ‘cash and cash equivalents’. The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’.

b) While preparing financial statements for the year ended 30 June 2015, following accounting policy and errors were identified and corrected.

	2014 Rupees
c) Correction of errors	
Effect on profit and loss account	
Increase in taxation - net	
As previously reported	968,538
Impact of tax on revaluation of investment	1,659,967
As re-stated	2,628,505
Statement of comprehensive income	
Remeasurement of net defined benefit liability - Deficit	
As previously reported	(4,882,257)
Impact of tax on revaluation of investment	1,659,967
As re-stated	(3,222,290)
Statement of changes in equity	
Decrease in transfer to statutory reserve	
As previously reported	610,829
Effect of decrease in profit	(331,994)
As re-stated	278,835
d) Changes in accouting policy	
Cash flow statement	
Increase in cash and cash equivalents	
As previously reported	381,619
Short term running finance	(3,238,403)
As re-stated	(2,856,784)
Decrease in cash flow from financing activities	
As previously reported	(100,821,597)
Short term running finance	(3,238,403)
As re-stated	(104,060,000)

5 PROPERTY AND EQUIPMENT

	Furniture & Fittings	Office equipment	Computers	Air Conditioners	Vehicles	Leasehold Improvements	Total
				(Rupees)			
Year ended June 30, 2014							
Opening net book value	425,607	81,839	651,784	566,149	2,930,066	3,616,665	8,272,110
Additions during the year	-	127,305	452,898	81,000	-	-	661,203
Disposals							
Cost	247,620	239,708	1,248,898	145,833	1,286,250	665,218	3,833,527
Accumulated depreciation	(239,890)	(239,708)	(1,248,898)	(141,554)	(1,286,250)	(665,218)	(3,821,518)
	(7,730)	-	-	(4,279)	-	-	(12,009)
Depreciation for the year	(91,722)	(25,801)	(467,132)	(156,352)	(838,640)	(1,240,000)	(2,819,647)
Closing net book value	326,155	183,343	637,550	486,518	2,091,426	2,376,665	6,101,657
As at June 30, 2014							
Cost	1,141,088	1,854,968	2,797,782	1,470,072	9,518,225	6,200,000	22,982,135
Accumulated depreciation	(814,933)	(1,671,625)	(2,160,232)	(983,554)	(7,426,799)	(3,823,335)	(16,880,478)
Net book value	326,155	183,343	637,550	486,518	2,091,426	2,376,665	6,101,657
Year ended June 30, 2015							
Opening net book value	**326,155**	**183,343**	**637,550**	**486,518**	**2,091,426**	**2,376,665**	**6,101,657**
Additions during the year	**-**	**208,000**	**726,809**	**81,978**	**1,851,137**	**-**	**2,867,924**
Disposals							
Cost	**-**	**8,500**	**-**	**-**	**3,173,230**	**-**	**3,181,730**
Accumulated depreciation	**-**	**(8,500)**	**-**	**-**	**(3,173,230)**	**-**	**(3,181,730)**
	-	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	**(75,578)**	**(56,895)**	**(340,809)**	**(155,787)**	**(1,023,750)**	**(1,239,998)**	**(2,892,817)**
Closing net book value	**250,577**	**334,448**	**1,023,550**	**412,709**	**2,918,813**	**1,136,667**	**6,076,764**
As at June 30, 2015							
Cost	**1,141,088**	**2,054,468**	**3,524,591**	**1,552,050**	**8,196,132**	**6,200,000**	**22,668,329**
Accumulated depreciation	**(890,511)**	**(1,720,020)**	**(2,501,041)**	**(1,139,341)**	**(5,277,319)**	**(5,063,333)**	**(16,591,565)**
Net book value	**250,577**	**334,448**	**1,023,550**	**412,709**	**2,918,813**	**1,136,667**	**6,076,764**
Annual rates of depreciation	**15%**	**20%**	**33%**	**15%**	**20%**	**20%**	

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

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Party account	Mode of Disposals
Vehicle							
Mitsubishi Lancer	1,149,000	1,149,000	-	820,000	820,000	Mr. Ehsan-Ullah Kashani	Biding
Mitsubishi Lancer	1,039,490	1,039,490	-	645,000	645,000	Mr. Muhammad Salman	Biding
Toyota Corolla	984,740	984,740	-	1,081,000	1,081,000	Mr. M. Nadeem Farooqui	Biding
	3,173,230	**3,173,230**	**-**	**2,546,000**	**2,546,000**		
Assets having carrying value below Rs.50,000							
	8,500	8,500	-	-	-		
Total	**3,181,730**	**3,181,730**	**-**	**2,546,000**	**2,546,000**		

	Note	2015 Rupees	2014 Rupees
6 INTANGIBLE ASSETS			
Opening net book value		**496,727**	1,124,921
Additions during the year		**148,314**	196,560
Amortization for the year		**(375,242)**	(824,754)
Closing net book value		**269,799**	496,727
As at June 30			
Cost		**3,753,930**	3,605,616
Accumulated amortization		**(3,484,131)**	(3,108,889)
Net book value		**269,799**	496,727
Annual rates of amortization		**33%**	33%
7 LONG-TERM INVESTMENTS			
Held-to-maturity			
- Term finance certificates/sukuk - unlisted	7.1	**132,819,000**	182,313,527
- Term finance certificates - listed	7.2	**49,775,861**	49,797,017
- Government securities	7.3	**-**	172,266,812
		182,594,861	404,377,356
Available-for-sale			
- Investment in listed shares	7.4	**1,952,845**	2,490,749
- Term finance certificates - listed	7.5	**14,977,911**	6,675,558
Total investments at market value *		**199,525,617**	413,543,663

*Total investment taken to balance sheet at mark to market

7.1 Term finance certificates/Sukuk - Unlisted

Number of Certificates 2015	Number of Certificates 2014	Par Value	Investee	Note	2015 Amortized cost Rupees	2014 Amortized cost Rupees
			Cement			
-	8,000	5,000	Gharibwal Cement Limited		-	37,024,840
			Chemical			
28,400	30,000	5,000	Engro Fertilizer Limited		**127,566,300**	134,753,500
			Cable & electrical goods			
15,900	15,900	5,000	Pak Electron Limited		**26,263,511**	31,516,212
8,000	8,000	5,000	New Allied Electronics Industries (Private) Limited		**38,160,166**	38,410,166
			Textile			
5,000	5,000	5,000	Amtex Limited	7.1.2	**18,750,001**	18,750,001
28,000	28,000	5,000	Three Star Hosiery (Private) Limited	7.1.3	**140,000,000**	140,000,000
4,995	4,995	5,000	Pak Libya Holding Company (Private) Limited		**8,318,329**	16,636,680
			Textile Composite			
860	860	5,000	Azgard Nine Limited		**4,300,000**	4,300,000
			Miscellaneous			
10,000	10,000	5,000	Eden Housing Limited		**6,560,000**	6,560,000
					369,918,307	427,951,399
		Less:	Provision for non-performing investments	7.6	**(196,412,943)**	(192,362,943)
		Less:	current maturity	11	**(40,686,364)**	(53,274,930)
					132,819,000	182,313,526

7.1.1 This represents Term Finance Certificates issued from year ended June 30, 2007 to June 30, 2012 and markup payment are made quartely and semi annually at the rate of 3 month and 6 month KIBOR + from 0.75% to 9% (2014: 3 month and 6 month KIBOR + from 0.75% to 9%). The certificates mature from June 30, 2014 to June 30, 2018.

The Company has made a provision of Rs. 196.41 million out of Rs. 369.92 million for non-performing investments by the Company as per the Regulation 25 of NBFC and NE 2008.

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

7.1.3 This represents Sukuk Certificates issued on August 5, 2008 for a period of five years. markup payment are made at the rate of 3 month KIBOR + 3.25% with a floor of 11% and cap of 25%. These certificates are secure against ranking hypothecation charge on assets of the investee with 25% margin and bank guarantee of First Dawood Investment Bank of the total financing amount including profit and rental payments. This was due to mature on August 6, 2013. The company has made 100% provision in respect thereof to comply with the NBFC regulation. The company has filed suit to recover the amount in Sindh High Court Karachi in year 2013. The case is still pending in court.

7.2 Term finance certificates - listed

Number of Certificates		Par Value	Investee	Note	2015	2014
					Cost	
2015	2014				Rupees	Rupees
			Commercial Banks			
5,984	5,984	5,000	Allied Bank Limited	7.2.1	**29,854,176**	29,866,144
3,995	3,995	5,000	Summit Bank Limited	7.2.2	**19,942,841**	19,952,029
					49,797,017	49,818,173
			Less: current maturity	11	**(21,156)**	(21,156)
					49,775,861	49,797,017

7.2.1 This represents Term Finance Certificates issued on August 28, 2009 for a period of ten years. Markup payment are made semi annually at the rate of 6 month KIBOR+0.85% to 1.30% (2014: 6 month KIBOR+0.85% to 1.30%). These are due to mature on August 28, 2019.

7.2.2 This represents Term Finance Certificates issued on October 27, 2011 for a period of seven years. Markup payment are made semi annually at the rate of 6 month KIBOR+3.25% (2014: 6 month KIBOR+3.25%). These are due to mature on October 26, 2018.

	Note	2015 Rupees	2014 Rupees
7.3 Government securities - Pakistan Investment Bonds			
Cost			
Opening		**172,185,000**	53,970,600
Purchased during the year		**-**	172,185,000
Matured during the year		**-**	(53,970,600)
Disposed off during the year		**(172,185,000)**	-
		-	172,185,000
Amortization			
Opening		**81,812**	3,434,979
Charged during the year		**-**	617,433
Matured during the year		-	(3,970,600)
Disposed off during the year		**(81,812)**	-
		-	81,812
	7.3.1	**-**	172,266,812

7.3.1 These represent investments in 10 years Pakistan Investment Bonds, issued by the Government of Pakistan due to mature on 19th July, 2022, sold in secondary market during the year.

7.4 Investment in listed shares

Number of Shares 2015	Number of Shares 2014	Par Value	Investee Company	Note	2015 Cost Rupees	2015 Market Value Rupees	2014 Cost Rupees	2014 Market Value Rupees
1,522	1,522	10	Tariq Glass Industries limited		**89,022**	**89,022**		
242,055	242,055	10	Agritech Limited	7.4.1	**7,857,102**	**1,863,823**	8,471,922	2,490,749
					7,946,124	**1,952,845**	8,471,922	2,490,749
			Less: Deficit on remeasurement	7.6	**(5,993,279)**		(5,981,173)	
					1,952,845	**1,952,845**	2,490,749	2,490,749

7.4.1 This represents 242,055 shares of Agritech Limited acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA).These shares have been transferred and pledge in favor of Faysal Bank Limited in its capacity as the trustee of the TFC issue under Share Transfer and Debt Settlement Agreement. The subject shares are to be held by the trustee subject to the terms and condition of the Shareholder Investor Agreement dated July 26, 2012 (also refer note 7.5.1).

7.5 Term finance certificates - Listed

Number of Certificates 2015	Number of Certificates 2014	Par Value	Investee Company	Note	2015 Cost Rupees	2015 Market Value Rupees	2014 Cost Rupees	2014 Market Value Rupees
			Textile Composite					
4,000	4,000	5,000	Azgard Nine Limited	7.5.1	**6,507,678**	**6,507,678**	6,507,678	6,507,678
			Technology and Communication					
6,886	6,886	5,000	Worldcall Telecom Ltd	7.5.2	**13,849,557**	**13,904,955**	14,746,711	14,805,698
					20,357,235	**20,412,633**	21,254,389	21,313,376
			Less: Provision against non-performing investments		**(4,806,716)**		(4,806,716)	
			Add:Surplus on remeasurement	19	**55,398**	**-**	58,987	-
					15,605,917	**20,412,633**	16,506,660	21,313,376
			Less: current maturity	11	**(628,006)**	**(628,006)**	(9,831,102)	(9,831,102)
					14,977,911	**19,784,627**	6,675,558	11,482,274

7.5.1 This represents Term Finance Certificates issued on September 20, 2005 at the rate of 6 month KIBOR + 2.4%. These certificates have been restructured and rescheduled under Master Restructuring Agreement (MRA) dated December 1, 2010, and shall now mature on September 20, 2017. The Company has classified the balance and accordingly made provision in respect thereof at 100 % of the over due amount after considering FSV of the collateral as per NBFC & NE Regulation. These certificates are secured by first pari passu charge on the present and future assets of the investee company.

7.5.2 This represents Term Finance Certificates issued on October 7, 2008 for a period of five years. Markup payment are made semi annually at the rate of 6 month KIBOR + 1.6%. The issue is secure by first pari passu charge on the present and future fixed assets of the investee company. These were due to mature on October 7, 2015. Further, these TFCs are restructured on April 3, 2015 and due to mature on October 7, 2021.

		Note	2015 Rupees	2014 Rupees
7.6	**PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS**			
	Balance at the beginning of the year	7.1	**192,362,943**	189,591,236
	Charged for the year	7.1	**4,300,000**	3,605,037
	Reversal for the year	7.1	**(250,000)**	(833,330)
			4,050,000	2,771,707
	Balance at the end of the year	7.1	**196,412,943**	192,362,943
7.7	**REMEASUREMENT FOR (DIFICT)/SURPLUS ON VALUE OF INVESTMENTS**			
	Balance at the beginning of the year	7.4 & 7.5	**5,922,186**	5,617,553
	Charge during the year	7.4 & 7.5	**15,695**	304,633
	Balance at the end of the year	7.4 & 7.5	**5,937,881**	5,922,186
8	**LONG-TERM LOANS AND FINANCES**			
	Loan to employees	8.1	**6,756,995**	7,992,314
	Loan to others- Term finance facility	8.2	**27,731,671**	33,991,478
			34,488,666	41,983,792

	Note	2015 Rupees	2014 Rupees
8.1 Loan to employees			
Housing loan - secured:			
- Executives	8.1.1	**2,595,007**	3,252,607
- Employees		**3,089,984**	3,442,519
		5,684,991	6,695,126
Mark-up receivable on house loans	8.1.2	**1,908,939**	1,692,601
		7,593,930	8,387,727
Other loans - unsecured			
- Executives		**-**	715,776
- Employees	8.1.3	**321,634**	981,320
		321,634	1,697,096
Current portion			
- House loans		**(954,732)**	(978,180)
- Other loans		**(203,837)**	(1,114,329)
	11	**(1,158,569)**	(2,092,509)
		6,756,995	7,992,314

8.1.1 There is no long-term loans to President, Chief Executive Officer however reconciliation of carrying amount of Executives is as follows:

	2015 President and CEO	2015 Executives	2014 President and CEO	2014 Executives
	……………………Rupees……………………			
Opening balance	**-**	**3,252,607**	-	6,121,279
Disbursements during the year	**-**	**-**	-	-
Payment/(Receipts) during the year	**-**	**(657,600)**	-	(2,868,672)
Transfer to executive category	**-**	**-**	-	-
	-	**2,595,007**	-	3,252,607

8.1.2 These represent loans provided to the executives and employees for purchase of property in accordance with the human resource policy and are repayable on monthly basis over a period of 15 years. These loans carry mark-up rate at 4% (2014: 4%) per annum and are recoverable after recovery of principal amount. These loans are secured against mortgage of properties.

8.1.3 These represent loans provided to the executives and employees and are repayable on monthly basis over a period of 3 years. These loans are unsecured and interest free.

8.2 Loan to others -Term finance facility (secured)

Investee Company	Note	2015 Amortized Cost Rupees	2014 Amortized Cost Rupees
Gharibwal Cement Limited	8.2.1	**30,400,000**	34,959,807
Chenab Limited	8.2.2	**15,078,125**	15,078,125
Al - Zamin Leasing Modaraba	8.2.3	**3,591,671**	5,091,671
Hasnain Raza		**-**	1,228,324
		49,069,796	56,357,927
Less: Provision for Non-performing finances	8.2.4	**(15,078,125)**	(15,078,125)
		33,991,671	41,279,802
Less: Current maturity	11	**(6,260,000)**	(7,288,324)
		27,731,671	33,991,478

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

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

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

	Note	2015 Rupees	2014 Rupees
8.2.4 Provision for non-performing finances			
Opening balance		**(15,078,125)**	(16,744,795)
Reversal during the year		**-**	1,666,670
Closing balance		**(15,078,125)**	(15,078,125)
9 LONG TERM DEPOSIT			
Security deposit with Central Depository Company		50,000	50,000

	Note	2015 Rupees	2014 Rupees
10 DEFERRED TAX ASSET			
Deferred tax asset on deductible temporary differences:			
-Unused tax losses		**5,158,407**	6,303,700
-Provisions		**84,765,054**	83,961,533
-Accelerated tax depreciation allowance		**758,179**	672,139
-Minimum tax on turnover		**-**	511,547
		90,681,640	91,448,919
Deferred tax liability on taxable temporary differences:			
- On gratuity		**1,237,255**	1,077,273
	10.1	**91,918,895**	92,526,192

10.1 The management of the Company has prepared financial projections. The said projection are based on certain key assumptions made for the estimation of recoveries against provisions and future profitability. The determination of future taxable profit and recoveries are most sensitive to certain key assumptions. A significant change in the key assumptions and estimates may have an effect on the recovery of the deferred tax asset. The management believes that the Company will be able to achieve the recovery and profit projected in the financial projections and consequently the deferred tax asset accounted for in the financial statements will be fully realized in the future.

	Note	2015 Rupees	2014 Rupees
11 CURRENT PORTION OF NON-CURRENT ASSETS			
Investments			
Current portion of term finance certificates - unlisted	7.1	**40,686,364**	53,274,930
Current portion of term finance certificates - listed	7.2 & 7.5	**649,162**	9,852,258
		41,335,526	63,127,188
Advances			
Current portion of long-term loans to employees	8.1	**1,158,569**	2,092,509
Current portion of long-term loans to other	8.2	**6,260,000**	7,288,324
		7,418,569	9,380,833
		48,754,095	72,508,021

	Note	2015 Rupees	2014 Rupees
12 SHORT-TERM INVESTMENTS			
Available-for-sale			
- Dewan cement limited - Pre IPO term finance certificates	12.1	**25,000,000**	25,000,000
- Investment in shares- listed	12.2	**15,307,253**	16,609,022
- Investment in mutual funds	12.3	**-**	11,588,802
- Investment in preference shares	12.4	**15,000,000**	15,000,000
		55,307,253	68,197,824
Held-for-trading			
- Investment in shares - listed	12.5	**9,138,500**	3,121,875
Held-to-maturity			
- Government securities - Market treasury bills	12.6	**914,424**	-
Investment at market value		**65,360,177**	71,319,699

12.1 Pre IPO term finance certificates

	2015	2014
Dewan cement limited	**50,000,000**	50,000,000
Less:Provision	**(25,000,000)**	(25,000,000)
Term finance certificate - Dewan cement	**25,000,000**	25,000,000

This investment has been classified under loss category and provision has been made accordingly.

12.2 Investments in shares - Listed

Number of Shares 2015	Number of Shares 2014	Investee	Note	2015 Cost Rupees	2015 Market Value Rupees	2014 Cost Rupees	2014 Market Value Rupees
		Commercial Banks					
50,000	50,000	National Bank Limited	12.2.1	**2,269,029**	**2,659,500**	2,269,029	3,111,500
14,488	-	Habib Bank Limited		**2,434,081**	**3,117,093**	-	-
		Chemicals					
815,800	815,800	Agritech limited		**13,428,068**	**6,281,660**	15,500,200	8,394,582
		Financial services					
-	60,500	Arif HabibCorporation Ltd.		**-**	**-**	2,158,395	1,684,320
		Equity Investment Instruments					
40,000	40,000	PICIC Growth Fund		**594,997**	**1,098,000**	594,997	1,269,600
		Oil and Gas					
-	3,000	Pakistan Petroleum Limited		**-**	**-**	278,087	673,020
		Electricity					
25,000	25,000	Kot Addu Power Company Limited		**1,015,277**	**2,151,000**	1,015,277	1,476,000
				19,741,452	**15,307,253**	21,815,985	16,609,022
		Less: Deficit on remeasurement	19	**(4,434,199)**	**-**	(5,206,963)	-
				15,307,253	**15,307,253**	16,609,022	16,609,022

(Unless otherwise specified the face value of each share is Rs.10/-)

12.2.1 This represents an investment in shares of associated undertaking.

12.3 Investment in mutual funds

Number of Units		Investee Company	Note	2015		2014	
2015	2014			Cost	Market Value	Cost	Market Value
				Rupees	Rupees	Rupees	Rupees
-	1,931,467	Namco Balanced Fund		-	-	10,844,716	11,588,802
		Surplus on remeasurement	19	-	-	744,086	-
				-	-	11,588,802	11,588,802

12.4 Investment in preference shares

Number of Shares		Investee Company	Note	2015		2014	
2015	2014			Cost	Market Value	Cost	Market Value
				Rupees	Rupees	Rupees	Rupees
Listed Shares							
		Cable and Electrical Goods					
1,500,000	1,500,000	Pak Electron Limited		**15,000,000**	**15,000,000**	15,000,000	15,000,000
				15,000,000	**15,000,000**	15,000,000	15,000,000
		Surplus on remeasurement		-	-	-	-
				15,000,000	**15,000,000**	15,000,000	15,000,000

12.5 Investments in shares - Listed

Number of Shares		Investee Company	Note	2015		2014	
2015	2014			Cost	Market Value	Cost	Market Value
				Rupees	Rupees	Rupees	Rupees
(Unless otherwise specified the face value of each share is Rs.10/-)							
		Oil and Gas					
5,000	5,000	Pakistan Petroleum		**1,190,684**	**821,300**	1,190,684	1,121,700
2,500	-	Pakistan State Oil		**971,585**	**964,475**	-	-
		Chemicals					
-	2,500	Dawood Hercules Corporation		-	-	225,255	174,475
10,000	10,000	Engro Polymer & Chemicals		**169,097**	**97,900**	169,097	135,300
7,500	-	Engro Fertilizers Limited		**657,738**	**665,175**	-	-
		Commercial Banks					
20,000	-	Allied Bank Limited		**2,223,121**	**1,998,800**	-	-
20,000	-	National Bank of Pakistan	12.5.1	**1,304,540**	**1,063,800**	-	-
		Industrail Metals & Mining					
-	5,000	Crescent Steel & Allied Products		-	-	250,539	217,550
		Cement					
5,000	-	D.G.Khan Cement Company Limited		**715,196**	**713,850**	-	-
5,000	-	Lucky Cement Limited		**2,437,544**	**2,598,100**	-	-
		Personal Goods					
-	10,000	Nishat (Chunain) Limited		-	-	485,629	423,900
-	5,000	Treet Corporation		-	-	675,764	573,350
		Electricity					
2,500	5,000	Kot Addu Power Company Limited		**210,126**	**215,100**	300,494	295,200
-	10,000	Pakgen Power		-	-	212,601	180,400
				9,879,631	**9,138,500**	3,510,063	3,121,875
		Less: Deficit on remeasurement		**(741,131)**	-	(388,188)	-
				9,138,500	**9,138,500**	3,121,875	3,121,875

12.5.1 This represents an investment in shares of associated undertaking.

	Note	2015 Rupees	2014 Rupees
12.6 Government securities - market treasury bills	12.6.1	**914,424**	-

12.6.1 This represents investment in government securities to comply with the requirement of Regulation 14(4)(i) of the NBFC Regulations.

	Note	2015 Rupees	2014 Rupees
12.7 PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS			
Held for trading			
Opening Balance	12.5	**388,188**	-
Charged for the year	12.5	**352,943**	388,188
Balance at the end of the year	12.5	**741,131**	388,188
12.8 REMEASUREMENT FOR (DIFICT)/SURPLUS ON VALUE OF INVESTMENTS			
Available-for-sale			
Opening Balance		**4,462,877**	4,000,041
Charged for the year	12.3	**744,086**	462,836
Reversal for the year	12.2	**772,764**	-
		(28,678)	462,836
Balance at the end of the year	12.3 & 12.2	**4,434,199**	4,462,877
13 SHORT-TERM PLACEMENTS			
Unsecured			
Term deposit receipts (TDR)		**120,500,000**	-
Clean Placement		**91,000,000**	-
Unsecured placements - considered good	13.1	**211,500,000**	-

13.1 This represents investment in Term Deposit Receipts amounting to Rs. 120.5 million (2014: Nil) carrying markup rate of 7.55% per annum and Clean placement amounting to Rs. 91.0 million (2014: nil) @ 7% per annum with Development Financial Institution.

	Note	2015 Rupees	2014 Rupees
14 MARKUP / INTEREST ACCRUED			
Accrued profit/markup/interest on:			
- Term finance certificates/sukuk		**29,745,242**	41,529,334
- Government securities		**50,685**	9,774,304
- Term finances		**11,555,109**	8,648,873
- Placements		**791,452**	-
		42,142,488	59,952,511
Less : provision for markup/interest on non-performing investment		**(27,420,076)**	(36,209,908)
		14,722,412	23,742,603
15 PREPAYMENTS AND OTHER RECEIVABLE			
Prepayments - considered good		**690,634**	1,075,226
Other receivable			
- Dividend receivable		**-**	4,999
- Other receivables		**30,000**	1,606,396
		720,634	2,686,621
Less : provision against other receivables		**-**	(1,575,000)
		720,634	1,111,621
16 CASH AND BANK BALANCES			
Balance with banks			
- Deposit accounts	16.1	**8,651,922**	306,466
- Current account with SBP		**202,778**	60,468
Cash in hand		**25,000**	14,685
		8,879,700	381,619

16.1 Effective markup rate in respect of deposit accounts ranges from 5 % to 6 % (2014: 6 % to 7 %) per annum.

17 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015 No. of Shares	2014 No. of Shares		2015 Rupees	2014 Rupees
28,500,000	28,500,000	Ordinary shares of Rs. 10 each issued as fully paid in cash.	**285,000,000**	285,000,000
36,500,000	36,500,000	Ordinary shares of Rs. 10 each issued as fully paid Bonus shares.	**365,000,000**	365,000,000
65,000,000	65,000,000		**650,000,000**	650,000,000

			2015 Rupees	2014 Rupees
18	**RESERVES**			
	Capital			
	- statutory reserve	18.1	**122,545,534**	117,942,319
	Revenue			
	- accumulated loss		**(99,769,501)**	(118,524,829)
			22,776,033	(582,510)
18.1	**Statutory reserve**			
	Opening balance		**117,942,319**	117,663,484
	Transferred from profit and loss account	18.2	**4,603,215**	278,835
	Closing balance		**122,545,534**	117,942,319

18.2 Statutory reserve represents amount set aside at the rate of 20% of profit for the year after taxation as per the requirements of clause 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008.

			2015 Rupees	2014 Rupees
19	**DEFICIT ON REMEASUREMENT OF INVESTMENTS - NET OF TAX**			
	Available-for-sale - listed securities			
	Term finance certificates	7.5	**55,398**	58,987
	Shares	7.4 & 12.2	**(10,427,478)**	(11,188,136)
	Mutual funds	12.3	**-**	744,086
			(10,372,080)	(10,385,063)
			(10,372,080)	(10,385,063)
20	**LONG-TERM CERTIFICATE OF DEPOSIT**			
	Opening Balance		**5,000,000**	5,000,000
	Current portion of long-term certificate of deposit	20.1	**(5,000,000)**	-
			-	5,000,000

20.1 This represents certificate issued for a term of three years at the rate of 11.5% (2014: 11.5%) per annum payable half yearly.

21 DEFFERED LIABILITY - STAFF GRATIUTY

21.1 Actuarial Assumptions

As disclosed in note 3.11.1, the company operates a funded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2015, using the Projected Unit Credit Acturial Cost Method.

	Note	2015 Rupees	2014 Rupees
21.2 Defined benefit liability/(asset) recognized in balance sheet:			
Present value of defined benefit obligation		**9,966,985**	10,222,305
Fair value of plan assets		**(6,041,285)**	(7,053,851)
Defined benefit liability recognized		**3,925,700**	3,168,454
21.3 Changes in the present value of the defined benefit obligation			
Opening defined benefit obligation		**10,222,305**	11,966,231
Current service cost		**848,974**	751,305
Interest cost		**1,224,623**	1,125,986
Benefits paid		**(1,604,257)**	(6,609,594)
Re-measurements chargeable in other comprehensive income		**(724,660)**	2,988,377
		9,966,985	10,222,305
21.4 Changes in the fair value of plan assets			
Opening defined benefit obligation		**7,053,851**	14,094,280
Interest Income on plan assets		**812,724**	1,463,045
Contribution		**-**	-
Benefits paid		**(1,604,257)**	(6,609,594)
Return on plan assets, excluding interest income		**(221,033)**	(1,893,880)
		6,041,285	7,053,851
21.5 Movement in net (asset)/liability			
Opening (asset)/liability		**3,168,454**	(2,128,049)
Expense recognized in profit and loss		**1,260,873**	414,246
Re-measurements recognized in other comprehensive income		**(503,627)**	4,882,257
Contributions		**-**	-
Closing liability		**3,925,700**	3,168,454
21.6 Expense recognized in Profit and Loss			
Current service cost		**848,974**	751,305
Interest cost		**1,224,623**	1,125,986
Expected return on plan assets		**(812,724)**	(1,463,045)
		1,260,873	414,246
21.7 Re-measurements recognized in other comprehensive income			
Experience adjustments		**(724,660)**	2,988,377
Return on plan assets - excluding interest income		**221,033**	1,893,880
Total re-measurements chargeable in other comprehensive income		**(503,627)**	4,882,257

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

	2015	2014	2013	2012	2011
	------	------	Rupees	------	------
Present value of defined obligation	**9,966,985**	10,222,305	11,966,231	9,657,498	8,801,252
Fair value of plan assets	**(6,041,285)**	(7,053,851)	(14,094,280)	(11,650,324)	(9,911,262)
Deficit/(surplus)	**3,925,700**	3,168,454	(2,128,049)	(1,992,826)	(1,110,010)

	2015 Rupees	2014 Rupees
Breakup of Investments - at fair value		
Investment in National Savings (including accrued interest)	**6,128,765**	6,821,342
Investment in KAPCO Shares (500 Shares x Rs. 58.5)	**43,020**	29,250
Cash at bank	**318,250**	203,259
Less assets for Defined Contribution Scheme	**(448,750)**	-
	6,041,285	7,053,851
Significant Acturial Assumption		
Discount rate used for interest cost in profit and loss charge	**13%**	13%
Discount rate used for year end obligation	**9.75%**	13%
Maturity profile of Present value of defined benefit obligation		
Weighted average duration of the Present value of defined benefit obligation (in years)	**8.00**	7.00
Plan Assets Comprise		
Bond	**101.45%**	96.70%
Equity	**0.71%**	0.40%
Cash and /or deposits	**5.27%**	2.90%
others	**-7.43%**	0.00%
	100.00%	100.00%
Sensitivity Analysis on significant actuarial assumptions:		
Discount Rate +100 bps	**9,174,645**	9,510,744
Discount Rate - 100 bps	**10,860,097**	11,023,823
Expected rate of salary increase + 100 bps	**10,851,534**	11,016,361
Expected rate of salary increase - 100 bps	**9,167,782**	9,504,758

These figures are based on the latest actuarial valuation as at June 30, 2015. The valuation uses the Projected Unit Credit Acturial Cost Method.

The Company recognizes expense in accordance with IAS 19 “Employee Benefits”.
The expected gratuity expense for the year ending June 30, 2016 works out to be Rs. 1.24 million.

			2015 Rupees	2014 Rupees
22	**SHORT-TERM RUNNING FINANCE - SECURED**			
	Related Party			
	National Bank of Pakistan (NBP)-an associated undertaking	22.1	-	3,238,403

22.1 This represent short term running finance obtained from NBP with a limit of Rs. 50,000,000 (2014: Rs 50,000,000) carrying markup at a rate based on 3 month KIBOR plus 1% (2014: 3 month KIBOR plus 1%) per annum. The running finance is secured by first pari passu hypothecation charge against all present and future assets of the company with 25% margin.

		Note	2015 Rupees	2014 Rupees
23	**LONG-TERM LOAN**			
	From Banking Companies - Secured			
	National Bank of Pakistan (NBP) - an associated undertaking		**15,625,000**	78,125,000
	Current portion of long term loans	23.1	**(15,625,000)**	(78,125,000)
			-	-

23.1 The Company obtained a five year term loan of Rs. 250 million from NBP with a grace period of one year. The loan is repayable in 16 equal quarterly installments commencing from September 2011 and carried markup @ 3 months KIBOR plus 0.4% per annum, maturing on June 30,2015. The loan is secured by first pari passu hypothecation charge against all present and future assets of the Company.

		Note	2015 Rupees	2014 Rupees
24	**MARKUP / INTEREST ACCRUED**			
	Mark-up accrued on:			
	Secured			
	- Loans and borrowings including running finance	24.1	**326,836**	2,075,607
	Unsecured			
	- Certificates of deposits		**1,283,904**	708,904
			1,610,740	2,784,511

24.1 This amount represents markup due to National Bank of Pakistan, an associated undertaking.

25	**ACCRUED AND OTHER PAYABLES**			
	Accrued expenses		**1,315,278**	4,315,582
	Other liabilities		**2,737,404**	1,889,234
			4,052,682	6,204,816

		Note	2015 Rupees	2014 Rupees
26	**CONTINGENCIES AND COMMITMENTS**			

Contingencies

There are no material contingencies as at the reporting date (2014: Nil)

Commitments

	Note	2015 Rupees	2014 Rupees
Bank guarantee		**5,000,000**	5,000,000
Standby letter of credit facility	26.1	**59,167,500**	57,183,750
		64,167,500	62,183,750

26.1 This represents the company's share in standby letter of credit under agreement of participation dated December 13, 2010 with Allied Bank Limited. Under the said agreement, the company irrevocably agrees and undertakes with Allied Bank Limited to take undivided share of 2.5% in standby letter of credit up to November 17, 2015.

27 INCOME FROM TERM FINANCES AND FUNDS PLACEMENTS

	Note	2015 Rupees	2014 Rupees
Income from long-term finances		**3,172,546**	3,658,565
Return on fund placements with financial institutions	27.1	**16,902,132**	9,526,002
		20,074,678	13,184,567

27.1 Return on fund placements with financial institutions

- bank balance	**268,682**	267,906
- term deposit receipts	**9,488,795**	430,064
- reverse repo	**3,974,990**	231,477
- clean placement	**3,169,665**	8,596,555
	16,902,132	9,526,002

28 INCOME FROM INVESTMENTS

Return on government securities		**8,223,479**	8,296,047
Return on term finance certificates / sukuks		**29,199,828**	34,130,359
Dividend income on available-for-sale investments	28.1	**1,063,969**	960,307
Dividend income on mutual fund		**55,261**	64,053
Capital gain on securities		**19,317,805**	2,981,937
		57,860,342	46,432,703

28.1 It includes dividend income received from National Bank of Pakistan of Rs. 330,000.

29 FEES AND COMMISSION INCOME

Guarantee commission	**409,031**	413,006

		Note	2015 Rupees	2014 Rupees
30	**FINANCE COSTS**			
	Markup/Interest on:			
	- Long-term loans		**4,028,218**	10,190,757
	- Short-term borrowings		**4,571,084**	-
	- Short-term running finances		**513,648**	254,499
	- Certificate of deposits		**575,000**	1,910,443
	- Other charges		**35,315**	45,923
			9,723,265	12,401,622
31	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Salaries and allowances	31.1 to 31.3	**23,412,530**	22,769,443
	Travelling, conveyance and meeting charges		**2,051,655**	2,682,714
	Printing and stationery		**480,352**	659,444
	Rent, rates and taxes		**2,793,825**	2,547,054
	Legal and professional		**1,110,800**	1,417,400
	Repairs and maintenance		**803,664**	613,139
	Auditors' remuneration	31.4	**729,025**	778,850
	Newspaper and periodicals		**24,009**	32,691
	Postage and courier services		**74,026**	113,106
	Telephone, telex and fax		**442,743**	369,068
	Electricity, gas and water charges		**1,161,711**	1,256,661
	Advertisement and business promotion		**445,474**	385,815
	Fees and subscription		**1,509,835**	1,457,212
	Security guards		**318,780**	264,600
	Insurance		**492,266**	636,131
	Brokerage and commission		**2,329,830**	117,579
	Motor vehicle running expenses		**1,557,728**	2,105,841
	Office supplies		**220,255**	280,077
	IT support		**295,519**	226,801
	Training		**451,780**	96,500
	Depreciation	5	**2,892,817**	2,819,653
	Amortization	6	**375,242**	824,754
			43,973,866	42,454,533
31.1	It includes charge for gratuity and provident fund as follows:			
	- Gratuity		**1,260,873**	414,246
	- Provident fund		**618,646**	806,418
			1,879,519	1,220,664
31.2	**Disclosures relating to provident fund**		**(Un-audited)**	
	(i) Size of the fund - net assets		**13,706,186**	14,651,919
	(ii) Cost of Investment made		**13,816,904**	14,601,872
	(iii) Percentage of Investment made		**100.8%**	99.7%
	Breakup of Investment -at fair value			
	Investment in National Savings		**7,662,591**	13,495,894
	Deposit with NBP NIDA Account		**6,154,313**	1,105,978
			13,816,904	14,601,872

	Note	2015 Rupees	2014 Rupees
Percentage of Investment			
Investment in National Savings		**55.5%**	92.4%
Deposit Account		**44.5%**	7.6%
		100%	100%

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

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

	2015 ....Rupees........................			
	President & Chief Executive Officer	**Executive**	**Directors**	**Total**
Director's meeting fee	-	-	1,375,000	1,375,000
Managerial remuneration	5,126,968	6,599,722	-	11,726,690
Annual allowance	250,000	489,612	-	739,612
Retirment benefits	454,800	647,278	-	1,102,078
Others	550,000	80,000	-	630,000
Total	6,381,768	7,816,612	1,375,000	15,573,380
Number of persons	1	3	9	

	2014 ....Rupees........................			
	President & Chief Executive Officer	**Executive**	**Directors**	**Total**
Director's meeting fee	-	-	1,670,000	1,670,000
Managerial remuneration	415,280	8,524,262	-	8,939,542
Annual allowance	20,139	1,110,237	-	1,130,376
Retirment benefits	36,650	823,470	-	860,120
Others	-	-	-	-
Total	472,069	10,457,969	1,670,000	12,600,038
Number of persons	1	4	6	

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

31.3.2 The total number of employees as at June 30 are 21 (2014: 26) and the average number of employees during the year are 22 (2014: 28).

	2015 Rupees	2014 Rupees
31.4 Auditor's remuneration		
Statutory audit	**475,000**	475,000
Half yearly review	**135,000**	135,000
Other services	**40,000**	131,600
Out of pocket expenses	**79,025**	37,250
	729,025	778,850

32 TAXATION

		(Re-stated)
Current	**4,967,924**	1,097,435
Prior	**234,443**	-
Deferred	**446,136**	1,531,070
	5,648,503	2,628,505

32.1 Relationship between tax expense and accounting profit

Profit before tax	**28,664,580**	4,104,037
Tax at applicable rate of 33% (2014: 34%)	**33%**	34%
Tax calculated at applicable tax rate	**9,459,311**	1,354,332
Impact of taxability at different rate	**(3,657,886)**	(235,943)
Tax effect other than temporary difference	**5,191,413**	4,159,198
Effect of change in tax rate	**(5,578,778)**	(2,649,082)
Prior year tax adjustment	**234,443**	-
Tax charge for the year	**5,648,503**	2,628,505

32.2 The income tax assessment of the Company has been finalized up to the tax year 2014 under self assessment scheme.

	2015 Rupees	2014 Rupees
33 EARNINGS PER SHARE		
33.1 Earnings per share (EPS) - Basic		
Profit after income tax	**23,016,077**	1,394,176
	Number of shares	
Weighted average number of shares outstanding during the year	**65,000,000**	65,000,000
Earnings per share (EPS) - Basic	**0.35**	0.02

33.2 Earnings per share (EPS) - Diluted

Diluted EPS has not been presented as the Company does not have any convertible dilutive potential ordinary shares in issue as at June 30, 2015 and 2014 which would have any effect on the basic EPS if the option to convert is exercisable.

		Note	2015 Rupees	2014 Rupees
34	**CASH AND CASH EQUIVALENT**			
	Cash and bank balances	16	**8,879,700**	381,619
	Short-term placements	13	**211,500,000**	-
	Short-term running finance	22	**-**	(3,238,403)
			220,379,700	(2,856,784)

35 FINANCIAL INSTRUMENTS

Financial assets as per balance sheet

	2015	2014
Long-term investments	**240,861,143**	476,670,851
Long-Term loans and finances	**41,907,235**	51,364,625
Short-term investments	**65,360,177**	71,319,699
Short-term placements	**211,500,000**	-
Markup/interest accrued	**14,722,412**	23,742,603
Advances and other receivables	**720,634**	1,374,407
Cash and bank balances	**8,879,700**	381,619
	583,951,301	624,853,804

Financial liabilities as per balance sheet

	2015	2014
Long-term loans	**15,625,000**	78,125,000
Certificate of deposit	**5,000,000**	5,000,000
Short-term running finance	**-**	3,238,403
Accrued markup	**1,610,740**	2,784,511
Other payables	**2,737,404**	1,889,234
	24,973,144	91,037,148

36 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

36.1 Market risk

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

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

36.1.1 Currency risk

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

36.1.2 Interest rate risk

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

Financial assets and liabilities include balances of Rs. 539,651,306 (2014: Rs.587,896,700) and Rs. 20,625,000 (2014: Rs. 86,363,403) respectively, which are subject to interest / markup rate risk. Applicable interest /mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

			Exposed to yield / market rate risk			
	Effective rate %	Total	Within one year	More than one year and less than five years	More than five years	Not exposed to yield / market rate risk
As at June 30, 2015						
Financial Assets						
Investments	12.02%	306,221,320	82,249,950	193,966,887	3,605,885	26,398,598
Long term loans and finances	4.80%	41,907,235	7,418,569	23,204,204	9,053,889	2,230,573
Long-term security deposits		50,000	-	-	-	50,000
Placements	7%	211,500,000	211,500,000	-	-	-
Markup / interest accrued		14,722,412	-	-	-	14,722,412
Cash and bank balance	6%	8,879,700	8,651,922	-	-	227,778
		583,280,667	309,820,441	217,171,091	12,659,774	43,629,361
Financial Liabilities						
Term Loans	8.39%	15,625,000	15,625,000	-	-	-
Certificates of deposit	11.50%	5,000,000	5,000,000	-	-	-
Interest and markup accrued		1,610,740	-	-	-	1,610,740
Accrued expenses and other liabilities		4,052,682	-	-	-	4,052,682
		26,288,422	20,625,000	-	-	5,663,422
On-balance sheet gap		556,992,245	289,195,441	217,171,091	12,659,774	37,965,939

	Effective rate %	Total	Within one year	More than one year and less than five years	More than five years	Not exposed to yield / market rate risk
		Exposed to yield / market rate risk				
As at June 30, 2014						
Financial Assets						
Investments	12.70%	547,990,550	91,249,063	192,878,025	230,053,014	33,810,448
Long term loans and finances	13.34%	51,364,625	8,266,504	25,601,039	15,799,986	1,697,096
Long-term security deposits		50,000	-	-	-	50,000
Placements	10%	-	-	-	-	-
Markup / interest accrued		23,742,603	23,742,603	-	-	-
Other receivables		5,000	-	-	-	5,000
Cash and bank balance	7%	381,619	306,466	-	-	75,153
		623,534,397	123,564,636	218,479,064	245,853,000	35,637,697
Financial Liabilities						
Term Loans	10.58%	78,125,000	78,125,000	-	-	-
Certificates of deposit	11.50%	5,000,000	-	5,000,000	-	-
Short-term running finance	11.18%	3,238,403	3,238,403	-	-	-
Interest and markup accrued		2,784,511	-	-	-	2,784,511
Accrued expenses and other liabilities		6,204,816	-	-	-	6,204,816
		95,352,730	81,363,403	5,000,000	-	8,989,327
On-balance sheet gap		528,181,667	42,201,233	213,479,064	245,853,000	26,648,370

36.1.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity and debt securities and the chances of market crush at any moment. The company manages the price risk through diversification and placing limits on individual and total equity and debt instruments in accordance with NBFC's regulation and internal investment policy. Reports on the equity and debt portfolio are submitted to the company's senior management on regular basis. The company's Board of Directors reviews and approves all equity and debt investment decisions. The Company is exposed to price risk since it has investments in quoted equity and debt securities amounting to Rs. 95.06 million (2014: 99.67 million).

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 16.01% during the financial year.

The table below summarizes Company's equity price risk as of 30 June 2015 and 2014 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity and debt investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
June 30, 2015	**Rupees**	**95,061,025**	**10% increase**	**104,567,128**	**9,506,103**	**9,506,103**
			10% decrease	**85,554,923**	**(9,506,102)**	**(9,506,102)**
June 30, 2014	Rupees	99,670,400	10% increase	109,637,440	9,967,040	9,967,040
			10% decrease	89,703,360	(9,967,040)	(9,967,040)

36.2 Credit risk

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

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet their contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

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

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

	2015		2014	
	Rupees	**%**	Rupees	%
Investment and Finances *				
Cement	**58,711,950**	**10.6%**	96,984,647	16%
Chemical	**136,474,858**	**24.6%**	146,621,626	23%
Oil and Gas	**1,785,775**	**0.3%**	-	0%
Cable and electrical goods	**81,789,777**	**14.7%**	85,401,978	14%
Textile	**192,954,133**	**34.7%**	185,633,054	30%
Financial institutions	**63,325,881**	**11.4%**	87,931,146	14%
Tecnology and communication	**13,904,955**	**2.5%**	14,805,698	2%
Construction	**6,560,000**	**1.2%**	6,560,000	1%
	555,507,329	**100.0%**	623,938,149	100%

* Investment and finances are gross of provisions.

The credit quality of the Company's bank balances can be assessed with reference to external credit rating as follows:

Banks	Rating Agency	Rating	
		Short term	Long term
National Bank of Pakistan	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA

36.3 Liquidity risk

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

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

As at June 30, 2015	Total	Within one year	More than one year and less than five years	More than five years
	---Rupees---			
Financial Assets				
Investments	306,221,320	106,695,703	195,919,732	3,605,885
Long term loans and finances	41,907,235	7,418,569	25,434,777	9,053,889
Long-term security deposits	50,000	-	-	50,000
Placements	211,500,000	211,500,000	-	-
Markup / interest accrued	14,722,412	14,722,412	-	-
Advances, and other receivables	690,634	690,634	-	-
Cash and bank balance	8,879,700	8,879,700	-	-
	583,971,301	349,907,018	221,354,509	12,709,774
Financial Liabilities				
Term loans	15,625,000	15,625,000	-	-
Certificates of deposit	5,000,000	5,000,000	-	-
Interest and markup accrued	1,610,740	1,610,740	-	-
Accrued expenses and other liabilities	4,052,682	4,052,682	-	-
	26,288,422	26,288,422	-	-
	557,682,879	323,618,596	221,354,509	12,709,774

As at June 30, 2014	Total	Within one year	More than one year and less than five years	More than five years
	---Rupees---			
Financial Assets				
Investments	547,983,993	140,506,151	177,424,828	230,053,014
Long term loans and finances	51,364,625	5,860,000	17,471,478	16,720,000
Long-term security deposits	50,000	-	-	50,000
Placements	-	-	-	-
Markup / interest accrued	23,742,603	23,742,603	-	-
Advances, and other receivables	720,634	720,634	-	-
Cash and bank balance	8,879,657	8,879,657	-	-
	632,741,512	179,709,045	194,896,306	246,823,014
Financial Liabilities				
Term loans	15,625,000	78,125,000	-	-
Certificates of deposit	-	-	-	-
Short-term running finance	-	-		
Short-term borrowings	-	-	-	-
Interest and markup accrued	1,610,740	1,610,740	-	-
Accrued expenses and other liabilities	4,070,129	4,070,129	-	-
	21,305,869	83,805,869	-	-
	628,671,383	95,903,176	194,896,306	246,823,014

37 CAPITAL RISK MANAGEMENT

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

Minimum equity requirement as per Non Banking Finance Companies (NBFCs) & Notified Entities Regulations 2008 for the companies undertaking business of investment finance services as at June 30, 2015 is Rs. 1.0 billion (2014: Rs. 1.0 billion) and is short by amounting to Rs: 419.14 million (2014: Rs. 443.12). Further, the regulation 4 of the NBFCs Regulations prescribed the procedure for applying to the Commission for obtaining relaxation in case minimum equity requirement is not met.

Goals of managing capital

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

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

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

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

38.1 As at June 30, 2015, the fair values of all financial instruments are based on the valuation methodology outlined below:

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values as these financial assets and liabilities are short term in nature.

- Inputs other than quoted prices included within level 1 that are observable for the asset or
- liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

a) Finance and certificates of deposit

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

b) Investments

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

c) Other financial instruments

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

39 TRANSACTIONS WITH RELATED PARTIES

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

	Note	2015 Rupees	2014 Rupees
Associated Undertakings			
Transactions during the year			
National Bank of Pakistan			
Mark-up on repo transactions	30	**4,571,084**	-
Mark-up on reverse repo transactions		**42,789**	-
Mark-up on long-term loan	30	**4,028,218**	4,028,218
Mark-up on short-term running finance	30	**513,648**	513,648
Dividend income		**330,000**	-
Rent paid		**2,639,265**	2,111,343
Tourus Securities Limited			
Brokerage Expense		**9,500**	-
Balance at year end			
National Bank of Pakistan			
Investment in shares at cost	12.2 & 12.5	**3,573,569**	-
Short-term running finance	22	**-**	3,238,403
Long-term loan	23	**15,625,000**	81,363,148
Key Management Personnel			
Salaries, benefits and other allowances	31.3	**12,466,302**	8,235,259
Retirement benefits	31.3	**1,102,078**	860,119
Return on long-term loans		**118,045**	207,700
Balance at year end		**4,281,084**	5,518,196
Staff Retirement Plans			
Contribution to staff retirement Plans	31.1	**618,646**	818,000

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements was authorized for issue on September 19, 2015 by the Board of Directors of the Company.

AHSANULLAH KHAN
President & CEO

MUHAMMAD NAEEMUDDIN
Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

Number of Shareholders	Shareholding From	To	Total number of Shares held	Percentage %
268	1	100	8,097	0.0124
555	101	500	272,841	0.4197
72	501	1,000	72,000	0.1108
59	1,001	5,000	144,499	0.2223
11	5,001	10,000	85,000	0.1308
1	10,001	15,000	13,500	0.0208
1	20,001	25,000	21,000	0.0323
1	30,001	35,000	34,500	0.0531
1	40,001	45,000	40,500	0.0623
1	50,001	55,000	53,500	0.0823
1	55,001	60,000	56,236	0.0865
1	4,800,001	4,805,000	4,801,703	7.3872
1	6,605,001	6,610,000	6,606,246	10.1635
1	12,790,001	12,795,000	12,790,378	19.6775
2	19,995,001	20,000,000	40,000,000	61.5385
976			**65,000,000**	**100.0000**

The Slabs representing nil holding have been omitted

Categories of Shareholders	Number	Shares Held	Percentage
Directors	3	1,500	0.0023%
Associated companies, undertakings related parties sponsors & acquirers	5	64,198,327	98.7667%
General Public			
Local	963	791,072	1.2170%
Foreign	2	8,001	0.0123%
Others	3	1,100	0.0017%
Total	**976**	**65,000,000**	**100.0000%**

PATTERN OF SHAREHOLDING AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2015

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage %
Associated Companies, Undertakings Related Parties Sponsors & Acquirers			
National Bank of Pakistan	1	20,000,000	30.7692%
Water and Power Development Authority	1	20,000,000	30.7692%
Sardar Mohammad Ashraf D. Baluch & Co. (Pvt.) Ltd.	1	12,790,378	19.6775%
Lilley International (Pvt.) Ltd.	1	6,606,246	10.1635%
Sardar Mohammad Ashraf D. Baluch (Pvt.) Ltd.	1	4,801,703	7.3872%
	5	64,198,327	98.7666%
Mutual Fund			
NIT and ICP			
Directors, Chief Executive and their spouses and minor children			
Mr. Muhammad Naeemuddin	1	500	0.0008%
Mr. Muhammad Iqbal Hussain	1	500	0.0008%
Mr. Javed Rashid	1	500	0.0008%
Executives	1	1,500	0.0023%
Public Sector Companies & Corporation Banks, Development Finance Institutions Non-Banking Companies and Mutual Funds			
General Public	964	797,573	1.2270%
Others	3	1,100	0.0017%
Total	**976**	**65,000,000**	**100.0000%**

Shareholders holding 5% or more voting interest			
National Bank of Pakistan	1	20,000,000	30.7692%
Water & Power Development Authority (WAPDA)	1	20,000,000	30.7692%
Sardar Mohammad Ashraf D. Baluch & Co. (Pvt.) Ltd.	1	12,790,378	19.6775%
Lilley International (Pvt.) Limited	1	6,606,246	10.1635%
Sardar Mohammad Ashraf D. Baluch (Pvt.) Ltd.	1	4,801,703	7.3872%

FORM OF PROXY

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

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

and Sub Account No. ______________ hereby appoint ________________________ of
(name)
________________________ or failing him/her ________________________
(address) (name)
of ____ as my proxy to vote
(address)
for me and on my behalf at the Annual General meeting of the company to be held on Monday, October 19, 2015 at 05:00 p.m. at PIIA (Pakistan Institute of International Affairs) Auditorium, Aiwan-e-Saddar Road, Karachi.

Signed this ____________________ day of __________ 2015.

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

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

Signature

Signature on Rs. 5/- Revenue Stamp

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

IMPORTANT:

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

AFFIX
CORRECT
POSTAGE

FIRST CREDIT AND INVESTMENT BANK LTD.

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

Fold : Here **Fold : Here**

Fold : Here **Fold : Here**