

# HALF YEARLY REPORT

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## DECEMBER 31, 2016



INVEST CAPITAL INVESTMENT BANK LIMITED









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# Directors' Report

On behalf of the Board of Directors of Invest Capital Investment Bank Limited ("the Company"), I am pleased to present to the members, the un-audited financial statements for the half year ending December 31, 2016.

## The Review

During the half year under review, the Company suffered a loss of Rupees 3.23 million as compared to the loss of Rupees 0.12 million in the corresponding period of the last year. The earnings per share came to Rupees (0.010) as against Rupees (0.001) for the period ending 31st December 2015. The increase in loss is basically due to reduction in other income. The gross revenue including other income for the period amounted to Rupees 28.45 million as compared to Rupees 28.33 million of the corresponding period of the last year. The financial charges amounted to Rupees 15.72 million as against an amount of Rupees 17.05 million of the comparable period. The administrative and operating expenses stood at Rupees 15.79 as against Rupees 15.96 million of the comparative period thereby showing a slight reduction of Rupees 0.18 million.

The total assets of the Company showed a decrease of Rs. 24.01 million and stood at Rupees 1,094.09 million as at 31st December 2016 as compared to Rupees 1,118.10 million as at June 30, 2016. Whereas, the total liabilities of the Company also reduced by Rupees 27.13 million and amounted to Rupees 847.43 million as at 31st December 2016.

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

	Rs. in million	
	December 31, 2016	December 31, 2015
Gross Revenue	25.96	27.35
Other Income	2.49	0.98
Administration & Operating expenses	(15.79)	(15.96)
Financial charges (net of reversals)	(12.86)	(10.06)
Profit / (loss) for the period before taxation	(3.01)	(1.41)
Taxation - net	(0.22)	(1.29)
Profit / (loss) for the period after taxation	(3.23)	(0.12)
Earnings per Share	(0.010)	(0.001)

During the period under review gross revenue reduced due to reduction of income from operating leases. Enough fresh leases could not be written for want of funds through recovery.

As per the plan, the management continued focus on resolution of the outstanding issues to keep the company functional. The following key areas were focused during this half year 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 will further result in improvement of 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

I am 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. I am 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

Lahore  
February 27, 2017

## ڈائریکٹرز کا جائزہ

میں، سال 31 دسمبر 2016 کو ختم ہونے والی ششماہی پر انویسٹ کیسیٹیل انویسٹمنٹ بینک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ مالیاتی گوشوارے ممبران کو پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

جائزہ

زیر غور ششماہی میں کمپنی نے 3.23 ملین روپے کا خسارہ کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کا خسارہ 0.12 ملین روپے تھا۔ 31 دسمبر 2015 کو آمدنی (0.001) روپے فی حصص تھی جو اب بڑھ کر (0.010) روپے فی حصص ہو گئی۔ نقصان میں اضافہ بنیادی طور پر دیگر ذرائع سے آمدنی میں کمی کی وجہ سے ہے۔ مجموعی مالگداری (revenues) آمدنی بشمول دیگر آمدنی 28.45 ملین روپے رہی جبکہ گذشتہ سال اسی مدت کے دوران یہ آمدنی 28.33 ملین روپے رہی۔ مالی اخراجات (charges) کی مالیت 15.72 ملین روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 17.05 ملین روپے تھی۔ انتظامی اور آپریٹنگ اخراجات گذشتہ سال کی اسی مدت کی مالیت 15.96 ملین روپے میں 0.18 ملین روپے کی معمولی کمی کے ساتھ 15.79 ملین روپے رہے۔

کمپنی کے کل اثاثہ جات 30 جون 2016 کے 1,118.10 ملین روپے کے مقابلے میں 31 دسمبر 2016 پر 24.01 ملین روپے کی کمی کے ساتھ 1,084.09 ملین روپے رہے۔ جبکہ کل مالیاتی ذمہ داریوں کی مالیت میں بھی 27.13 ملین روپے کی کمی کے ساتھ 31 دسمبر 2016 کو ان کی مالیت 847.43 ملین روپے رہی۔

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

----- روپے ملین میں -----

31 دسمبر		
2015	2016	
27.35	25.96	کل مالگداری (Revenues)
0.98	2.49	دیگر آمدنی
(15.96)	(15.79)	انتظامی اور آپریٹنگ اخراجات
(10.06)	(12.86)	مالی اخراجات (خالص)
(1.41)	(3.01)	نفع / (نقصان) قبل از محصول
(1.29)	(0.22)	محصول - خالص
(0.12)	(3.23)	نفع / (نقصان) بعد از محصول
(0.001)	(0.010)	آمدنی فی حصص

زیر غور مدت میں مجموعی مالگداری (revenues) میں کمی ہوئی جس کی وجہ آپریٹنگ لیزوں کی آمدنی میں کمی ہے۔ کافی نئی لیزیں فنڈز کی وصولیاتی نہ ہونے کی وجہ سے نہیں ہو سکیں۔

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
- عہدہ ہونے والے بروکر و تاج ہاؤس سے متعلق اثاثہ جات اور مالیاتی ذمہ داریوں کا تصفیہ یا منتقلی
- کارکردگی ناکھانے والی لیز زاور 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 صورت حال میں بہتری آئے گی۔ کمپنی کے منصوبوں اور اس کے مسائل کو کم کرنے کے اقدامات کے نتائج کی بنیاد پر ہر امید ہے کہ اس کا کاروبار جاری رہے گا۔

### گریڈنگ درجہ بندی (Rating)

جے سی آر-وی آئی ایس گریڈنگ کمپنی نے کمپنی کو ہینڈلڈ 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 درخواست دے گی۔

### اظہار تشکر

میں سیکوریٹی اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کی رہنمائی پر، گاہکوں کی حمایت، قرض خواہوں کے تعاون کا اور حصص یافتگان کے کمپنی کی انتظامیہ پر اعتماد اور بھروسہ کرنے پر انتہائی شکر گزار ہوں۔ میں تمام عملے کے ارکان کے کمپنی کی بہتری کے لیے کی جانے والی سخت محنت اور عزم کا بھی شکر گزار ہوں۔

کے لیے اور بورڈ کی جانب سے



محمد آصف

چیف ایکزیکوٹو آفیسر

لاہور

27 فروری 2017

# Auditors' Report on Review of Interim Financial Information to the Members

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Invest Capital Investment Bank Limited ("the company") as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

## 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 information 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 information as at December 31, 2016 and for the six months then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

## Emphasis of matters

Without qualifying our conclusion, we draw attention to the following matters:

- Note 1.3 to the condensed interim financial information indicates that the company has incurred loss of Rs. 3.23 million (December 31, 2015: loss of Rs. 0.12 million) during the period. As at December 31, 2016, its accumulated loss is Rs. 714.59 million (June 30, 2016: Rs. 711.37 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.
- Note 1.4 to the condensed interim financial information indicates that the company has not complied with certain regulatory requirements of Non-Banking Finance companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance companies and Notified Entities Regulations, 2008 as detailed in the said note.

Deloitte Yousuf Adil  
Chartered Accountants  
Engagement partner: Hamid Masood

Dated: February 27, 2017  
Place: Faisalabad

## Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2016

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	– Rupees in thousand –	
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		140,917	145,756
Operating assets		1,182	1,391
Intangible assets		111,776	99,855
Long term investments	5	75,395	67,540
Net investment in Ijarah finance / assets under Ijarah arrangements	6	57,758	64,173
Long term loans	7	2,278	2,278
Long term security deposits		150,000	150,000
Deferred tax asset		539,306	530,993
<b>Current assets</b>			
Short term investments		56,499	35,102
Short term musharakah finances		66,182	66,182
Short term finances		6,680	6,680
Ijarah rentals receivables	6.3	1,674	1,675
Current portion of non-current assets	8	346,491	358,687
Advances, deposits, prepayments and other receivables		18,038	27,662
Bank balances		11,318	3,219
Assets classified as held for sale		47,900	87,900
		554,782	587,107
<b>TOTAL ASSETS</b>		<b>1,094,088</b>	<b>1,118,100</b>



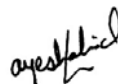
	Un-audited December 31, 2016	Audited June 30, 2016
Note	– Rupees in thousand –	
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves		
Authorized capital		
485,000,000		
ordinary shares of Rs. 10 each	<b>4,850,000</b>	4,850,000
Issued, subscribed and paid-up capital		
284,866,896 ordinary shares of Rs. 10 each	<b>2,848,669</b>	2,848,669
Capital reserves		
Capital reserve on amalgamation	<b>(2,022,076)</b>	(2,022,076)
Statutory reserve	<b>101,256</b>	101,256
Unrealized gain on remeasurement of available for sale investments	<b>13,021</b>	6,673
Equity Portion of Subordinate Loan from directors	<b>20,387</b>	20,387
Revenue reserve		
Accumulated (loss)	<b>(714,595)</b>	(711,368)
	<b>246,662</b>	243,542
<b>Non-current liabilities</b>		
Subordinated loan from directors	<b>108,535</b>	105,613
Loan from sponsor	<b>197,542</b>	197,542
Security deposits from lessees	<b>37,663</b>	33,685
Long term certificates of musharakah	-	702
Long term musharakah and murabaha borrowings	<b>5,089</b>	7,438
Redeemable capital	<b>6,500</b>	7,500
Deferred liability		
Mark up on long term musharakah	<b>7,311</b>	9,747
	<b>362,640</b>	362,227
<b>Current liabilities</b>		
Current portion of non-current liabilities	<b>106,005</b>	121,465
Short term certificates of musharakah	<b>80</b>	2,280
Accrued and other liabilities	<b>144,753</b>	164,324
Profit / mark up payable	<b>201,048</b>	191,362
Liabilities directly associated with assets held for sale of discontinued operation	<b>32,900</b>	32,900
	<b>484,786</b>	512,331
	<b>1,094,088</b>	1,118,100

**CONTINGENCIES**

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Shehryar**  
Director

# Condensed Interim Profit and Loss Account (Un-audited)

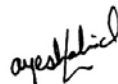
For the half year ended December 31, 2016

	Half year ended December 31		Quarter ended December 31	
	2016	2015	2016	2015
— Rupees in thousand —				
<b>Income</b>				
Income from leasing operations	8,611	7,005	4,107	3,734
Operating lease rentals	1,914	12,268	1,914	439
Profit on musharakah investments	71	18	71	1
Income from finances	275	3,611	218	1,304
Income on deposits with banks	106	128	103	123
Income from joint ventures	5,573	7,264	1,573	5,134
Dividend income	1,991	984	1,913	(308)
Net gain on sale of marketable securities	8,831	3,387	6,985	1,278
Unrealized (loss) on investment in marketable securities - net	(1,416)	(7,317)	(582)	(7,317)
	<b>25,956</b>	<b>27,348</b>	<b>16,302</b>	<b>4,388</b>
<b>Expenses</b>				
Administrative and operating expenses	(15,785)	(15,963)	(10,829)	(8,951)
Financial charges	(15,720)	(17,046)	(9,146)	(8,438)
	<b>(31,505)</b>	<b>(33,009)</b>	<b>(19,975)</b>	<b>(17,389)</b>
Waiver of financial charges	2,857	6,985	2,857	6,985
	<b>(2,692)</b>	<b>1,324</b>	<b>(816)</b>	<b>(6,016)</b>
Other income	2,490	980	1,867	243
	<b>(202)</b>	<b>2,304</b>	<b>1,051</b>	<b>(5,773)</b>
<b>Provision (charged) / reversed on non-performing loans and write-offs</b>				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	1,043	1,397	(516)	1,071
Long term / short term musharakah finances	-	84	-	44
Long term / short term loans	882	75	831	-
Other receivables	(572)	15	(572)	15
Balances written off:				
Lease receivables	(4,162)	(5,236)	(4,162)	-
Other receivables	-	(50)	-	-
	<b>(2,809)</b>	<b>(3,715)</b>	<b>(4,419)</b>	<b>1,130</b>
<b>(Loss) before taxation</b>	<b>(3,011)</b>	<b>(1,411)</b>	<b>(3,368)</b>	<b>(4,643)</b>
<b>Provision for taxation</b>				
- For the period	(135)	(240)	(85)	(190)
- Prior period's	(81)	1,530	(81)	1,530
<b>(Loss) for the period</b>	<b>(3,227)</b>	<b>(121)</b>	<b>(3,534)</b>	<b>(3,303)</b>
<b>Earnings per share - Basic and Diluted (Rupees)</b>	<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Shehryar**  
Director

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2016

	Half year ended December 31		Quarter ended December 31	
	2016	2015	2016	2015
	– Rupees in thousand –			
<b>(Loss) for the period</b>	<b>(3,227)</b>	(121)	<b>(3,534)</b>	(3,303)
<b>Other comprehensive income / (loss)</b>				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain / (loss) on remeasurement of available for sale investments	<b>6,348</b>	(940)	<b>6,348</b>	(940)
<b>Total comprehensive income / (loss) for the period</b>	<b><u>3,121</u></b>	<u>(1,061)</u>	<b><u>2,814</u></b>	<u>(4,243)</u>

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Shehryar**  
Director

## Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended December 31, 2016

	Half year ended Dec 31,	
	2016	2015
	– Rupees in thousand –	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	<b>(3,011)</b>	(1,411)
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	<b>4,839</b>	5,055
Amortization of intangible assets	<b>209</b>	298
(Reversal) / provision against:		
Long term / short term musharakah finances	-	(84)
Long term / short term loans	<b>(882)</b>	(75)
Other receivables	<b>572</b>	(15)
Finance lease receivable and rentals - net	<b>(1,043)</b>	(1,397)
Balances written off		
Lease receivables	<b>4,162</b>	5,236
Other receivables	-	50
(Gain) on disposal of operating assets	-	(10)
Unrealised loss on investments in marketable securities	<b>1,416</b>	7,317
Fair value adjustment - subordinated loan from directors	<b>2,923</b>	-
Financial charges - net	<b>9,940</b>	10,061
Gain on settlement of liabilities	<b>(1,500)</b>	(206)
	<b>20,636</b>	26,230
Cash flow from operating activities before working capital changes	<b>17,625</b>	24,819
Changes in working capital		
(Increase) / decrease in current assets		
Short term investments	<b>(22,814)</b>	(15,291)
Short term finances	-	12
Ijarah rentals receivables	-	476
Advances, deposits, prepayments and other receivables	<b>9,195</b>	(3,932)
Assets classified as held for sale - net	<b>40,000</b>	10,895
	<b>26,381</b>	(7,840)
(Decrease) / increase in current liabilities		
Short term certificates of musharakah	<b>(2,200)</b>	(6,400)
Short term certificates of investments	-	(2,400)
Accrued and other liabilities	<b>(19,571)</b>	13,509
	<b>(21,771)</b>	5,709
Cash generated from operations	<b>22,235</b>	22,688
Financial charges paid	<b>(253)</b>	(1,415)
Income tax paid	<b>(358)</b>	(333)
	<b>(611)</b>	(1,748)
Net cash generated from operations	<b>21,624</b>	20,940

Half year ended Dec 31,  
2016 2015

– Rupees in thousand –

**b) CASH FLOWS FROM INVESTING ACTIVITIES**

Additions in operating assets	-	(1,971)
Recovery of / (investment in) :		
Long term investments	(5,574)	(6,963)
Net investment in Ijarah finance / assets under Ijarah	1,367	20,254
Long term musharakah finances	235	-
Long term loans	366	7,650
Disposal of operating assets	-	20
Net cash (used in) / generated from investing activities	(3,606)	18,990


**c) CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of :		
Redeemable capital	(1,055)	(69)
Long term certificates of musharakah	(702)	-
Long term certificates of investments	(1,050)	(1,050)
Long term musharakah and murabaha borrowings	(7,112)	(14,413)
Long term loan	-	(10,032)
Net cash (used in) financing activities	(9,919)	(25,564)
Net Increase in cash and cash equivalents (a+b+c)	8,099	14,366
Cash and cash equivalents at the beginning of the period	3,219	2,027
Cash and cash equivalents at the end of the period	11,318	16,393

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Shehryar**  
Director

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

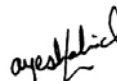
For the half year ended December 31, 2016

	Capital Reserves					Revenue Reserve	Total	
	Capital reserve on amalgamation	Statutory reserve	Gain on remeasurement of available for sale investments	Equity portion of Sub ordinate Loan from sponsors	Sub total	Accumulated (loss)		
Rupees in thousand								
Balance as at July 01, 2015	2,848,669	(2,022,076)	93,205	7,005	-	(1,921,866)	(743,574)	183,229
<b>Total comprehensive (loss)</b>								
(Loss) for the half year ended December 31, 2015	-	-	-	-	-	-	(121)	(121)
Other comprehensive (loss)								
Items that may be reclassified subsequently to profit or loss								
Unrealized (loss) on remeasurement of available for sale investments	-	-	-	(940)	-	(940)	-	(940)
Balance as at December 31, 2015	<u>2,848,669</u>	<u>(2,022,076)</u>	<u>93,205</u>	<u>6,065</u>	<u>-</u>	<u>(1,922,806)</u>	<u>(743,695)</u>	<u>182,168</u>
<b>Total comprehensive income</b>								
Profit for the half year ended June 30, 2016	-	-	-	-	-	-	32,327	32,327
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized gain on remeasurement of available for sale investments	-	-	-	608	-	608	-	608
Transferred to statutory reserve	-	-	8,052	-	-	8,052	-	8,052
Equity portion of Subordinated loan from directors	-	-	8,052	608	20,387	20,387	-	20,387
Balance as at July 01, 2016	<u>2,848,669</u>	<u>(2,022,076)</u>	<u>101,256</u>	<u>6,673</u>	<u>20,387</u>	<u>(1,893,759)</u>	<u>(711,368)</u>	<u>243,541</u>
<b>Total comprehensive income</b>								
(Loss) for the half year ended December 31, 2016	-	-	-	-	-	-	(3,227)	(3,227)
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized gain on remeasurement of available for sale investments	-	-	-	6,348	-	6,348	-	6,348
Balance as at December 31, 2016	<u>2,848,669</u>	<u>(2,022,076)</u>	<u>101,256</u>	<u>13,021</u>	<u>20,387</u>	<u>(1,887,411)</u>	<u>(714,595)</u>	<u>246,662</u>

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Shehryar**  
Director

# Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended December 31, 2016

## 1. LEGAL STATUS AND OPERATIONS

- 1.1 Invest Capital Investment Bank Limited (‘the Company’) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at A-603, 604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, Karachi in the province of Sindh.
- 1.2 In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).
- 1.3 The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:
- The Company has incurred loss of Rs. 3.23 million (December 31, 2015 : loss of Rs. 0.12 million) during the period. As at the balance sheet date, the accumulated loss is Rs. 714.59 million (June 30, 2016: Rs. 711.37 million).
  - The Company has been unable to comply with certain prudential regulations as stipulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Notified Entities Regulations, 2008 (the NBFC Regulations) (Refer Note 1.4).
  - The Company has been unable to comply with the terms of certain loan agreements.
  - 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 has curtailed its administrative and other operating expenses to minimum possible level without affecting the operational efficiency of the Company.

### (b) Commencement of new leasing business

The Company is mainly carrying out car leasing business at a very attractive IRR and reasonable deposit margin. During the period leases amounting to Rs. 45.89 million (2016 : Rs. 84.95 million) have been disbursed. Leasing business will result in improving the operating results and equity position of the Company.

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

Management has made considerable progress in settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of the Company’s lease / loan portfolio and immovable properties / shares / other assets with waiver of mark-up. During the period liabilities amounting to Rs. 3.56 million (2016: Rs. 22.51 million) have been settled / rescheduled, the percentage of liabilities settled to date is 95.01% (2016: 94.78%). Advanced stage negotiations are in process for the remaining amounts. Best efforts are being made to settle the remaining outstanding liabilities.

### (d) Disposal of non-core assets

The management is committed to dispose off non core assets, during the year the management has disposed off properties having book value of Rs. 40.00 million (2016: Rs. 13.23 million). Disposal of non core assets will result in improvement in the liquidity and equity position of the Company.

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

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group. 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 is putting its efforts for recovery from leases and loans portfolio. Net recovery during the period is Rs. 45.04 million (2016: Rs. 118.04 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

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

**1.4 As at December 31, 2016, the Company could not meet the regulatory requirements of NBFC Rules, 2003 and Non-Banking Finance Companies and NBFC Regulations, 2008 mentioned as under:**

- SRO 1160 (I)/2015 dated November 25, 2015 issued by SECP : The aggregate minimum equity requirement as per NBFC Regulations, 2008 for leasing and investment finance companies has been set at Rs. 1,250 million. The aggregate equity of the Company as at December 31, 2016 is Rs. 1,069.79 million (June 30, 2016: Rs. 1,060.52 million) inclusive of subordinated loan of Rs. 108.54 (June 30, 2016: Rs. 105.61 million).
- Regulation 14(4)(g) : An NBFC shall invest at least 15% of the funds raised through deposits, excluding the deposits held by financial institutions, in Government securities, or instruments or investments as notified by the Commission.
- The investment finance services license of the Company has been renewed during the period.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements of IAS 34 differ with the requirements of the Companies Ordinance, 1984, the provisions of or the directives issued under the Companies Ordinance, 1984 have been followed.

**2.1.2** This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

**2.1.3** This condensed interim financial information does 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, 2016.

**2.2 Basis of measurement**

This condensed interim financial information has 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 and subordinated loan from directors which are stated at fair value.

**2.3 Application of new and revised International Financial Reporting Standards**

**2.3.1** Standards, amendments to published approved accounting standards and interpretations becoming effective in current period:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2016 but are considered not to be relevant or not to have any significant effect on the



Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2016.

**2.3.2** Standards, amendments to published approved accounting standards and interpretations becoming effective in future periods:

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2016 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2016.

**2.4 Functional and presentation currency**

This condensed interim financial information is 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**

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2016.

**4. ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The preparation of this condensed interim financial information 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 this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2016.

**4.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2016.

		<b>Un-audited December 31 2016</b>	Audited June 30, 2016
	Note	— Rupees in thousand	—
<b>5. LONG TERM INVESTMENTS</b>			
Investment in joint venture	5.1	<b>88,180</b>	82,607
Available for sale investments			
- At fair value		<u><b>23,596</b></u>	<u>17,248</u>
		<u><b>111,776</b></u>	<u>99,855</u>

**5.1 Investment in joint venture**

This represents investment in CNG filling station (Centre Gas (Private) Limited). The latest available unaudited financial statements as on December 31, 2016 have been used for the purpose of application of equity method.

**Un-audited**      Audited June  
**December 31**      30, 2016  
**2016**

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	<b>34,536</b>	34,536
Cumulative share of profit of joint venture	<b>53,644</b>	48,071
	<b><u>88,180</u></b>	<u>82,607</u>

**6. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS**

Contracts accounted for as finance lease under IAS 17	6.1	<b>265,687</b>	275,842
Less : Current portion	8	<b><u>(190,292)</u></b>	<u>(208,302)</u>
		<b><u>75,395</u></b>	<u>67,540</u>

**6.1 Net investment in Ijarah finance**

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

	As at December 31,2016 (Unaudited)			As at June 30,2016 (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			Rupees in thousand		
Minimum lease payments receivable	800,259	59,690	859,949	810,079	56,733	866,813
Residual value of leased assets	12,615	37,662	50,277	22,143	33,684	55,828
Lease contracts receivable	<b>812,874</b>	<b>97,352</b>	<b>910,226</b>	832,223	90,418	922,642
Unearned lease income (including suspended income)	<b>(152,599)</b>	<b>(10,477)</b>	<b>(163,076)</b>	(153,080)	(11,215)	(164,296)
Provision for potential lease losses	<b>(469,983)</b>	<b>(11,480)</b>	<b>(481,463)</b>	(470,841)	(11,662)	(482,504)
	<b><u>(622,582)</u></b>	<b><u>(21,957)</u></b>	<b><u>(644,539)</u></b>	<u>(623,921)</u>	<u>(22,878)</u>	<u>(646,800)</u>
	<b>190,292</b>	<b>75,395</b>	<b>265,687</b>	208,301	67,540	275,841

**6.2** The above net investment in finance lease includes non-performing lease portfolio of Rs. 594.03 million ( June 30, 2016: Rs. 571.67 million). Detail of non performing leases is as follows:

	As at December 31,2016 (Unaudited)			As at June 30,2016 (Audited)		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand			Rupees in thousand		
Other assets especially mentioned	-	-	-	-	-	-
Substandard	10	2	2	1,145	286	286
Doubtful	299	150	150	6,788	3,394	3,394
Loss	<b>593,722</b>	<b>481,311</b>	<b>481,311</b>	563,737	478,824	478,824
	<b><u>594,031</u></b>	<b><u>481,463</u></b>	<b><u>481,463</u></b>	<u>571,670</u>	<u>482,504</u>	<u>482,504</u>

	Un-audited December 31, 2016	Audited June 30, 2016
--	------------------------------------	--------------------------

Note -- Rupees in thousand --

### 6.3 Ijarah rentals receivable

The rentals receivable for Ijarah contracts accounted for under IFAS 2 are as under:

Ijarah rentals receivable	60,729	62,644
Less : Provision against Ijarah rentals receivable	<u>(59,055)</u>	<u>(60,969)</u>
	<u>1,674</u>	<u>1,675</u>

### 7. LONG TERM LOANS

Considered good

Customers	-	352
Outgoing group	<u>71,955</u>	<u>71,955</u>
	<u>71,955</u>	<u>72,306</u>

Considered doubtful

Customers	<u>32,462</u>	<u>33,359</u>
Ex-employee	<u>529</u>	<u>529</u>
	<u>32,991</u>	<u>33,888</u>
Provision against doubtful balances	<u>(20,321)</u>	<u>(21,203)</u>
	<u>12,670</u>	<u>12,685</u>

Less: Current portion

8	<u>(26,867)</u>	<u>(20,818)</u>
	<u>57,758</u>	<u>64,173</u>

### 8. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in lease finance / assets under Ijarah arrangements	6	190,292	208,302
Long term musharakah finances		129,332	129,567
Long term loans	7	<u>26,867</u>	<u>20,818</u>
		<u>346,491</u>	<u>358,687</u>

### 9. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS

Secured

Musharakah borrowings			
From commercial banks		4,198	8,252
Murabaha borrowings			
From financial institutions		<u>10,578</u>	<u>13,636</u>

Less: Current portion

	<u>14,776</u>	<u>21,888</u>
	<u>(9,687)</u>	<u>(14,450)</u>
	<u>5,089</u>	<u>7,438</u>

### 10. CURRENT PORTION OF NON-CURRENT LIABILITIES

Security deposit from lessees		12,615	22,144
Long term certificates of musharakah		15	15
Long term certificates of investments		352	1,402
Long term musharakah and murabaha borrowings		9,687	14,450
Redeemable capital		80,900	83,455
Deferred liability			
Mark up on long term musharakah		<u>2,436</u>	-
		<u>106,005</u>	<u>121,465</u>

## 11. 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 this condensed interim financial information, are as follows:

		Half year ended December 31, December 31, 2016 2015	
– Rupees in thousand –			
Nature of relationship	Nature of transaction		
Major shareholder	Mark up / interest on loan from sponsor	<b>6,184</b>	7,274
Joint venture	Amount received during the period	<b>4,676</b>	4,640
Provident fund	Contribution made during the period	<b>324</b>	324
Key management	Compensation	<b>4,353</b>	3,395

## 12. SEGMENT INFORMATION

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

	December 31, 2016 (Un-audited)				December 31, 2015 (Un-audited)			
	Leasing / ljarah activities	Investment / financing activities	Other operations	Total	Leasing / ljarah activities	Investment / financing activities	Other operations	Total
– Rupees in thousands –								
Revenue from external customers	10,525	9,753	5,678	25,956	19,273	683	7,392	27,348
Interest expense-net	(6,677)	(6,186)	-	(12,863)	(9,717)	(344)	-	(10,061)
Depreciation and amortization	(2,620)	(2,428)	-	(5,048)	(5,170)	(183)	-	(5,353)
Provision (charged) / reversed / impairment of assets	(3,119)	311	-	(2,808)	(3,839)	124	-	(3,715)
Reportable segment profit	<b>(1,891)</b>	<b>1,450</b>	<b>5,678</b>	<b>5,237</b>	<b>547</b>	<b>279</b>	<b>7,392</b>	<b>8,219</b>
Reportable segment assets	<b>267,362</b>	<b>749,409</b>	<b>77,317</b>	<b>1,094,088</b>	<b>263,317</b>	<b>798,609</b>	<b>104,651</b>	<b>1,186,576</b>
Reportable segment liabilities	<b>(50,278)</b>	<b>(764,248)</b>	<b>(32,900)</b>	<b>(847,426)</b>	<b>(79,267)</b>	<b>(817,239)</b>	<b>(107,902)</b>	<b>(1,004,408)</b>

	Un-audited December 31,	
	2016	2015
	– Rupees in thousands –	
<b>Reconciliation of profit / (loss)</b>		
Profit from reportable segments	(441)	826
Profit from other operations	5,678	7,392
	<u>5,237</u>	<u>8,218</u>
Unallocated amounts:		
Other administrative and operating expenses	(10,738)	(10,610)
Other income	2,490	980
	<u>(3,011)</u>	<u>1,411</u>

**Reconciliation of assets and liabilities**

**Assets**

Assets of reportable segments	1,016,771	1,030,200
Assets of other operations	77,317	87,900
Total assets	<u>1,094,088</u>	<u>1,118,100</u>

**Liabilities**


Liabilities of reportable segments	(814,526)	(841,658)
Liabilities of other operations	(32,900)	(32,900)
Total liabilities	<u>(847,426)</u>	<u>(874,558)</u>

**13. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 27, 2017 by the Board of Directors of the Company.



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Shehryar**  
Director

# Company Information

## Board of Directors

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

## Audit Committee

Mr. Javed Iqbal	-Chairman
Brigadier (Retd.) Wali Muhammad	-Member
Mrs. Ayesha Shehryar	-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  
State Bank of Pakistan

## Registered Office

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

## Head Office

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

## National Tax Number

0656427-5

## Our Network

### Registered Office - Karachi

603-604, 6th Floor, Lakson Square  
Building No. 3, Sarwar Shaheed Road,  
Karachi.

Tel: 021-35661968

Fax: 021-35654022

Website: [www.icibl.com](http://www.icibl.com)

### Head Office - Lahore

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

Tel: 042-35777285

Fax: 042-35777286

### 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

51-A, Trust Plaza, G.T Road,  
Gujranwala.

Tel: 055-3730308, 3730300

Fax: 055-3731108



INVEST CAPITAL INVESTMENT BANK LIMITED

**Registered Office:**

603-604, 6th Floor, Lakson Square Building No.3,  
Sarwar Shaheed Road, Karachi.  
Tel: (92-21) 35661968 Fax: (92-21) 35654022  
Website: [www.icibl.com](http://www.icibl.com)

**Head Office:**

2-H, Gulberg II, Lahore.  
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