

Half Yearly Report

December 31, 2020



INVEST CAPITAL INVESTMENT BANK LIMITED



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Company Information

Board of Directors

Mrs. Ayesha Shehryar	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Muhammad Qasim	-Executive Director
Mrs. Fiza Zahid	-Director
Mr. Shahab Ud Din Khan	-Director
Mr. Ashar Saeed	-Director

Audit Committee

Mr. Ashar Saeed	-Chairman
Mrs. Fiza Zahid	-Member

Human Resource Committee

Mr. Muhammad Qasim	-Chairman
Mr. Muhammad Asif	-Member

Company Secretary

Mr. M. Naim Ashraf

Auditors

RSM Avais Hyder Liaquat Nauman
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
Meezan Bank Limited
JS Bank Limited

Registered Office

Flat No. 2, First Floor, Plot No. 38-C,
22nd Commercial Street, Phase II Ext.
DHA, Karachi.
Telephone: 021-35894022
Website: www.icibl.com

Head Office

2-H, Jail Road, Gulberg II,
Lahore.
Tel: 042-35777285-86

National Tax Number

0656427-5

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, 2020.

The Review

The Company had earned a net profit of Rupees 48.66 million during the six months ending 31st December 2020 as compared to the profit of Rupees 60.34 million in the corresponding period of the last year. The earnings per share came to Rupees 0.17 as against Rupees 0.21 for the period ending 31st December 2019. The profit has decreased by Rupees 11.68 million as compared to the corresponding period of last year due to lesser other income during the period as compared to the corresponding period of last year. The gross revenue including other income for the period amounted to Rupees 38.10 million as compared to Rupees 80.37 million of the corresponding period of the last year. The financial charges amounted to Rupees 7.06 million as against an amount of Rupees 10.29 million of the comparable period along with a markup reversal of Rupees 5.76 million against Rupees 38.40 million of the comparative period of the last year. The administrative and operating expenses reduced to Rupees 11.19 million from Rupees 11.55 million of the corresponding period of the last year.

The total assets of the Company depicted a reduction of Rupees 68.98 million over the past six months due to recoveries from NPLs and stood at Rupees 899.41 million as at 31st December 2020 as compared to Rupees 968.39 million as at June 30, 2020, whereas total liabilities other than equity amounted to Rupees 552.04 million as at 31st December 2020 showing a reduction of Rupees 124.90 million over the amount of Rupees 676.94 million as at June 30, 2020.

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

	----- Rs. in million -----	
	December 31, 2020	December 31, 2019
Gross Revenue	36.14	46.54
Other Income	1.96	33.83
Administration & Operating expenses	(11.19)	(11.55)
Financial charges (net of reversals)	(1.30)	28.11
Profit /(loss) for the period before taxation	40.71	61.01
Taxation – net	7.95	(0.67)
Profit /(loss) for the period after taxation	48.66	60.34
Earnings per Share	0.17	0.21

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 / 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.

Acknowledgments

We are, once again, 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
Chairperson

Lahore
February 26, 2021

ڈائریکٹرز کا جائزہ

ہم، 31 دسمبر 2020 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 48.66 ملین روپے کا منافع حاصل کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کا منافع 60.34 ملین روپے تھا۔ 31 دسمبر 2019 کو آمدنی 0.21 روپے فی حصص تھی جو اب کم ہو کر 0.17 روپے فی حصص ہو گئی ہے۔ اس سال منافع میں 11.68 ملین روپے کی کمی کی وجہ پچھلے سال کے مقابلے میں اس سال دیگر آمدنی میں کمی ہے۔ زیر غور ششماہی میں کمپنی کی مجموعی آمدنی بشمول دیگر آمدنی 38.10 ملین روپے رہی جبکہ اسکے مقابلے میں گذشتہ سال اسی مدت کی آمدنی 80.37 ملین روپے تھی۔ زیر غور ششماہی میں کمپنی کے مالیاتی اخراجات 7.06 ملین روپے ہیں جبکہ گزشتہ برس اسی عرصہ کے اخراجات 10.29 ملین روپے تھے۔ جبکہ پچھلے سال کے 38.40 ملین روپے کے مقابلے میں اس سال 5.76 ملین روپے کا ناک اپ رپورس ہوا۔ کمپنی کے آپریٹنگ اور انتظامی اخراجات 11.19 ملین روپے رہے جبکہ گذشتہ سال اسی مدت کے آپریٹنگ اور انتظامی اخراجات 11.55 ملین روپے تھے۔

کمپنی کے کل اثاثہ جات 68.98 ملین روپے کم ہو کر 899.41 ملین روپے ہو گئے جبکہ 30 جون 2020 کو ان کی مالیت 968.39 ملین روپے تھی۔ اسی طرح کمپنی کی مالیاتی ذمہ داریاں 31 دسمبر 2020 کو 124.90 ملین روپے کی کمی کے ساتھ 552.04 ملین روپے رہیں جبکہ 30 جون 2020 کو یہ رقم 676.94 ملین روپے تھی۔

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

----- روپے ملین میں -----

31 دسمبر		
2019	2020	
46.54	36.14	کل مالگداری (Revenues)
33.83	1.96	دیگر آمدنی
(11.55)	(11.19)	انتظامی اور آپریٹنگ اخراجات
28.11	(1.30)	مالی اخراجات (خالص)
61.01	40.71	نفع/نقصان) قبل از محصول
(0.67)	7.95	محصول - خالص
60.34	48.66	نفع/نقصان) بعد از محصول
0.21	0.17	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)۔
- علیحدہ 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 وصولیابی
- انتظامی اور دیگر اخراجات میں بڑی کمی
- لیزنگ کا نیا 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 کاروبار جاری رہے گا۔

اظہارِ تشکر

ہم سیکوریٹی اینڈ ایجنسٹری کمیشن آف پاکستان کی رہنمائی، کاغذوں کی حمایت، قرض خواہوں کے تعاون کا اور حصص یافتگان کے کمپنی کی انتظامیہ پر اعتماد اور بھروسہ کرنے پر ایک بار پھر 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 ورائے بورڈ آف ڈائریکٹرز

محمد آصف

مائنسٹ شہریار
چئیر پرسن

محمد آصف

چیف ایگزیکٹو آفیسر

لاہور

26 فروری 2021

Review Report on the Statement of Compliance

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Invest Capital Investment Bank Limited ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of 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 comprehensive income for the three months ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2020.

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.

Material Uncertainty relating to Going Concern

Without qualifying our conclusion, we draw attention towards note 1.3 to the condensed interim financial statements which indicate that the accumulated loss is Rs. 729.63 million (June 30, 2020: Rs. 778.28 million). This condition 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.

Other Matter

The condensed interim financial information of the Company for the half year ended December 31, 2019 were reviewed by another firm of chartered accountants who expressed an unqualified opinion in their report dated February 28, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Syed Ali Adnan Tirmizey.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

PLACE: LAHORE
DATED: February 26, 2021

Condensed Interim Statement of Financial Position (Un-audited)

As at December 31, 2020


	Note	Un-audited December 2020	Audited June 2020
.....Rupees in thousand.....			
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	5	67,130	68,511
Intangible assets		284	334
Investment accounted for using equity method	6	133,569	139,774
Financial assets at fair value through other comprehensive income		29,216	21,954
Net investment in finance lease	7	167,301	149,915
Long term loans	8	35,783	38,052
Long term security deposits		2,280	2,331
		435,563	420,871
Current assets			
Short term musharakah finances		43,020	43,020
Short term finances	9	14,792	111,790
Ijarah rentals receivables		1,302	1,315
Current portion of non-current assets	10	356,454	346,420
Advances, deposits, prepayments and other receivables		9,250	22,575
Financial assets at fair value through profit or loss	11	20,861	11,449
Bank balances		18,172	10,950
		463,851	547,519
TOTAL ASSETS		899,414	968,390

	Note	Un-audited December 2020	Audited June 2020
		.....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		126,000	126,000
Capital reserves			
Capital reserve on amalgamation		(2,022,076)	(2,022,076)
Revenue reserves			
General reserve		102,976	102,976
Accumulated loss		(729,625)	(778,283)
Fair value reserve		21,425	14,163
		347,369	291,449
Non-current liabilities			
Loan from sponsor	12	66,392	116,393
Security deposits from lessees		55,876	56,678
Redeemable capital	13	8,250	11,400
Liability related to outgoing group		24,300	25,920
		154,818	210,391
Current liabilities			
Current portion of non-current liabilities	14	51,457	63,748
Short term loan from sponsor		-	31,000
Accrued and other liabilities		139,082	141,994
Profit / mark up payable		199,866	200,968
Unclaimed dividend		6,053	6,053
Provision for taxation - income tax		769	22,787
		397,227	466,550
TOTAL EQUITY AND LIABILITIES		899,414	968,390
CONTINGENCIES AND COMMITMENT	15	-	-

The annexed notes 1 to 18 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

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

For the half year ended December 31, 2020

	Half year ended December		Quarter ended December	
	2020	2019	2020	2019
.....Rupees in thousand.....				
Income				
Income from leasing operations	19,752	17,074	10,279	9,822
Operating lease rentals	756	24	592	-
Profit on musharakah investments	4	23,350	4	-
Income from finances	15,407	2,545	2,295	1,780
Income on deposits with banks	1,998	1,263	1,559	637
(Loss) / Income from joint ventures	(6,205)	2,519	(8,205)	(1,481)
Dividend income	39	426	39	318
Net gain on sale of marketable securities	1,609	268	209	196
Unrealized gain / (loss) on financial assets at fair value - net	2,778	(926)	2,778	(926)
	36,138	46,543	9,550	10,346
Expenses				
Administrative and operating expenses	(11,194)	(11,545)	(5,671)	(6,062)
Financial charges	(7,057)	(10,287)	(2,645)	(4,988)
Mark up waived off on settlement of loans	5,759	38,402	3,875	38,402
	(12,492)	16,570	(4,441)	27,352
	23,646	63,113	5,109	37,698
Other income	1,960	33,829	993	32,927
	25,606	96,942	6,102	70,625
Provision reversed / (charged) on non-performing loans and write-offs				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	7,767	(1,690)	4,597	535
Long term / short term musharakah finances	121	50	46	50
Long term / short term loans	286	(43,052)	286	(39,032)
Other receivables	7,335	8,762	7,335	5,495
Balances written off:				
Lease receivables	(405)	-	(405)	-
	15,104	(35,930)	11,859	(32,952)
Profit before taxation	40,710	61,012	17,961	37,673
Provision for taxation				
- For the period	(769)	(645)	231	(145)
- Prior period	8,717	(28)	8,717	(28)
Profit for the period	48,658	60,339	26,909	37,500
Earnings per share - Basic and Diluted				
	0.171	0.212	0.094	0.132

The annexed notes 1 to 18 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2020

	Half year ended December		Quarter ended December	
	2020	2019	2020	2019
	.....Rupees in thousand.....			
Profit for the period	48,658	60,339	26,909	37,500
Other comprehensive income / (loss)				
Items that may not be reclassified to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income	7,262	(932)	7,262	(932)
Total comprehensive Income for the period	55,920	59,407	34,171	36,568

The annexed notes 1 to 18 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended December 31, 2020

	Un-audited December 2020.....Rupees in thousand.....	Un-audited December 2019
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,710	61,012
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	1,381	1,488
Amortization of intangible assets	50	72
(Reversal) / provision against:		
Finance lease receivable and rentals - net	(7,767)	1,690
Long term / short term musharakah finances	(121)	(50)
Long term / short term loans	(286)	43,052
Other receivables	(7,335)	(8,762)
Balances written off		
Lease receivables	405	-
(Gain) on disposal of operating assets	-	(3)
Unrealised (gain)/loss on financial assets at fair value	(2,778)	926
Income from joint ventures	6,205	(2,519)
Financial charges	7,057	10,287
Mark up waived off on settlement of loans	(5,759)	(38,402)
(Gain) on settlement of liabilities	-	(32,000)
	(8,948)	(24,221)
Cash flow from operating activities before working capital changes	31,762	36,791
Changes in working capital		
Decrease / (Increase) in current assets		
Financial assets at fair value through profit or loss	(6,634)	(11,199)
Short term musharakah finances	-	16,700
Short term finances	96,998	(4,670)
Ijarah rentals receivables	13	-
Advances, deposits, prepayments and other receivables	9,774	33,176
	100,151	34,007
Increase in current liabilities		
Accrued and other liabilities	(2,912)	(36,125)
Cash generated from operations	129,001	34,673
Financial charges paid	(2,400)	(5)
Income tax paid	(3,590)	(857)
Net cash generated from operations	123,011	33,811

Un-audited December 2020Rupees in thousand.....	Un-audited December 2019
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b) CASH FLOWS FROM INVESTING ACTIVITIES

(Additions) / deletion in:		
Property, plant and equipment	-	(5)
(Investment in) / Recovery of :		
Net investment in finance lease	(17,799)	(10,663)
Long term musharakah finances	121	50
Long term loans	1,673	(37,156)
Long term security deposits	51	-
Proceeds from disposal of operating assets	-	150
Net cash (used in) investing activities	(15,954)	(47,624)

c) CASH FLOWS FROM FINANCING ACTIVITIES

(Repayment of) / Receipts from :		
Long term loan from sponsors	(50,000)	(25,000)
Short term loan from sponsors	(31,000)	-
Redeemable capital	(17,215)	1,970
Liability related to outgoing group	(1,620)	30,780
Net cash (used in) / generated from financing activities	(99,835)	7,750
Net Increase / (decrease) in cash and cash equivalents (a+b+c)	7,222	(6,063)
Cash and cash equivalents at the beginning of the year	10,950	24,746
Cash and cash equivalents at the end of half year	18,172	18,683

The annexed notes 1 to 18 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

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

For the half year ended December 31, 2020

	Issued, subscribed and paid-up capital	Loan from directors	Capital Reserves			Revenue Reserve		Fair value reserve	Total
			Capital reserve on amalgamation	Statutory reserve	Sub total	General reserve	Accumulated loss		
Balance as at July 01, 2019	2,848,669	126,000	(2,022,076)	102,976	(1,919,100)	-	(824,406)	25,111	256,274
Total comprehensive income for the period									
Profit for the half year ended June 30, 2019	-	-	-	-	-	-	60,339	-	60,339
Other comprehensive income									
Items that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(932)	(932)
Equity portion of loan to directors	-	-	-	-	-	-	-	-	-
Loan from directors	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	60,339	(932)	59,407
Balance as at December 31, 2019	2,848,669	126,000	(2,022,076)	102,976	(1,919,100)	-	(764,067)	24,179	315,681
Total comprehensive (loss)									
(Loss) for the half year ended June 30, 2020	-	-	-	-	-	-	-	-	-
Other comprehensive (loss)									
Items that may not be reclassified to profit or loss	-	-	-	-	-	-	-	(14,216)	(14,216)
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(10,016)	(10,016)
Transferred from Statutory reserve to General reserve	-	-	-	(102,976)	(102,976)	102,976	-	-	-
	-	-	-	(102,976)	(102,976)	102,976	(14,216)	(10,016)	(24,232)
Balance as at July 01, 2020	2,848,669	126,000	(2,022,076)	-	(2,022,076)	102,976	(778,283)	14,163	291,449
Total comprehensive income for the period									
Profit for the half year ended December 31, 2020	-	-	-	-	-	-	48,658	-	48,658
Other comprehensive income									
Items that may not be reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	7,262	7,262
Transferred from Statutory reserve to General reserve	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	48,658	7,262	55,920
Balance as at December 31, 2020	2,848,669	126,000	(2,022,076)	-	(2,022,076)	102,976	(729,625)	21,425	347,369

The annexed notes 1 to 18 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

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

For the half year ended December 31, 2020

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 Flat No. 2, First Floor, Plot No. 38-C, 22nd Commercial Street, Phase II Ext., DHA, 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 statement of financial position date, the accumulated loss is Rs.729.63 million (June 2020: Rs. 778.28 million).
- the Company has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the financial statements as at 30th June 2020.
- 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 over the years, without affecting the operational efficiency of the Company.

(b) **Leasing / financing business**

The Company is mainly carrying out car leasing business at attractive rates and reasonable deposit margin. During the half year leases and finances amounting to Rs. 113.69 million (June 2020 : Rs. 309.80 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**

The Management has settled the outstanding loans with various banks / financial institutions through cash payment / transfer of the Company’s lease / loan portfolios and immovable properties / shares / other assets with waiver of mark-up. During the period liabilities amounting to Rs. 14.07 million (June 2020: Rs. 30.03 million) have been settled / rescheduled, the percentage of liabilities settled to date is 99.76% (June 2020: 98.86%). Negotiations are in process for the settlement of the outstanding amount of Rs. 3.71 million against TFCs issued by the company.

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

The management had disposed off all non-core assets in the previous years. Disposal of non core assets has resulted in improvement in the liquidity position of the Company.

(e) **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 half year is Rs. 93.34 million (June 2020: Rs. 155.37 million). This amount

has been utilized in the new leasing business, as well as, in meeting the obligations towards the remaining 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 (e) 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).
- Wherever the requirements of the Companies Act, 2017, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IASs / IFRSS, requirements of the Companies Act, 2017, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail.

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, 2020.

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, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.2.2 New standards and amendments to approved accounting standards that are effective in future periods.

There are certain standards and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting. The new standards, amendments to 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, 2020.

2.3 Basis of measurement

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

- Investments at fair value through statement of profit or loss, Investments stated at fair value through other comprehensive income and investment accounted for using equity method.

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 adopted 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, 2020.

4. Accounting estimates and judgments

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, 2020.

4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2020.

	Un-audited December 2020	Audited June 2020
Note	.....Rupees in thousand....	
<hr/>		
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	<u>67,130</u>	<u>68,511</u>
5.1 Operating assets		
Book value at beginning of the period / year	68,511	71,629
Disposals during the period / year	-	(147)
Depreciation charged during the period / year	<u>(1,381)</u>	<u>(2,970)</u>
	<u>67,130</u>	<u>68,511</u>

6. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

Investment in joint venture

6.1	<u>133,569</u>	<u>139,774</u>
-----	----------------	----------------

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, 2020 have been used for the purpose of application of equity method.

		Un-audited December 2020	Audited June 2020
	Note	.....Rupees in thousand.....	

- Centre Gas (Private) Limited	6.1.1	133,569	139,774
--------------------------------	-------	---------	---------

6.1.1 Centre Gas (Private) Limited

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

Cost			
(2,500 Shares of Rs. 1,000/- each) Shareholding 50%		34,536	34,536
Cumulative share of profit of joint venture		99,033	105,238
		-	-
		<u>133,569</u>	<u>139,774</u>

7. NET INVESTMENT IN FINANCE LEASE

Contracts accounted for as finance lease	7.1	395,776	369,239
Less : Current portion	10	<u>(228,475)</u>	<u>(219,323)</u>
		<u>167,301</u>	<u>149,916</u>

7.1 Net investment in finance lease

Following is a statement of lease receivables accounted for under IFRS 16:

	Un-audited December 2020			Audited June 2020		
	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 thousands -----					
Minimum lease payments receivable	807,816	123,140	930,956	800,529	112,736	913,265
Residual value of leased assets	<u>24,410</u>	<u>59,931</u>	<u>84,341</u>	26,690	56,677	83,367
Lease contracts receivable	<u>832,226</u>	<u>183,071</u>	<u>1,015,297</u>	827,219	169,413	996,632
Unearned lease income (including suspended income)	<u>(161,289)</u>	<u>(15,770)</u>	<u>(177,059)</u>	(159,778)	(17,386)	(177,164)
Provision for potential lease losses	<u>(442,462)</u>	-	<u>(442,462)</u>	(448,118)	(2,112)	(450,230)
	<u>(603,751)</u>	<u>(15,770)</u>	<u>(619,521)</u>	(607,896)	(19,498)	(627,394)
	<u>228,475</u>	<u>167,301</u>	<u>395,776</u>	219,323	149,915	369,238

7.1.1 These finances carry profit rates ranging from 12.36% to 22.00 % per annum (June 2020 12.36% to 22.00% per annum). These agreements usually are for three to five years period and are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

7.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 544.06 million (June 2020: Rs. 549.81 million). Detail of non performing leases is as follows:

Category of classification	Un-audited December 2020			Audited June 2020		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	----- Rupees in thousands -----					
Substandard	-	-	-	8,449	2,112	2,112
Loss	544,057	442,462	442,462	549,808	448,118	448,118
	<u>544,057</u>	<u>442,462</u>	<u>442,462</u>	<u>558,257</u>	<u>450,230</u>	<u>450,230</u>

	Un-audited December 2020	Audited June 2020
Note	.....Rupees in thousand....	

8. LONG TERM LOANS

Secured			
Considered good			
Customers	8.1	49,593	51,100
Considered doubtful			
Customers	8.1	19,390	19,556
Outgoing group	8.2	71,955	71,955
Ex-employee		529	529
		91,874	92,040
Provision against doubtful balances		(79,206)	(79,492)
		12,668	12,548
		62,261	63,648
Less: Current portion	10	(26,478)	(25,596)
		<u>35,783</u>	<u>38,052</u>

8.1 These carry mark-up at the rate ranging from 11.00% to 25.00% per annum (June 2020: from 11.00% to 25.00% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

8.2 Rs. 24.58 million was receivable in 08 unequal quarterly installments commenced from December 31, 2016 and ended on September 30, 2018, and balance amount of Rs. 47.37 million was receivable in lump sum on December 31, 2018. Mark-up amounting to Rs 36.04 million was also outstanding. It was subject to mark up at the rate of six month KIBOR plus 2% per annum. Effective markup rate charged was 9.04% per annum till maturity December 31, 2018.

	Un-audited December 2020	Audited June 2020
Note	.....Rupees in thousand....	

9. SHORT TERM FINANCES

Secured			
Considered good		8,442	5,675
Considered doubtful		8,133	7,898
Provision against doubtful balances		(1,783)	(1,783)
		6,350	6,115
	9.1	14,792	11,790
Un secured			
Considered good		-	100,000
OMC - Company			111,790
		<u>14,792</u>	<u>111,790</u>

- 9.1 These are secured against registered charge over assets of the customers, pledge / hypothecation of stocks and collateral in certain cases. These carry mark-up at the rates ranging from 15.29% to 27.00% per annum (June 2020: 15.29% to 27.00% per annum).

		Un-audited December 2020	Audited June 2020
	Note	.....Rupees in thousand.....	

10. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in finance lease	7	228,475	219,323
Long term musharakah finances		101,501	101,501
Long term loans	8	26,478	25,596
		<u>356,454</u>	<u>346,420</u>

11. Financial assets at fair value through profit or loss

Investments at fair value through profit or loss			
Quoted securities	11.1	<u>20,861</u>	<u>11,449</u>

11.1 Investments at fair value through profit or loss

Un-audited December 2020	Audited June 2020		Un-audited December 2020	Audited June 2020
Number of shares			.....Rupees in thousand.....	
408,000	408,000	Faysal Bank Limited	7,050	5,683
20,000	-	National Bank of Pakistan	859	-
200,000	150,000	The Bank of Punjab	1,854	1,260
400,000	400,000	Bank Islami Pakistan Limited	4,804	3,024
75,000	72,000	Kot Addu Power Co. Limited	2,040	1,451
5,000	-	Habib Bank Limited	661	-
4,841	4,841	Trust Investment Bank Limited	-	-
25,000	-	Sui Northern Gas Pipelines Limited	1,111	-
127	127	Askari Bank Limited	3	2
15,000	-	Hub Power Company Limited	1,190	-
56	56	Engro Corporation Limited	17	16
10,000	-	United Bank Limited	1,259	-
145	145	Pakistan Petroleum Limited	13	13
2,763	2,763	Taj Textile Mills Limited	-	-
<u>1,165,932</u>	<u>1,037,932</u>		<u>20,861</u>	<u>11,449</u>

		Un-audited December 2020	Audited June 2020
	NoteRupees in thousand.....	

12. LOAN FROM SPONSOR

Loan from sponsor	12.1	<u>66,392</u>	<u>116,392</u>
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- 12.1 During the period the loan of Rs. 50 million has been paid and the remaining amount of Rs. 66.39 million is payable in full in November 2023. Effective markup rate charged during the period ranges from 7.30% to 11.16% (2020: 11.16% to 13.90%) per annum.

	Note	Un-audited December 2020	Audited June 2020
		.....Rupees in thousand.....	

13. REDEEMABLE CAPITAL

Secured			
Term finance certificates	13.1 & 13.2	3,705	17,770
Less: Current portion	14	(3,705)	17,770
		<u>-</u>	<u>-</u>
Restructured			
Term finance certificates	13.3	14,550	17,700
Less: Current portion	14	(6,300)	(6,300)
		<u>8,250</u>	<u>11,400</u>

13.1 Term finance certificates (TFCs) were issued by the Company on September 05, 2002. These were subject to markup at 5 year PIB plus 275 bps. Markup was payable semi-annually. These were matured in September 05, 2013.

13.2 As a result of Company's request to the TFC holders for restructuring / settlement of principal and markup during the year, four agreements have been executed with TFC holders. As per terms of the agreement, principal of Rs. Nil (June 2020: Rs. 8 million) along with mark up of Rs. 5.76 million (June 2020: 38.40 million) has been waived off. Company's request to the remaining TFC holders for restructuring / settlement of principal and markup is under their consideration.

13.3 This represents the amount repayable in installments as a result of settlement.

	Balance Rs. (000)	Number of		Payment Rests	Commencement Date	Ending Date
		Total	Balance			
TFC I	10,500	50	35	Monthly	10-Oct-19	10-Nov-23
TFC II	4,050	41	18	Monthly	31-Mar-19	30-Jun-22

	Note	Un-audited December 2020	Audited June 2020
		.....Rupees in thousand.....	

14. CURRENT PORTION OF NON-CURRENT LIABILITIES

Security deposit from lessees		28,465	26,690
Liability related to outgoing group		3,240	3,240
Deferred liability		9,747	9,747
Redeemable capital	13 & 14.1	10,005	24,070
		<u>51,457</u>	<u>63,747</u>

14.1 These certificates alongwith related mark up of Rs. 18.35 million (2020 : Rs. 24.71 million) are outstanding.

15. CONTINGENCIES AND COMMITMENT

15.1 There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2020.

Un-audited
December
2020
.....Rupees in thousand.....

Audited
June
2020

15.2 Commitment

Under lease financing contracts committed
but not executed

38,653

10,143

16. SEGMENT INFORMATION

December 2020 (Un-audited)				December 2019 (Un-audited)			
Investment / financing activities	Leasing activities	Other operations	Total	Investment / financing activities	Leasing activities	Other operations	Total
----- Rupees in thousands -----							

Information about reportable
segment profit or loss,
assets and liabilities

Revenue from external customers	19,837	20,508	(4,207)	36,138	25,663	17,098	3,782	46,543
Interest (reversal) / expense - net	(3,470)	(3,587)	-	(7,057)	(6,174)	(4,113)	-	(10,287)
Depreciation and amortization	704	727	-	1,431	936	624	-	1,560
Provision reversed / (charged) / Impairment of assets	7,742	7,362	-	15,104	(34,240)	(1,690)	-	(35,930)
Reportable segment profit	<u>24,813</u>	<u>25,010</u>	<u>(4,207)</u>	<u>45,616</u>	<u>(13,815)</u>	<u>11,919</u>	<u>3,782</u>	<u>1,886</u>
Reportable segment assets	<u>(798,368)</u>	<u>1,697,782</u>	<u>-</u>	<u>899,414</u>	<u>544,105</u>	<u>383,399</u>	<u>-</u>	<u>927,504</u>
Reportable segment liabilities	<u>(467,704)</u>	<u>(84,341)</u>	<u>-</u>	<u>(552,045)</u>	<u>(530,476)</u>	<u>(81,347)</u>	<u>-</u>	<u>(611,823)</u>

Un-audited
December
2020
.....Rupees in thousand.....

Audited
June
2020

Reconciliation of (loss) / profit

Total profit from reportable segments
Profit from other operations

49,823

(1,896)

(4,207)

3,782

45,616

1,886

Unallocated amounts:

Other administrative and operating expenses

(12,625)

(13,105)

Other income

1,960

72,231

Profit before tax

34,951

61,012

Reconciliation of assets and liabilities

Assets

Total assets of reportable segments

899,414

927,504

Liabilities

Total liabilities of reportable segments

(552,045)

(611,823)

17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26th February 2021 by the Board of Directors of the Company.

18. GENERAL

18.1 Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

Our Network

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Peshawar

C/o Centre Gas (Pvt.) Limited,
Chughal Pura, G.T Road,
Peshawar.
Tel: 091-2262966 & 2262866

Faisalabad

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