

HALF YEARLY REPORT

DECEMBER 31, 2018



INVEST CAPITAL INVESTMENT BANK LIMITED












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Directors' Review

On behalf of the Board of Directors of Invest Capital Investment Bank Limited ("the Company"), we are pleased to present to the members, the un-audited financial statements for the half year ending December 31, 2018.

The Review

During the six months ending December 31, 2018, the Company earned a net profit of Rupees 25.82 million as compared to the profit of Rupees 17.56 million in the corresponding period of the last year. The earnings per share came to Rupees 0.09 as against Rupees 0.06 for the period ending 31st December 2017. The profit has increased due to better recoveries from non performing loans and leases during the period as compared to the same period of last year. The gross revenue including other income for the period amounted to Rupees 30.87 million as compared to Rupees 51.42 million of the corresponding period of the last year. The financial charges amounted to Rupees 10.25 million as against an amount of Rupees 14.15 million of the comparable period. The administrative and operating expenses reduced to Rupees 13.39 million from Rupees 16.47 million of the corresponding period of the last year.

The total assets of the Company showed an increase of Rs. 33.19 million mainly due to fresh leasing during the period and stood at Rupees 1,072.50 million as at 31st December 2018 as compared to Rupees 1,039.31 million as at June 30, 2018, whereas total liabilities other than equity amounted to Rupees 695.20 million as at 31st December 2018.

A comparison of the current and previous period profit and loss figures is summarized hereunder:

	Rs. in million	
	December 31, 2018	December 31, 2017
Gross Revenue	27.95	40.95
Other Income	2.92	10.46
Administration & Operating expenses	(13.39)	(16.47)
Financial charges (net of reversals)	(10.25)	4.99
Profit / (loss) for the period before taxation	26.08	18.00
Taxation - net	(0.26)	(0.44)
Profit / (loss) for the period after taxation	25.82	17.56
Earnings per Share	0.09	0.06

As per the plan, the management continued focus on resolution of the outstanding issues to keep the company functional. Following key areas were focused during the period as well:

- Settlement/rescheduling of loans with lenders
- Disposal of non-core assets
- Disposal / transfer of brokerage related assets and liabilities
- Recovery of non-performing leases and loans portfolio
- Substantial reduction in administrative and other expenses
- New leasing business

The focus on the above mentioned areas has enabled the company to overcome the financial and operational problems and improved the financial position of the Company. Considering management's plans and the results of the mitigating measures taken, the management is confident that the Company will continue as a going concern.

Credit Rating

The Company was previously put on the entity rating "D" by JCR-VIS Credit Rating Company Ltd. The Company shall apply for revision in the rating after settlement / restructuring of remaining liabilities.

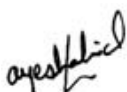
Acknowledgments

We are very thankful to the Securities and Exchange Commission of Pakistan for their guidance, the customers for their support, the lenders for their cooperation, and shareholders for their confidence and trust in the management of the Company. We are also thankful to all the staff members for their hard work and commitment to the betterment of the Company.

For and on behalf of the Board



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director

Lahore

February 27, 2019

ڈائریکٹرز کا جائزہ

ہم، 31 دسمبر 2018 کو ختم ہونے والی ششماہی پر انویسٹ کیپیٹل انویسٹمنٹ بینک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ مالیاتی گوشوارے ممبران کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

جائزہ

زیر غور ششماہی میں کمپنی نے 25.82 ملین روپے کا منافع حاصل کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کا منافع 17.56 ملین روپے تھا۔ 31 دسمبر 2017 کو آمدنی 0.06 روپے فی حصص تھی جو اب بڑھ کر 0.09 روپے فی حصص ہو گئی ہے۔ منافع میں اضافہ کی وجہ پچھلے سال کے مقابلے میں نادھندگان کے قرضوں اور لیزوں سے بہتر ریکوری ہے۔ زیر غور ششماہی میں کمپنی کی مجموعی آمدنی بشمول دیگر آمدنی 30.87 ملین روپے رہی جبکہ اسکے مقابلے میں گذشتہ سال اسی مدت کی آمدنی 51.42 ملین روپے تھی۔ زیر غور ششماہی میں کمپنی کے مالیاتی اخراجات 10.25 ملین روپے ہیں جبکہ گزشتہ برس اسی عرصہ کے اخراجات 14.15 ملین روپے تھے۔ کمپنی کے آپریٹنگ اور انتظامی اخراجات 13.39 ملین روپے رہے جبکہ گذشتہ سال اسی مدت کے آپریٹنگ اور انتظامی اخراجات 16.47 ملین روپے تھے۔

کمپنی کے کل اثاثہ جات 33.19 ملین روپے بڑھ کر 1,072.50 ملین روپے ہو گئے جبکہ 30 جون 2018 کو ان کی مالیت 1,039.31 ملین روپے تھی۔ اس بڑھوتی کی بنیادی وجہ نیا لیزنگ بزنس ہے۔ جبکہ کمپنی کی مالیاتی ذمہ داریاں 31 دسمبر 2018 کو علاوہ ایکویٹی 695.20 ملین روپے رہیں۔

کمپنی کے موجودہ اور گذشتہ نفع اور نقصان کا تقابلی جائزہ درج ذیل ہے:

----- روپے ملین میں -----

31 دسمبر		
2017	2018	
40.95	27.95	کل مالگذاری (Revenues)
10.46	2.92	دیگر آمدنی
(16.47)	(13.39)	انتظامی اور آپریٹنگ اخراجات
4.99	(10.25)	مالی اخراجات (خالص)
18.00	26.08	نفع (نقصان) قبل از محصول
(0.44)	(0.26)	محصول - خالص
17.56	25.82	نفع (نقصان) بعد از محصول
0.06	0.09	آمدنی فی حصص

منصوبے کے مطابق، انتظامیہ نے اپنی توجہ کمپنی کے غیر حل شدہ معاملات کے حل پر رکھی تاکہ کمپنی کو عملی (functional) رکھے۔ کمپنی کی اس ششماہی میں مندرجہ ذیل اہم نکات پر بھی توجہ مرکوز رہی:

- قرض خواہوں کے ساتھ قرضوں کا تصفیہ / ادائیگی کا نیا جدول (rescheduling)۔
- غیر اہم اثاثہ جات کی فروخت
- علمدہ ہونے والے بروکریج ہاؤس سے متعلق اثاثہ جات اور مالیاتی ذمہ داریوں کا تصفیہ یا منتقلی
- کارکردگی نا دکھانے والی لیزز اور قرضوں کے پورٹ فولیو کی وصولیاتی
- انتظامی اور دیگر اخراجات میں بڑی کمی
- نئی لیزنگ کا کاروبار

ان مذکورہ بالا معاملات پر توجہ دینے کی وجہ سے کمپنی کو مالیاتی اور آپریشنل مسائل پر قابو پانے میں مدد ملی اور اس کی وجہ سے کمپنی کی مالیاتی صورتحال میں بہتری آئے گی۔ کمپنی کے منصوبوں اور اس کے مسائل کو کم کرنے کے اقدامات کے نتائج کی بنیاد پر پرامید ہے کہ اس کا کاروبار جاری رہے گا۔

گریڈٹ درجہ بندی (Rating)

جے سی آر۔ وی آئی ایس گریڈٹ ریٹنگ کمپنی نے کمپنی کو اینٹیٹی ریٹنگ ڈی (D) رکھا ہوا ہے۔ کمپنی اپنی بقایا مالیاتی ذمہ داریوں کے تصفیے / نئے طور سے انتظام کے بعد اپنی درجہ بندی پر نظر ثانی کے لئے درخواست دے گی۔

اظہارِ شکر

ہم سیکورٹی اینڈ انویسٹمنٹ کمیشن آف پاکستان کی رہنمائی، کاہلوں کی حمایت، قرض خواہوں کے تعاون کا اور حصص یافتگان کے کمپنی کی انتظامیہ پر اعتماد اور بھروسہ کرنے پر انتہائی شکر گزار ہیں۔ ہم تمام عملے کے ارکان کے کمپنی کی بہتری کے لیے کی جانے والی سخت محنت اور عزم کے بھی شکر گزار ہیں۔

منجانب ویرائے بورڈ آف ڈائریکٹرز



عائشہ شہریار
ڈائریکٹر



محمد آصف
چیف ایگزیکٹو آفیسر

لاہور

27 فروری 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Invest Capital Investment Bank Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Invest Capital Investment Bank Limited ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

Without qualifying our conclusion, we draw attention towards note 1.3 to the condensed interim financial statements which indicates that the accumulated loss is Rs. 705.48 million (June 30, 2018: Rs. 714.51 million) and the current liabilities of the company exceed its current assets by Rs. 106.35 million. These conditions along with other matters as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The engagement partner on the audit resulting in this independent auditor's report is Hamid Masood.

Deloitte Yousuf Adil
Chartered Accountants

Place: Faisalabad
Dated: February 27, 2019

Condensed Interim Statement of Financial Position (Un-audited)

As at December 31, 2018

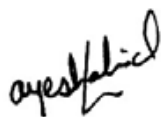
		Un-audited December 31, 2018	Audited June 30, 2018
	Note	– Rupees in thousand –	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	5	97,376	116,102
Intangible assets		579	681
Long term investments	6	133,563	123,275
Net investment in Ijarah finance / assets under Ijarah arrangements	7	156,434	131,597
Long term loans	8	5,773	1,207
Long term security deposits		2,428	2,278
Deferred tax asset		150,000	150,000
		546,153	525,140
Current assets			
Short term investments		12,515	-
Short term musharakah finances		65,997	66,007
Short term finances		6,680	6,680
Ijarah rentals receivables	7.3	1,431	1,453
Current portion of non-current assets	9	381,907	381,786
Advances, deposits, prepayments and other receivables		19,721	15,184
Bank balances		5,200	10,161
Assets classified as held for sale		32,900	32,900
		526,351	514,171
TOTAL ASSETS		<u>1,072,504</u>	<u>1,039,311</u>

		Un-audited December 31, 2018	Audited June 30, 2018
	Note	— Rupees in thousand —	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital		4,850,000	4,850,000
485,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		2,848,669	2,848,669
Loan from directors	10	126,000	-
Capital reserve			
Capital reserve on amalgamation		(2,022,076)	(2,022,076)
Statutory reserve		102,820	102,820
Unrealized gain on remeasurement of available for sale investments		10,588	13,098
Equity portion of Subordinated loan from directors		-	20,387
Revenue reserve		-	-
Accumulated loss		(688,694)	(714,513)
		377,307	248,385
Non-current liabilities			
Subordinated loan from directors		-	118,801
Loan from sponsor	11	-	-
Security deposits from lessees		62,495	57,216
Deferred liability			
Mark up on long term musharakah	12	-	-
		62,495	176,017
Current liabilities			
Current portion of non-current liabilities	13	231,151	232,164
Accrued and other liabilities		141,343	132,779
Profit / mark up payable		221,254	211,012
Unclaimed dividend		6,054	6,054
Liabilities directly associated with assets held for sale of discontinued operation		32,900	32,900
		632,702	614,909
TOTAL EQUITY AND LIABILITIES		1,072,504	1,039,311

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Profit or Loss (Un-audited)

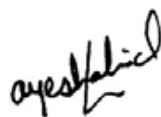
For the half year ended December 31, 2018

	Half year ended December		Quarter ended December	
	2018	2017	2018	2017
Rupees in thousand				
Income				
Income from leasing operations	13,221	9,087	7,214	4,943
Operating lease rentals	477	347	241	-
Profit on musharakah investments	-	22,202	-	17,192
Income from finances	1,453	1,230	1,331	118
Income on deposits with banks	762	462	242	72
Income from joint ventures	12,798	4,959	9,798	2,209
Dividend income	123	160	123	85
Net gain / (loss) on sale of marketable securities	(30)	2,507	(30)	3,401
Unrealized (loss) on investment in marketable securities - net	(853)	-	(853)	-
	27,951	40,954	18,066	28,020
Expenses				
Administrative and operating expenses	(13,388)	(16,474)	(6,913)	(8,409)
Financial charges - net	(10,250)	(14,152)	(5,562)	(7,993)
	(23,638)	(30,626)	(12,475)	(16,402)
	4,313	10,328	5,591	11,618
Waiver of financial charges	-	19,142	-	19,142
	-	29,470	-	30,760
Other income	2,923	10,463	718	10,232
	7,236	39,933	6,309	40,992
Provision reversed / (charged) on non-performing loans and write-offs				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	18,950	1,922	14,954	1,609
Long term / short term musharakah finances	-	20,709	-	20,709
Long term / short term loans	180	(1,116)	(5,355)	(623)
Balances written off:				
Lease receivables	(289)	(347)	-	-
Other receivables	-	(3,775)	-	(3,775)
Musharaka finance receivable	-	(39,328)	-	(38,820)
	18,841	(21,935)	9,599	(20,900)
Profit / (Loss) before taxation	26,077	17,998	15,908	20,092
Provision for taxation				
-For the period	(258)	(401)	(158)	(326)
-Prior periods	-	(34)	-	(34)
Profit / (Loss) for the period	25,819	17,563	15,750	19,731
Earnings per share - Basic and Diluted	0.091	0.06	(0.008)	0.07

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2018

	Half year ended December		Quarter ended December	
	2018	2017	2018	2017
	————— Rupees in thousand —————			
Profit / (Loss) for the period	25,819	17,563	15,750	19,731
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss				
Un-realized (loss) / gain on remeasurement of	(2,510)	281	(2,510)	281
Other Items				
Un-realized loss on available for sale investment reclassified to profit or loss on disposal	-	(4,426)	-	(4,426)
	(2,510)	(4,145)	(2,510)	(4,145)
Total comprehensive Income / (Loss) for the period	23,309	13,418	13,240	15,586

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended December 31, 2018

	Half year ended Dec 31,	
	2018	2017
	– Rupees in thousand –	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,077	17,998
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	3,576	4,378
Amortization of intangible assets	102	146
(Reversal) / provision against:		
Long term / short term musharakah finances	-	(20,709)
Long term / short term loans	(180)	1,116
Finance lease receivable and rentals - net	(18,950)	(1,922)
Balances written off		
lease receivables	289	347
Musharakah receivables	-	39,328
Other receivables	-	3,775
(Gain) / loss on disposal of operating assets	(1,820)	1,834
Income from joint ventures	(12,798)	(4,959)
Unrealised loss on investments in marketable securities	853	-
Financial charges - net	10,250	(8,384)
Fair value adjustment- subordinated loan from directors	-	3,394
(Gain) on settlement of liabilities	(13,188)	(10,000)
	<u>(31,866)</u>	<u>8,344</u>
Cash flow from operating activities before working capital changes	(5,789)	26,342
Changes in working capital		
(Increase) / decrease in current assets		
Short term investments	(13,368)	13,390
Short term musharakah finances	10	-
Ijarah rentals receivables	22	-
Advances, deposits, prepayments and other receivables	(3,875)	9,167
	<u>(17,211)</u>	<u>22,557</u>
Increase / (decrease) in current liabilities		
Accrued and other liabilities	8,564	(8,365)
Cash (used in) / generated from operations	(14,436)	40,534
Financial charges paid	(8)	(3,404)
Income tax paid	(920)	(419)
	<u>(928)</u>	<u>(3,823)</u>
Net cash (used in) / generated from operations	(15,364)	36,711

Half year ended Dec 31,
2018 2017

– Rupees in thousand –

b) CASH FLOWS FROM INVESTING ACTIVITIES

Additions in:		
Operating assets	(41)	-
(Investment in) / recovery of :		
Long term investments	-	3,964
Net investment in Ijarah finance / assets under Ijarah	(2,740)	(18,469)
Long term musharakah finances	-	27,600
Long term loans	2,672	724
Long term security deposits	(150)	-
Proceeds from disposal of operating assets	17,011	7,075
Net cash generated from investing activities	16,752	20,894

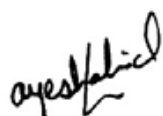
c) CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of :		
Loan from sponsors	(4,000)	(52,150)
Redeemable capital	-	(10,000)
Long term musharakah and murabaha borrowings	(2,349)	(2,349)
Net cash (used in) financing activities	(6,349)	(64,499)
Net (decrease) in cash and cash equivalents	(4,961)	(6,894)
Cash and cash equivalents at the beginning of the period	10,161	14,714
Cash and cash equivalents at the end of the period	5,200	7,820

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Changes in Equity (Un-audited)

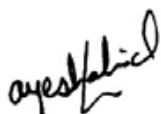
For the half year ended December 31, 2018

	Issued, subscribed and paid-up capital	Loan from director	Capital Reserves				Revenue Reserve	Total	
			Capital reserve on amalgamation	Statutory reserve	(Loss) / gain on remeasurement of available for sale	Equity portion of Sub ordinate Loan from sponsors			Sub total
Rupees in thousand									
Balance as at July 01, 2017	2,848,669	-	(2,022,076)	101,256	12,125	20,387	(1,888,308)	(720,768)	239,593
Total comprehensive income									
Profit for the half year ended December 31, 2017	-	-	-	-	-	-	17,563	17,563	
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	281	-	281	-	281
Other items									
Un-realized gain on available for sale investments reclassified to profit or loss on disposal	-	-	-	-	(4,426)	-	(4,426)	-	(4,426)
Balance as at December 31, 2017	<u>2,848,669</u>	<u>-</u>	<u>(2,022,076)</u>	<u>101,256</u>	<u>7,980</u>	<u>20,387</u>	<u>(1,892,453)</u>	<u>(703,205)</u>	<u>253,011</u>
Total comprehensive (loss)									
Loss for the half year ended June 30, 2018									
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	5,118	-	5,118	-	5,118
Transferred to statutory reserve	-	-	-	1,564	-	-	1,564	(1,564)	-
Balance as at July 01, 2018	<u>2,848,669</u>	<u>-</u>	<u>(2,022,076)</u>	<u>102,820</u>	<u>13,098</u>	<u>20,387</u>	<u>(1,885,771)</u>	<u>(714,513)</u>	<u>248,385</u>
Total comprehensive (loss)									
Profit for the half year ended December 31, 2018									
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	(2,510)	-	(2,510)	-	(2,510)
Equity portion of loan from directors	-	20,387	-	-	-	(20,387)	(20,387)	-	-
Loan from directors	-	105,613	-	-	-	-	-	-	105,613
Balance as at December 31, 2018	<u>2,848,669</u>	<u>126,000</u>	<u>(2,022,076)</u>	<u>102,820</u>	<u>10,588</u>	<u>-</u>	<u>(1,908,668)</u>	<u>(686,694)</u>	<u>377,307</u>

The annexed notes form an integral part of this condensed interim financial information.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2018

1. LEGAL STATUS AND OPERATIONS

- 1.1** Invest Capital Investment Bank Limited ('the Company') is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Company is engaged in the business of leasing and investment finance activities as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at A-603, 604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, Karachi in the province of Sindh. The branches of the company are located at Lahore, Islamabad, Peshawar, Faisalabad and Gujranwala.
- 1.2** In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).
- 1.3** The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:
- the Company suffered huge operating loss till 2011 and as at the date of the statement of Financial Position, the accumulated loss is Rs. 705.48 million (June 2018: Rs. 714.51 million) and the current liabilities of the Company exceed its current assets by Rs. 106.35 million.
 - the Company has been unable to comply with the terms of certain loan agreements.
 - the Company has been facing difficulty in recovery of its leases and loans portfolio.

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

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

(a) Substantial reduction in administrative and other expenses

The management of the Company is making efforts to curtail its administrative and other operating expenses to minimum possible level without affecting the operational efficiency of the Company.

(b) Leasing business

The Company is mainly carrying out car leasing business at a very attractive rates and reasonable deposit margin. During the period leases amounting to Rs. 96.75 million (June 2018 : Rs. 141.05 million) have been disbursed. Management is hopeful that leasing business will contribute in improving the operating results and equity position of the Company.

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

Negotiations are in process for the settlement of the outstanding amount of Rs. 57.89 million against TFCs issued by ICIBL.

(d) Disposal of non-core assets

The management is committed to dispose off non core assets, during the period the management has disposed off all non-core assets. Disposal of non core assets has resulted in improvement in the liquidity position of the Company.

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

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group. This transaction on completion will result in net saving of Rs. 24.00 million for the Company and, therefore, will result in improvement in financial performance and equity position of the Company.

(f) Improved recovery of leases and loans portfolio

The Company has been putting all its efforts for recovery from leases and loans portfolio. Net recovery during the period is Rs. 56.64 million (June 2018: Rs. 160.95 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

The above mentioned plans / efforts have helped to overcome the financial and operational problems of the Company. Considering management's plans and the positive results of the mitigating actions as discussed in para (a) to (f) above, management is confident that the Company will continue as a going concern.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34 - 'Interim Financial reporting' issued by the International Accounting Standards board (IASB) as notified under the companies act, 2017; and
- Provisions of and directives issued under the Companies act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the directives issued by the Securities and Exchange Commission of Pakistan (SECP).
- Where provisions of and directives issued under the Companies act, 2017, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IAS 34, the provisions of and directives issued under the companies act, 2017 have been followed.

2.1.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.1.3 These condensed interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2018.

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

2.2.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the company.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the company.

2.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant :

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant :

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the 'historical cost convention' except investments in joint ventures which have been accounted for using equity method, assets classified as held for sale which are stated at the lower of carrying amount and fair value less costs to sell, and available for sale investments which are stated at fair value.

2.4 Functional and presentation currency

These condensed interim financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand of rupees except earning per share which is in rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2018 except as disclosed in 2.2.1.

4. ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2018.

4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2018.

	Un-audited December 31, 2018	Audited June 30, 2018
Note	<u>– Rupees in thousand –</u>	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets	<u>97,376</u>	<u>116,102</u>
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5.1 Operating assets

Book value at beginning of the period / year	116,102	134,499
Additions during the period / year	41	63
Disposals during the period / year	(15,191)	(10,245)
Depreciation charged during the period / year	(3,576)	(8,215)
	<u>97,376</u>	<u>116,102</u>

		Un-audited December 31, 2018	Audited June 30, 2018
6. LONG TERM INVESTMENTS	Note	— Rupees in thousand —	
Investment in joint venture	6.1	116,366	103,567
Available for sale investments			
- At fair value		17,197	19,708
		133,563	123,275

6.1 Investment in joint venture

This represents investment in a CNG filling station Centre Gas (Private) Limited. The latest available un-audited financial statements of joint venture as on December 31, 2018 have been used for the purpose of application of equity method.

		Un-audited December 31, 2018	Audited June 30, 2018
	Note	— Rupees in thousand —	
The movement in the Company's share of net assets of Centre Gas (Private) Limited (CGL) is as under:			
Cost of investment		34,536	34,536
Cumulative share of profit of joint venture		81,830	69,031
		116,366	103,567

7. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS

Contracts accounted for as finance lease under IAS 17	7.1	363,632	331,616
Less : Current portion	9	(207,198)	(200,019)
		156,434	131,597

7.1 Net investment in Ijarah finance

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

	December 31, 2018 (Un-audited)			June 30, 2018 (Audited)		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees in thousand					
Minimum lease payments receivable	808,201	110,628	918,829	809,981	84,144	894,125
Residual value of leased assets	21,731	62,495	84,226	16,395	57,216	73,611
Lease contracts receivable	829,932	173,123	1,003,055	826,376	141,360	967,736
Unearned lease income (including suspended income)	(158,333)	(16,689)	(175,022)	(156,194)	(9,763)	(165,957)
Provision for potential lease losses	(464,401)	-	(464,401)	(470,163)	-	(470,163)
	(622,734)	(16,689)	(639,423)	(626,357)	(9,763)	(636,120)
	207,198	156,434	363,632	200,019	131,597	331,616

7.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 573.38 million (June 2018: Rs. 575.22 million). Detail of non performing leases is as follows:

Category of classification	December 31, 2018 (Un-audited)			June 30, 2018 (Audited)		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand					
Loss	573,380	464,401	464,401	575,219	468,849	468,849

7.3 Ijarah rentals receivable

Ijarah rentals receivable - Due within one year	57,261	57,759
Less : Provision against Ijarah rentals receivable	(55,830)	(56,306)
	1,431	1,453

Note

Un-audited December 31, 2018	Audited June 30, 2018
— Rupees in thousand —	

		Un-audited December 31, 2018	Audited June 30, 2018
		— Rupees in thousand —	
8. LONG TERM LOANS	Note		
Secured			
Considered good			
Customers		7,059	2,346
Considered doubtful			
Customers		20,413	27,798
Outgoing group		71,955	71,955
Ex-employee		529	529
		92,897	100,282
Provision against doubtful balances		(20,975)	(21,155)
		71,922	79,127
		78,981	81,473
Less: Current portion		(73,208)	(80,266)
		<u>5,773</u>	<u>1,207</u>

9. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in ijarah finance / assets under ijarah arrangements		207,198	200,019
Long term musharakah finances		101,501	101,501
Long term loans	8	73,208	80,266
		<u>381,907</u>	<u>381,786</u>

10. LOAN FROM DIRECTORS

	10.1	<u>126,000</u>	<u>-</u>
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10.1 These loans are accounted for under Technical Release -32 "Accounting Directors Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016.

These are interest free and subordinated.

		Un-audited December 2018	Audited June 2018
		— Rupees in thousand —	
11. LOAN FROM SPONSOR			
Loan from sponsor		141,392	145,392
Less: Current portion		(141,392)	(145,392)
		<u>-</u>	<u>-</u>

11.1 The balance was payable in full by November 2018. The Company intends to request for extension of repayment period.

		Un-audited December 2018	Audited June 2018
		— Rupees in thousand —	
12. DEFERRED LIABILITY			
Mark up on long term musharakah		9,747	9,747
Less: Current portion			
Installments due		(7,308)	(4,873)
Payable within one year		(2,439)	(4,874)
		<u>-</u>	<u>-</u>

13. CURRENT PORTION OF NON-CURRENT LIABILITIES

Loan from sponsor		141,392	145,392
Security deposit from lessees		21,731	16,395
Long term murabaha borrowings		391	2,740
Redeemable capital		57,890	57,890
Deferred liability			
Mark up on long term musharakah		9,747	9,747
		<u>231,151</u>	<u>232,164</u>

14. RELATED PARTY TRANSACTIONS

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

Details of transactions for the period with related parties, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

Name of the related party	Relationship and percentage shareholding	Nature of transaction	Half year ended	
			December 31, 2018	December 31, 2017
			— Rupees in thousand—	
Staff Provident Fund	Provident fund	Contribution made during the period	274	307
Staff provident Fund	Key management personnel	Compensation	3,148	3,717
Mr. Muhammad Zahid	Major shareholder 18.96% (December 31, 2017 : 18.96%)	Markup on loan from sponsor	5,646	5,357
Centre Gas (Private) Limited	Joint venture	Amount received during the period	9,380	3,740

15. SEGMENT INFORMATION

Information about reportable segment revenue, profit or loss, assets and liabilities

	December 31, 2018 (Un-audited)				December 31, 2017 (Un-audited)			
	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total
	— Rupees in thousand—							
Revenue from external customers	693	13,698	13,560	27,951	9,434	26,099	5,421	40,954
Interest (reversal) / expense - net	(494)	(9,756)	-	(10,250)	1,325	3,665	-	4,990
Depreciation and amortization	(182)	(3,594)	-	(3,776)	(1,201)	(3,323)	-	(4,524)
Provision reversed / (charged)	180	18,661	-	18,841	1,575	(23,510)	-	(21,935)
Reportable segment profit	197	19,009	13,560	32,766	11,133	2,931	5,421	19,485
Reportable segment assets	674,541	365,063	32,900	1,072,504	309,561	671,244	32,900	1,013,705
Reportable segment liabilities	(578,071)	(84,226)	(32,900)	(695,197)	(60,374)	(667,420)	(32,900)	(760,694)

	Un-audited December	
	31, 2018	31, 2017
	— Rupees in thousands —	
Reconciliation of profit		
Total profit from reportable segments	19,206	14,064
Profit from other operations	13,560	5,421
	32,766	19,485
Unallocated amounts:		
Other administrative and operating expenses	(9,612)	(11,950)
Other income	2,923	10,463
Profit before taxation	26,077	17,998

Reconciliation of assets and liabilities

Assets

Total assets of reportable segments	1,039,604	980,805
Assets of other operations	32,900	32,900
Total assets	1,072,504	1,013,705

Liabilities

Total liabilities of reportable segments	(662,297)	(727,794)
Liabilities of other operations	(32,900)	(32,900)
Total liabilities	(695,197)	(760,694)

16. GENERAL

16.1 There is no unusual item included in these condensed interim financial statements which are affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Company.

16.2 Figures have been rounded off to the nearest thousand Rupees.

17. DATE OF AUTHORIZATION FOR ISSUE

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Company Information

Board of Directors

Mrs. Ayesha Shehryar	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Muhammad Qasim	-Executive Director
Brig. (Retd.) Wali Muhammad	-Director
Ms. Fiza Zahid	-Director
Mr. Shahab Ud Din Khan	-Director
Mr. Ashar Saeed	-Director

Audit Committee

Mr. Ashar Saeed	-Chairman
Brigadier (Retd.) Wali Muhammad	-Member
Mr. Shahab Ud Din Khan	-Member

Human Resource Committee

Mr. Muhammad Qasim	-Chairman
Mr. Shahab Ud Din Khan	-Member
Mr. Muhammad Asif	-Member

Chief Financial Officer & Company Secretary

Mr. M. Naim Ashraf

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisors

Ahmad & Qazi

Share Registrar

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

Bankers

Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
JS Bank Limited

Registered Office

501, 5th Floor, Al-Fatima Chambers,
149-AM, Shambhu Nath Street,
Off Shahrah-e-Iraq, Saddar, Karachi.
Tel: 021-35654022
Website: www.icibl.com

Head Office

2-H, Jail Road, Gulberg II,
Lanore.
Tel: 042-35777285
Tel: 042-35777286

National Tax Number

0656427-5

Our Network

Registered Office - Karachi

501, 5th Floor, Al-Fatima Chambers, 149 AM,
Shambhu Nath Street, Shahrah-e-Iraq, Saddar,
Karachi.

Tel: 021-35654022

Website: www.icibl.com

Head Office - Lahore

2-H, Jail Road, Gulberg II,
Lahore.

Tel: 042-35777285 & 86

Islamabad

Office No. 02, Ground Floor,
Rahim Plaza,
Main Muree Road, Saddar,
Rawalpindi Cantt.

Tel: 0301-8651067

Peshawar

C/o Centre Gas (Pvt.) Limited,
Chughal Pura, G.T Road,
Peshawar.

Tel: 091-2262966 & 2262866

Faisalabad

20-Bilal Road, Civil Lines,
Faisalabad.

Tel: 041- 2409221

Gujranwala

50-H, Trust Plaza, G.T Road,
Gujranwala.

Tel: 055-3730308, 3730300

Fax: 055-3731108



INVEST CAPITAL INVESTMENT BANK LIMITED

Registered Office

501, 5th Floor, Al-Fatima Chambers, 149 AM,
Shambhu Nath Street, Shahrah-e-Iraq, Saddar,
Karachi.

Tel: 021-35654022

Website: www.icibl.com

Head Office

2-H, Jail Road, Gulberg II,
Lahore.

Tel: 042-35777285 & 86