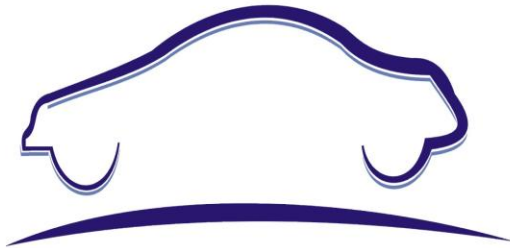


Quarterly Report

March 31, 2016



INVEST CAPITAL INVESTMENT BANK LIMITED



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INVEST CAPITAL INVESTMENT BANK LIMITED

Contents

Contents	01
Company Information	02
Directors Report	03
Condensed Interim Balance Sheet (Un-Audited)	05
Condensed Interim Profit and Loss Account (Un-Audited)	06
Condensed Interim Statement of Comprehensive Income (Un-Audited)	07
Condensed Interim Statement of Cash Flows (Un-Audited)	08
Condensed Interim Statement of Changes in Equity (Un-Audited)	10
Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)	11

Company Information

Board of Directors

Mrs. Ayesha Shehryar	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Shahab Ud Din Khan	-Director
Mr. Muhammad Qasim	-Director
Ms. Fiza Zahid	- Director
Mr. Shahbaz Haider Agha	-Director
Mr. Hasan Ahmed	-Director

Audit Committee

Mr. Shahab Ud Din Khan	-Chairman
Mr. Hasan Ahmed	-Member
Ms. Fiza Zahid	-Member

Human Resource Committee

Mr. Muhammad Qasim	-Chairman
Mr. Muhammad Asif	-Member
Mrs. Ayesha Shehryar	-Member

Chief Financial Officer &

Company Secretary

Mr. M. Naim Ashraf

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: 042-35777286
Fax: 042-35777286

Auditors

Deloitte Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisors

Ahmad & Qazi

National Tax Number

0656427-5

Directors' Review

I am pleased to present the un-audited financial statements for quarter ended March 31, 2016 to the members on behalf of the Board of Directors of Invest Capital Investment Bank Limited (the Company).

The Review

During the period under review, the company earned a profit of Rupees 1.79 million as compared to the profit of Rupees 25.37 million in the comparative period of the last year and earnings per share of Rupees 0.01 (March 2015 Rupees 0.09). The reduction in profit is basically due to reduction in "Other income" which mainly comprised of gain in settlement of liabilities. The gross revenue including other income for the period stood at Rupees 40.66 million as compared to Rupees 49.46 million in the corresponding period of the previous year. The financial charges came down to Rupees 23.85 million from Rupees 31.21 million of the March 31, 2015 position, whereas waiver of financial charges also reduced from Rupees 52.31 million to Rupees 6.99 million. The administrative and operating expenses also decreased to Rupees 22.66 million from Rupees 29.68 million of the comparable nine months period.

On the Balance Sheet side, the total assets of the Company stood at Rupees 1,150.05 million (March 31, 2015 Rupees 1,273.58 million). The equity amounted to Rupees 183.90 million as at the period end. Total liabilities of the Company amounted to Rupees 966.157 million as at 31st March 2016.

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

-----Rs. in million-----		
	March 31, 2016	March 31, 2015
Gross Revenue	35.82	35.91
Other Income	4.83	13.55
Administration & Operating expenses	22.66	29.68
Profit / (Loss) for the period before taxation	0.53	25.67
Taxation – net	(1.27)	0.31
Profit / (Loss) for the period after taxation	1.79	25.37
Earnings per Share	0.01	0.09

During the period gross revenue has decreased slightly due to the maturity of leases. The new lease business when done as per availability funds will improve the profitability of the Company.

The management remained focus to resolve the outstanding issues to make the company afloat. The following key areas continued to remain under focus 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 above mentioned measures have helped to a great extent 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 as enumerated above and discussed in detail in the Audited Financial Statements for the period ended June 30, 2015, 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 bank liabilities.

Acknowledgments

I am extremely grateful to our valued customers for their continued support and confidence, the Securities and Exchange Commission of Pakistan for their guidance, the lenders for their cooperation, and shareholders for their confidence and trust. I also thank all staff members for their sincere and dedicated services.

For and on behalf of the Board


Lahore
April 23, 2016


Muhammad Asif
Chief Executive Officer

Invest Capital Investment Bank Limited
Condensed Interim Balance Sheet (Un-audited)
As at March 31, 2016

	Un-audited March 31, 2016	Audited June 30, 2015
	— Rupees in thousand —	
ASSETS		
Non-current assets		
Property, plant and equipment		
Operating assets	5 148,463	153,987
Intangible assets	1,540	1,986
Long term investments	6 114,334	105,494
Net investment in (jarah finance / assets under (jarah arrangements	7 59,487	56,522
Long term loans	8 71,955	75,226
Long term security deposits	2,391	2,614
Deferred tax asset	150,000	150,000
	548,170	545,829
Current assets		
Short term investments	39,610	26,769
Short term musharakah finances	70,492	70,492
Short term finances	6,668	6,700
Jarah rentals receivables	1,787	1,863
Current portion of non-current assets	324,982	411,025
Advances, deposits, prepayments and other receivables	43,984	37,877
Cash and bank balances	15,957	2,027
Assets classified as held for sale	98,384	110,251
	601,884	667,004
	1,150,054	1,212,833
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital		
485,000,000 (June 30, 2015 : 485,000,000)		
ordinary shares of Rs. 10 each	4,850,000	4,850,000
Issued, subscribed and paid-up capital	2,848,669	2,848,669
Capital reserves		
Capital reserve on amalgamation	(2,022,076)	(2,022,076)
Statutory reserve	93,205	93,205
Unrealized gain on remeasurement of available for sale investments	5,881	7,005
Revenue reserve	(741,782)	(743,574)
Accumulated loss	183,897	183,229
Non-current liabilities		
Subordinated loan from directors	126,000	126,000
Security deposits from lessees	33,147	40,308
Long term certificates of musharakah	-	1,402
Long term certificates of investments	-	1,402
Long term musharakah and murabaha borrowings	10 2,119	12,044
Deferred liability	9,747	9,747
Mark up on long term musharakah	171,013	190,903
Current liabilities		
Current portion of non-current liabilities	11 136,380	188,008
Short term certificates of musharakah	4,980	13,280
Short term certificates of investments	8,200	11,400
Loan from sponsor	197,542	197,542
Accrued and other liabilities	144,809	140,532
Profit / mark up payable	195,330	180,037
Liabilities directly associated with assets held for sale of discontinued operation	107,902	107,902
	795,144	838,701
	1,150,054	1,212,833
TOTAL EQUITY AND LIABILITIES		
CONTINGENCIES	12 -	-

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


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

5

INVEST CAPITAL INVESTMENT BANK LIMITED

Invest Capital Investment Bank Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended March 31, 2016

	Nine months ended March 31		Quarter ended March 31	
	2016	2015	2016	2015
	— Rupees in thousand —			
Income				
Income from leasing operations	11,958	15,745	4,953	5,020
Operating lease rentals	13,286	5,394	1,018	961
Profit / (loss) on musharakah investments	80	(640)	62	(237)
Income from finances	5,531	8,048	1,920	2,810
Income on deposits with banks	244	413	116	84
Income from joint ventures	10,264	1,078	3,000	38
Dividend income	2,760	1,597	1,776	1,516
Net gain on sale of marketable securities	3,102	6,039	(285)	735
Unrealized (loss) / gain on investment in marketable securities - net	(11,400)	(1,761)	(4,083)	(3,049)
	35,824	35,913	8,476	7,878
Expenses				
Administrative and operating expenses	(22,660)	(29,677)	(6,697)	(7,718)
Financial charges - net	(23,851)	(34,021)	(8,805)	(11,037)
	(46,511)	(63,698)	(13,502)	(18,755)
	(10,687)	(27,785)	(5,026)	(10,877)
Waiver of financial charges	6,985	52,314	0	5,110
	(3,702)	24,529	(5,026)	(5,767)
Other income	4,833	13,545	3,853	6,912
	1,131	38,074	(1,173)	1,145
Provision (charged) / reversed on non-performing loans and write-offs				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	(8,770)	(11,638)	(10,167)	(3,299)
Long term / short term musharakah finances	99	123	15	45
Long term / short term loans	11,238	885	11,163	91
Other receivables	2,309	631	2,294	772
Balances written off:				
Lease receivables	(5,430)	(2,411)	(194)	(298)
Other receivables	(50)	-	-	-
	(605)	(12,400)	3,110	(2,689)
	526	25,674	1,937	(1,544)
(Loss) / profit before taxation				
Provision for taxation				
- For the period	(265)	(1,146)	(25)	(382)
- Prior period's	1,530	841	0	-
(Loss) / profit for the period	1,792	25,369	1,912	(1,926)
Earnings per share - Basic and Diluted (Rupees)	0.01	0.09	0.01	(0.01)

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


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

6

INVEST CAPITAL INVESTMENT BANK LIMITED

Invest Capital Investment Bank Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended March 31, 2016

	Nine months ended March 31		Quarter ended March 31	
	2016	2015	2016	2015
— Rupees in thousand —				
(Loss) / profit for the period	1,792	25,369	1,912	(1,926)
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to profit or loss				
Unrealized (loss) / gain on remeasurement of available for sale investments	(1,124)	1,785	(184)	-
Other Items				
Un-realized (gain) on available for sale investment reclassified to profit and loss account on disposal	-	(2,637)	-	-
	(1,124)	(852)	(184)	-
Total comprehensive (loss) / income for the period	668	24,517	1,728	(1,926)

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


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

7

INVEST CAPITAL INVESTMENT BANK LIMITED

Invest Capital Investment Bank Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months period ended March 31, 2016

	Nine months ended March 31,	
	2016	2015
— Rupees in thousand —		
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	526	25,674
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	7,493	5,791
Amortization of intangible assets	445	426
Depreciation on assets leased out	-	210
(Reversal) / provision against:		
Long term / short term musharakah finances	(99)	(123)
Long term / short term loans	(11,238)	(895)
Other receivables	(2,309)	(631)
Finance lease receivable and rentals - net	8,770	11,638
Balances written off		
Lease receivables	5,430	2,411
Other receivables	50	-
(Gain) on disposal of operating assets	(10)	(745)
Unrealised loss / (gain) on investments in marketable securities	11,400	1,761
Financial charges - net	16,866	(18,293)
Gain on settlement of liabilities	(206)	(10,981)
	36,592	(9,432)
Cash flow from operating activities before working capital changes	37,118	16,243
Changes in working capital		
(Increase) / decrease in current assets		
Short term investments	(24,241)	(5,479)
Short term musharakah finances	-	14
Short term finances	12	2,032
Ijarah rentals receivables	76	98
Advances, deposits, prepayments and other receivables	(1,997)	(74)
Assets classified as held for sale - net	11,867	763
	(14,283)	(2,646)
(Decrease) / increase in current liabilities		
Short term certificates of musharakah	(8,300)	(9,760)
Short term certificates of investments	(3,200)	(3,600)
Accrued and other liabilities	13,568	15,847
	2,068	2,487
Cash generated from operations	24,903	16,084
Financial charges paid	(1,573)	(4,757)
Income tax paid	(536)	(69)
	(2,109)	(4,826)
Net cash generated from operations	22,794	11,258


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

8

INVEST CAPITAL INVESTMENT BANK LIMITED

Nine months ended March 31,
2016 2015
--- Rupees in thousand ---

b) CASH FLOWS FROM INVESTING ACTIVITIES

Additions in operating assets	(1,978)	(35)
Recovery of / (investment in) :		
Long term investments	(9,964)	3,090
Net investment in Ijarah finance / assets under Ijarah arrangements	26,078	47,216
Long term musharakah finances	0	41
Long term loans	7,840	(11,259)
Long term security deposits	223	-
Disposal of operating assets	19	904
Net cash generated from investing activities	22,218	39,958

c) CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of :		
Redeemable capital	(69)	(4,485)
Long term certificates of musharakah	(2,300)	(8,374)
Long term certificates of investments	(1,575)	(5,175)
Long term musharakah and murabaha borrowings	(17,106)	(23,131)
Long term loan	(10,032)	(14,224)
Net cash (used in) financing activities	(31,082)	(55,389)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	13,930	(4,173)
Cash and cash equivalents at the beginning of the period	2,027	10,933
Cash and cash equivalents at the end of the period	15,957	6,760

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


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

9

INVEST CAPITAL INVESTMENT BANK LIMITED

Invest Capital Investment Bank Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended March 31, 2016

Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserve	Total
	Capital reserve on amalgamation	Statutory reserve	Gain on remeasurement of available for sale investments	Sub total	
				Accumulated loss	

Rupees in thousand

Balance as at July 01, 2014 - as previously reported	2,848,669	(2,022,076)	-	11,908	(2,010,168)	(656,525)	181,976
Effect of rectification of error	-	-	91,973	-	91,973	(91,973)	-
Transferred to statutory reserve	2,848,669	(2,022,076)	91,973	11,908	(1,916,195)	(748,486)	181,976

Total comprehensive income for the period

Profit for the period	-	-	-	-	-	25,369	25,369
Other comprehensive income	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Unrealized gain on remeasurement of available for sale investments	-	-	-	1,785	1,785	-	1,785
Other items	-	-	-	-	-	-	-
Un-realized (gain) on available for sale investments reclassified to profit and loss account on disposal	-	-	-	(2,637)	(2,637)	-	(2,637)
Transferred to statutory reserve	-	-	5,074	-	5,074	(5,074)	-
	-	-	5,074	(852)	4,222	20,295	24,517
Balance as at March 31, 2015	2,848,669	(2,022,076)	97,047	11,056	(1,913,973)	(728,203)	206,485
Balance as at July 01, 2015	2,848,669	(2,022,076)	93,205	7,005	(1,921,896)	(743,574)	183,229

Total comprehensive loss for the period

Loss for the period	-	-	-	-	-	1,762	1,762
Other comprehensive loss	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Unrealized loss on remeasurement of available for sale investments	-	-	-	(1,124)	(1,124)	-	(1,124)
	-	-	-	(1,124)	(1,124)	1,762	668
Balance as at March 31, 2016	2,848,669	(2,022,076)	93,285	5,881	(1,922,399)	(241,712)	183,097

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


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Director

10

INVEST CAPITAL INVESTMENT BANK LIMITED

Invest Capital Investment Bank Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the nine months period ended March 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 all the stock exchanges of Pakistan. The registered office of the Company is situated at A-803,604, 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 earned a profit of Rs. 1.79 million (March 31, 2015 : Rs 25.37 million) during the period. As at the balance sheet date, the accumulated loss is Rs.741.78 million (June 30, 2015: Rs. 743.57 million) and the current liabilities of the Company exceed its current assets by Rs. 193.26 million (June 30, 2015: Rs. 171.70 million).

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

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

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

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

- The Company is defending a suit for winding up of the Company filed by a creditor of the Company having a stake of 2.35% (June 30, 2015: 2.06%) of the total liabilities as at December 31, 2015 amounting to Rs. 22.67 million (June 30, 2015 : 21.18 million).

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

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

(a) Substantial reduction in administrative and other expenses

The management of the Company significantly curtailed its administrative and other operating expenses which is resulting in improvement in the operating results and equity position of the Company.

(b) Commencement of new leasing business

The Company recommenced leasing business from September 2011 after a considerable gap. Leasing business is resulting in income thereby improving the operational results and equity position of the Company. The quantum of leasing business will enhance after settlement of liabilities and recovery of leases and loans portfolios as discussed in para (c) and (f) below.

(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. 0.28 million (March 2015: Rs. 102.50 million) have been settled / rescheduled, the percentage of liabilities settled to date is 93.36% (June 30, 2015: 93.34%).

(d) Disposal of non-core assets

The management is committed to dispose off non core assets. During the period the management has disposed off 8 DHA Golf Club seats having book value of Rs. 10.89 million. The Company has earned a capital gain of Rs. 0.455 million on this disposal. Disposal of non core assets will result in improvement in liquidity and equity position of the Company.

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

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group as explained in detail in Note 18 to the published audited financial statements for the year ended June 30, 2015. This transaction on completion will result in net saving of approximately Rs. 74.88 million for the Company and, therefore, will result in improvement in the equity position of the Company.

(f) Improved recovery of leases and loans portfolio

Recovery from leases and loans portfolio has been substantially improved in relation to the previous financial years. Net recovery during the period is Rs. 89.65 million (March 2015: Rs. 86.60 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

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

1.4 As at March 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:

- 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.

• Regulation 17(1) : Total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFC's equity.

• Regulation 17(2) : Total outstanding exposure (fund and non-fund based) of an NBFC to any group shall not exceed 25% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the NBFC's equity.

The Company's request to SECP to allow relaxation from above mentioned requirements is under consideration of SECP.

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, 2015.

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 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, 2015 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, 2015.

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, 2015.

2.4 Functional and presentation

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, 2015.

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, 2015.

4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2015.

Un-audited March 31, 2016	Audited June 30, 2015
--- Rupees in thousand ---	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets	148,463	153,987
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Nine months period ended March 31 (Un-audited)			
2016		2015	
Additions	Disposals	Additions	Disposals
--- Rupees in thousand ---			

5.1 Acquisitions and disposals of operating assets at cost

Furniture and fixtures	-	-	-	32
Office equipment	8	-	35	151
Vehicles	1,971	(38)	-	1,612
	1,971	(38)	35	1,794

		Un-audited March 31, 2016	Audited June 30, 2015
Note		— Rupees in thousand —	
6. LONG TERM INVESTMENTS			
Investment in joint ventures	6.1	97,525	87,261
Available for sale investments			
- At fair value		16,456	17,580
- At cost		353	653
		<u>114,334</u>	<u>105,494</u>

6.1 Investment in joint ventures

This represents investment in CNG filling stations. The latest available unaudited financial statements as on December 31, 2015 have been used for the purpose of application of equity method.

		Un-audited March 31, 2016	Audited June 30, 2015
Note		— Rupees in thousand —	
Centre Gas (Private) Limited	6.1.1	79,621	68,982
Ameen Enterprises	6.1.2	17,904	18,279
		<u>97,525</u>	<u>87,261</u>

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 of investment	34,536	34,536
Cumulative share of profit of joint venture	45,085	34,446
	<u>79,621</u>	<u>68,982</u>

6.1.2 Ameen Enterprises

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

Opening capital	18,279	19,140
Share of (loss) of joint venture for the period / year	(375)	(861)
	<u>17,904</u>	<u>18,279</u>

		Un-audited March 31, 2016	Audited June 30, 2015
Note		— Rupees in thousand —	

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

Contracts accounted for as finance lease under IAS 17	7.1	241,183	319,692
Less : Current portion	9	(181,696)	(263,170)
		<u>59,487</u>	<u>56,522</u>

7.1 Net investment in Ijarah finance

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

	As at March 31, 2016 (Un-audited)			As at June 30, 2015 (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	779,386	51,495	830,881	823,766	42,638	866,404
Residual value of leased assets	19,238	33,147	52,385	52,305	40,308	92,613
Lease contracts receivable	798,624	84,641	883,265	876,071	82,946	959,017
Unearned lease income (including suspended income)	(148,512)	(9,372)	(157,884)	(153,059)	(10,838)	(163,897)
Provision for potential lease losses	(468,416)	(15,782)	(484,198)	(459,842)	(15,586)	(475,428)
	<u>(816,928)</u>	<u>(25,154)</u>	<u>(842,082)</u>	<u>(612,901)</u>	<u>(26,424)</u>	<u>(639,325)</u>
	<u>181,696</u>	<u>59,487</u>	<u>241,183</u>	<u>263,170</u>	<u>56,522</u>	<u>319,692</u>

7.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 574.24 million (June 30, 2015: Rs. 602.05 million). Detail of non performing leases is as follows:

	As at March 31, 2016 (Un-audited)			As at June 30, 2015 (Audited)		
Category of classification	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand			Rupees in thousand		
Other assets especially mentioned	-	-	-	-	-	-
Substandard	2,831	508	508	806	201	201
Doubtful	6,789	3,394	3,394	23,752	11,752	11,752
Loss	565,415	451,941	451,941	577,496	463,475	463,475
	<u>574,235</u>	<u>455,843</u>	<u>455,843</u>	<u>602,054</u>	<u>475,428</u>	<u>475,428</u>

7.3 Ijarah rentals receivable

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



		Unaudited March 31, 2016	Audited June 30, 2015
	Note	— Rupees in thousand —	
Ijarah rentals receivable		69,123	82,485
Less : Provision against Ijarah rentals receivable		(67,335)	(80,622)
		<u>1,787</u>	<u>1,863</u>

8. LONG TERM LOANS

Considered good			
Customers		388	7,836
Outgoing group		71,955	71,955
		<u>72,343</u>	<u>79,791</u>
Considered doubtful			
Customers		33,800	45,430
Ex-employee		34,329	45,969
		<u>(21,344)</u>	<u>(32,582)</u>
Provision against doubtful balances		12,965	13,377
		<u>85,328</u>	<u>93,168</u>
Less: Current portion	9	(13,373)	(17,942)
		<u>71,955</u>	<u>75,226</u>

9. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in lease finance / assets under Ijarah arrangements	7	181,696	263,170
Long term musharakah finances		129,913	129,913
Long term loans	8	13,373	17,942
		<u>324,982</u>	<u>411,025</u>

		Un-audited March 31, 2016	Audited June 30, 2015
		— Rupees in Thousand —	
10. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings		19,229	17,811
From commercial banks			
Murabahah borrowings		-	8,627
From commercial banks		14,934	24,483
From financial institutions		25,163	42,269
Less: Current portion	11	(23,043)	(30,225)
		2,119	12,044
11. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Security deposit from lessees			
Long term certificate of musharakah		19,228	52,308
Long term certificate of investments		717	1,615
Long term musharakah and murabahah borrowings	10	5,627	2,100
Long term loans		23,043	30,225
Redeemable capital		-	10,032
		136,389	186,008
12. CONTINGENCIES			
Liability for alternative corporate tax not acknowledged in view of petition filed by the Company. The Company is claiming exemption from charge of alternative corporate tax.			
		9,728	9,728
Demand of income tax not acknowledged in view of pending appeal.			
		1,142	1,142
13. RELATED PARTY TRANSACTIONS			
Related parties comprise of major shareholders, associated undertakings, provident fund, directors, other key management personnel and their close family members. Contributions to the provident fund, loans to the employees and remuneration of key management personnel are made / paid in accordance with the terms of their employment. Other transactions with related parties are entered into at agreed rates.			
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:			
		Nine months period ended	
		March 31, 2016	March 31, 2015
		— Rupees in Thousand —	
Nature of relationship	Nature of transaction		
Major shareholder	Mark up / interest on loan from sponsor	9,917	15,091
Joint venture	Amount received during the period	5,399	8,748
Joint venture	Profit for the period	10,639	7,961
Provident fund	Contribution made during the period	475	570
Key management	Compensation	4,837	6,378
14. DATE OF AUTHORIZATION FOR ISSUE			
This condensed interim financial information was authorized for issue on April 23, 2016 by the Board of Directors of the Company.			
 Muhammad Asif Chief Executive Officer		 Ayesha Shehryar Director	

17

INVEST CAPITAL INVESTMENT BANK LIMITED

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

Head Office - Lahore

2-H, Jail Road, Gulberg II,

Lahore.

Tel: 042-35777286

Fax: 042-35777286

Islamabad

Office No. 02, Ground Floor,

Rahim Plaza,

Main Murree Road, Saddar,

Rawalpindi Cantt.

Peshawar

Centre Gas (Pvt.) Limited,

Chughal Pura, G.T Road,

Peshawar.

Tel: 091-2262966 & 2262866

Faisalabad

20-Bilal Road, Civil Lines,

Faisalabad.

Tel: 041-2620010

Gujranwala

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

Gujranwala.

Tel: 055-3730308, 3730300

Fax: 055-3731108

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Tel: +92 042 35777286

Fax: +92 042 35777286