

QUARTERLY REPORT
MARCH 31, 2017



INVEST CAPITAL INVESTMENT BANK LIMITED












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Contents

| | |
|---|----|
| Company Information | 02 |
| Directors' Report | 03 |
| Directors' Report (Urdu) | 04 |
| Condensed Interim Balance Sheet (Un-Audited) | 06 |
| Condensed Interim Profit and Loss Account (Un-Audited) | 08 |
| Condensed Interim Statement of Comprehensive Income (Un-audited) | 09 |
| Condensed Interim Statement of Cash Flows (Un-Audited) | 10 |
| Condensed Interim Statement of Changes in Equity (Un-Audited) | 12 |
| Notes to the Condensed Interim Financial Information (Un-audited) | 13 |
| Our Network | |

Company Information

Board of Directors

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

Audit Committee

| | |
|---------------------------------|-----------|
| Mr. Shahab Ud Din Khan | -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 & Gazi

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

Directors' Review

I am pleased to present to the members, the un-audited financial statements for the quarter ending March 31, 2017 on behalf of the Board of Directors of Invest Capital Investment Bank Limited ("the Company").

The Review

During the nine months period under review, the Company earned a profit of Rupees 0.86 million as compared to the profit of Rupees 1.79 million in the corresponding period of the last year. The earnings per share came to Rupees (0.003) as against Rupees (0.006) for the period ending 31st March 2016. The gross revenue including other income for the period amounted to Rupees 44.47 million as compared to Rupees 40.65 million of the corresponding period of the last year. The financial charges amounted to Rupees 18.91 million as against an amount of Rupees 16.87 million of the comparable period. The administrative and operating expenses stood at Rupees 23.86 as against Rupees 22.66 million of the comparative period thereby showing a slight increase of Rupees 1.20 million.

The total assets of the Company showed a decrease of Rs. 27.63 million and stood at Rupees 1,090.47 million as at 31st March 2017 as compared to Rupees 1,118.10 million as at June 30, 2016. Similarly, the total liabilities of the Company also reduced by Rupees 34.84 million and amounted to Rupees 839.72 million as at 31st March 2017.

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

| | Rs. in million | |
|--|-------------------|-------------------|
| | March 31, 2017 | March 31, 2016 |
| Gross Revenue | 36.41 | 35.57 |
| Other Income | 8.06 | 5.08 |
| Administration & Operating expenses | (23.86) | (22.66) |
| Financial charges (net of reversals) | (18.91) | (16.87) |
| Profit / (loss) for the period before taxation | 1.08 | 0.52 |
| Taxation - net | (0.22) | 1.27 |
| Profit / (loss) for the period after taxation | 0.86 | 1.79 |
| Earnings per Share | (0.003) | (0.006) |

During the period under review gross revenue showed an increase due to increase in other income. Fresh leases disbursed during the nine months amounted to Rupees 62.24 million as against Rupees 84.95 million during the year ended 30th June 2016.

The management continued to focus on resolution of the outstanding issues to keep the company functional. The following key areas were focused during the period:

- 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
- New leasing business

The steps taken by the management have enabled the company to overcome the financial and operational problems and will further result in improvement of financial position of the Company. 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
April 12, 2017

ڈائریکٹرز کا جائزہ

میں، 31 مارچ 2017 کو ختم ہونے والے نو ماہ کے غیر آڈٹ شدہ گوشوارے انویسٹمنٹ بینک لیٹیڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے ممبران کو پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

جائزہ

زیر غور نو ماہ میں کمپنی نے 0.86 ملین روپے کا منافع کمایا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کا منافع 1.79 ملین روپے تھا۔ 31 مارچ 2016 کو آمدنی 0.006 روپے فی حصص تھی جو اب کم ہو کر 0.003 روپے فی حصص ہو گئی ہے۔ مجموعی مالگداری (Revenues) آمدنی بشمول دیگر آمدنی 44.47 ملین روپے رہی۔ جبکہ گذشتہ سال اسی مدت کے دوران یہ آمدنی 40.65 ملین روپے رہی۔ مالی اخراجات (Charges) کی مالیت 18.91 ملین روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 16.87 ملین روپے تھی۔ انتظامی اور اپریٹنگ اخراجات گذشتہ سال کی اسی مدت کی مالیت 22.66 ملین روپے میں 1.20 ملین روپے کے معمولی اضافہ کے ساتھ 23.86 ملین روپے رہے۔

کمپنی کے کل اثاثہ جات 30 جون 2016 میں 1,118.10 ملین روپے کے مقابلے میں 31 مارچ 2017 پر 27.63 ملین روپے کی کمی کے ساتھ 1,090.47 ملین روپے رہے، جبکہ کل مالیاتی ذمہ داریوں کی مالیت بھی 34.84 ملین روپے کی کمی کے ساتھ 31 مارچ 2017 کو ان کی مالیت 839.72 ملین روپے رہی۔

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

-----روپے بلین میں-----

| 31 مارچ | | |
|---------|---------|-----------------------------|
| 2016 | 2017 | |
| 35.57 | 36.41 | کل مالگداری (Revenues) |
| 5.08 | 8.06 | دیگر آمدنی |
| (22.66) | (23.86) | انتظامی اور اپریٹنگ اخراجات |
| (16.87) | (18.91) | مالی اخراجات (خالص) |
| 0.52 | 1.08 | نفع / (نقصان) قبل از محصول |
| 1.27 | (0.22) | محصول - خالص |
| 1.79 | 0.86 | نفع / (نقصان) بعد از محصول |
| (0.006) | (0.003) | آمدنی فی حصص |

زیر غور مدت میں مجموعی مالگداری (Revenues) میں اضافہ ہوا جس کی وجہ دیگر آمدنی میں اضافہ ہے۔ اس نو ماہ کے دوران 62.24 ملین روپے کی نئی لیزیں کھلی گئیں، جبکہ سال 30 جون 2016 کے دوران 84.95 ملین روپے کی لیزیں کھلی گئیں تھیں۔

انتظامیہ نے اپنی توجہ کمپنی کے غیر حل شدہ معاملات کے حل پر رکھی ہوئی ہے تاکہ کمپنی کو عملی (Functional) رکھے۔ اس مدت کے دوران بھی مندرجہ ذیل اہم نکات پر توجہ مرکوز رہی:

- قرض خواہوں کے ساتھ قرضوں کا تصفیہ / ادائیگی کا نیا جدول (Rescheduling)
- غیر اہم اثاثہ جات کی فروخت
- علیحدہ ہونے والے بروکریج ہاؤس سے متعلق اثاثہ جات اور مالیاتی ذمہ داریوں کا تصفیہ یا منتقلی
- کارکردگی ناکھانے والی لیز زاور قرضوں کے پورٹ فولیو کی وصولیائی۔
- 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۔
انتظامیہ کو یقین ہے کہ اس کا کاروبار جاری رہے گا۔

کریڈٹ درجہ بندی (Rating)

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

اظہار تشکر

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

منجانب ویرائے بورڈ آف ڈائریکٹرز

محمد آصف

چیف ایگزیکٹو آفیسر

لاہور

12 اپریل 2017

Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2017

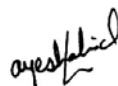
| | | Un-audited March 31, 2017 | Audited June 30, 2016 |
|--|------|---------------------------------|-----------------------------|
| | Note | – Rupees in thousand – | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 138,690 | 145,756 |
| Operating assets | | 1,078 | 1,391 |
| Intangible assets | | 114,475 | 99,855 |
| Long term investments | 5 | | |
| Net investment in Ijarah finance / assets under Ijarah arrangements | 6 | 87,112 | 67,540 |
| Long term loans | 7 | 54,276 | 64,173 |
| Long term security deposits | | 2,278 | 2,278 |
| Deferred tax asset | | 150,000 | 150,000 |
| | | 547,908 | 530,993 |
| Current assets | | | |
| Short term investments | | 57,677 | 35,102 |
| Short term musharakah finances | | 66,182 | 66,182 |
| Short term finances | | 6,680 | 6,680 |
| Ijarah rentals receivables | 6.3 | 1,673 | 1,675 |
| Current portion of non-current assets | 8 | 341,123 | 358,687 |
| Advances, deposits, prepayments and other receivables | | 16,379 | 27,662 |
| Bank balances | | 4,951 | 3,219 |
| Assets classified as held for sale | | 47,900 | 87,900 |
| | | 542,564 | 587,107 |
| TOTAL ASSETS | | <u>1,090,473</u> | <u>1,118,100</u> |

| | Un-audited March 31, 2017 | Audited June 30, 2016 |
|--|---------------------------------|-----------------------------|
| Note | – Rupees in thousand – | |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Authorized capital 485,000,000 ordinary shares of Rs. 10 each | 4,850,000 | 4,850,000 |
| Issued, subscribed and paid-up capital 284,866,896 ordinary shares of Rs. 10 each | 2,848,669 | 2,848,669 |
| Capital reserves | | |
| Capital reserve on amalgamation | (2,022,076) | (2,022,076) |
| Statutory reserve | 101,256 | 101,256 |
| Unrealized gain on remeasurement of available for sale investments | 13,021 | 6,673 |
| Equity Portion of Subordinate Loan from directors | 20,387 | 20,387 |
| Revenue reserve | | |
| Accumulated (loss) | (710,503) | (711,368) |
| | 250,754 | 243,542 |
| Non-current liabilities | | |
| Subordinated loan from directors | 108,535 | 105,613 |
| Loan from sponsor | 197,542 | 197,542 |
| Security deposits from lessees | 36,704 | 33,685 |
| Long term certificates of musharakah | - | 702 |
| Long term musharakah and murabaha borrowings | 3,915 | 7,438 |
| Redeemable capital | - | 7,500 |
| Deferred liability | | |
| Mark up on long term musharakah | 6,092 | 9,747 |
| | 352,787 | 362,227 |
| Current liabilities | | |
| Current portion of non-current liabilities | 101,880 | 121,465 |
| Short term certificates of musharakah | - | 2,280 |
| Accrued and other liabilities | 147,917 | 164,324 |
| Profit / mark up payable | 204,235 | 191,362 |
| Liabilities directly associated with assets held for sale of discontinued operation | 32,900 | 32,900 |
| | 486,931 | 512,331 |
| TOTAL EQUITY AND LIABILITIES | 1,090,473 | 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 Nine months period ended March 31, 2017

| | Nine Months ended March 31 | | Quarter ended March 31 | |
|---|----------------------------|-----------------|------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| — Rupees in thousand — | | | | |
| Income | | | | |
| Income from leasing operations | 12,780 | 11,958 | 4,169 | 4,953 |
| Operating lease rentals | 1,914 | 13,286 | - | 1,018 |
| Profit on musharakah investments | 71 | 80 | - | 62 |
| Income from finances | 668 | 5,531 | 393 | 1,920 |
| Income on deposits with banks | 134 | 244 | 28 | 116 |
| Income from joint ventures | 8,273 | 10,264 | 1,992 | 3,000 |
| Dividend income | 1,991 | 2,760 | 1,400 | 1,776 |
| Net gain on sale of marketable securities | 12,130 | 3,102 | 3,299 | (285) |
| Unrealized (loss) on investment in marketable securities - net | (1,416) | (11,400) | (2) | (4,083) |
| | 36,544 | 35,824 | 11,281 | 8,476 |
| Expenses | | | | |
| Administrative and operating expenses | (23,862) | (22,660) | (7,962) | (6,697) |
| Financial charges | (21,777) | (23,851) | (11,838) | (6,805) |
| | (9,095) | (10,687) | (8,520) | (5,026) |
| Waiver of financial charges | 2,866 | 6,985 | 2,866 | - |
| | (6,230) | (3,702) | (5,654) | (5,026) |
| Other income | 7,925 | 4,833 | 5,435 | 3,853 |
| | 1,694 | 1,131 | (220) | (1,173) |
| Provision (charged) / reversed on non-performing loans and write-offs | | | | |
| Reversal / (provision) against: | | | | |
| Finance lease receivable and rentals - net | 3,215 | (8,770) | 2,171 | (10,167) |
| Long term / short term musharakah finances | - | 99 | - | 15 |
| Long term / short term loans | 982 | 11,238 | 100 | 11,163 |
| Other receivables | (635) | 2,309 | (60) | 2,294 |
| Balances written off: | | | | |
| Lease receivables | (4,175) | (5,430) | (13) | (194) |
| Other receivables | - | (50) | - | - |
| | (614) | (605) | 2,199 | 3,110 |
| Profit before taxation | 1,080 | 526 | 1,979 | 1,937 |
| Provision for taxation | | | | |
| - For the period | (135) | (265) | (135) | (25) |
| - Prior period's | (81) | 1,530 | (81) | - |
| Profit for the period | 864 | 1,792 | 1,763 | 1,912 |
| Earnings per share - Basic and Diluted (Rupees) | 0.00 | 0.01 | 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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Nine months period ended March 31, 2017

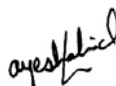
| | Nine Months ended March 31 | | Quarter ended March 31 | |
|---|----------------------------|------------|------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Profit for the period | 864 | 1,792 | 1,763 | 1,912 |
| Other comprehensive income / (loss) | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Unrealized gain / (loss) on remeasurement of available for sale investments | 6,348 | (1,124) | 6,348 | (184) |
| Total comprehensive income for the period | <u>7,212</u> | <u>668</u> | <u>8,111</u> | <u>1,728</u> |

– Rupees in thousand –

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 Nine months period ended March 31, 2017

Nine months ended March 31,
2017 2016

— Rupees in thousand —

a) CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation 1,080 526

Adjustments for non cash charges and other items:

| | | |
|--|---------------|---------------|
| Depreciation of property, plant and equipment | 7,079 | 7,493 |
| Amortization of intangible assets | 313 | 445 |
| (Reversal) / provision against: | | |
| Long term / short term musharakah finances | - | (99) |
| Long term / short term loans | (982) | (11,238) |
| Other receivables | 635 | (2,309) |
| Finance lease receivable and rentals - net | (3,215) | 8,770 |
| Balances written off | | |
| Lease receivables | 4,175 | 5,430 |
| Other receivables | - | 50 |
| (Gain) on disposal of operating assets | - | (10) |
| Unrealised loss on investments in marketable securities | 1,416 | 11,400 |
| Fair value adjustment - subordinated loan from directors | 2,923 | - |
| Financial charges - net | 15,989 | 16,866 |
| Gain on settlement of liabilities | (6,725) | (206) |
| | 21,608 | 36,592 |

Cash flow from operating activities before working capital changes **22,688** 37,118

Changes in working capital

(Increase) / decrease in current assets

| | | |
|---|---------------|-----------------|
| Short term investments | (23,991) | (24,241) |
| Short term musharakah finances | (0) | - |
| Short term finances | - | 12 |
| Ijarah rentals receivables | 1 | 76 |
| Advances, deposits, prepayments and other receivables | 10,844 | (1,997) |
| Assets classified as held for sale - net | 40,000 | 11,867 |
| | 26,855 | (14,283) |

(Decrease) / increase in current liabilities

| | | |
|--|-----------------|---------------|
| Short term certificates of musharakah | (2,280) | (8,300) |
| Short term certificates of investments | - | (3,200) |
| Accrued and other liabilities | (16,408) | 13,568 |
| | (18,688) | 2,068 |
| | 30,855 | 24,903 |

Cash generated from operations

Financial charges paid (6,038) (1,573)
Income tax paid (412) (536)

Net cash generated from operations **24,405** **22,794**

Nine months ended March 31,
2017 2016

– Rupees in thousand –

b) CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|----------|---------|
| Additions in operating assets | 12 | (1,978) |
| Recovery of / (investment in) : | | |
| Long term investments | (8,273) | (9,964) |
| Net investment in Ijarah finance / assets under Ijarah | (2,901) | 26,078 |
| Long term musharakah finances | 235 | - |
| Long term loans | 369 | 7,840 |
| Disposal of operating assets | - | 19 |
| Net cash (used in) / generated from investing activities | (10,558) | 22,218 |


c) CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|----------|----------|
| Repayment of : | | |
| Redeemable capital | 1,160 | (69) |
| Long term certificates of musharakah | (717) | (2,300) |
| Long term certificates of investments | (1,402) | (1,575) |
| Long term musharakah and murabaha borrowings | (11,156) | (17,106) |
| Long term loan | - | (10,032) |
| Net cash (used in) financing activities | (12,115) | (31,082) |
| Net Increase in cash and cash equivalents (a+b+c) | 1,732 | 13,930 |
| Cash and cash equivalents at the beginning of the period | 3,219 | 2,027 |
| Cash and cash equivalents at the end of the period | 4,951 | 15,957 |

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 Nine months period ended March 31, 2017

| | 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 |
| Total comprehensive income | | | | | | | |
| Profit for the period ended March 31, 2016 | - | - | - | - | - | 1,792 | 1,792 |
| 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) | 668 |
| Balance as at March 31, 2016 | <u>2,848,669</u> | <u>(2,022,076)</u> | <u>93,205</u> | <u>5,881</u> | <u>- (1,922,990)</u> | <u>(741,782)</u> | <u>183,897</u> |
| Balance as at July 01, 2016 | 2,848,669 | (2,022,076) | 101,256 | 6,673 | 20,387 (1,893,759) | (711,368) | 243,542 |
| Total comprehensive income | | | | | | | |
| Profit for the period ended March 31, 2017 | - | - | - | - | - | 864 | 864 |
| 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 |
| | - | - | - | 6,348 | - | 6,348 | 7,212 |
| Balance as at March 31, 2017 | <u>2,848,669</u> | <u>(2,022,076)</u> | <u>101,256</u> | <u>13,021</u> | <u>20,387 (1,887,411)</u> | <u>(710,503)</u> | <u>250,754</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 Nine months period ended March 31, 2017

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).

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.

| | | Un-audited March 31, 2017 | Audited June 30, 2016 |
|---|------|---------------------------------|--------------------------|
| | Note | — Rupees in thousand — | |
| 5. LONG TERM INVESTMENTS | | | |
| Investment in joint venture | 5.1 | 90,879 | 82,607 |
| Available for sale investments - At fair value | | <u>23,596</u> | <u>17,248</u> |
| | | <u>114,475</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 March 31, 2017 have been used for the purpose of application of equity method.

| | | Un-audited March 31, 2017 | Audited June 30, 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 | | 34,536 | 34,536 |
| Cumulative share of profit of joint venture | | <u>56,344</u> | <u>48,071</u> |
| | | <u>90,879</u> | <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 | 268,557 | 275,842 |
| Less : Current portion | 8 | <u>(181,445)</u> | <u>(208,302)</u> |
| | | <u>87,112</u> | <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 March 31,2017 (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 | 802,567 | 56,958 | 859,525 | 810,079 | 56,733 | 866,813 |
| Residual value of leased assets | 13,518 | 36,704 | 50,222 | 22,143 | 33,684 | 55,828 |
| Lease contracts receivable | 816,085 | 93,662 | 909,747 | 832,223 | 90,418 | 922,642 |
| Unearned lease income (including suspended income) | (155,351) | (6,550) | (161,901) | (153,080) | (11,215) | (164,296) |
| Provision for potential lease losses | (479,289) | - | (479,289) | (470,841) | (11,662) | (482,504) |
| | <u>(634,641)</u> | <u>(6,550)</u> | <u>(641,191)</u> | <u>(623,921)</u> | <u>(22,879)</u> | <u>(646,800)</u> |
| | <u>181,445</u> | <u>87,112</u> | <u>268,557</u> | <u>208,301</u> | <u>67,540</u> | <u>275,841</u> |

6.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 596.04 million (June 30, 2016: Rs. 571.67 million). Detail of non performing leases is as follows:

| Category of classification | As at March 31,2017 (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 | 4,627 | - | - | - | - | - |
| Substandard | 10 | 2 | 2 | 1,145 | 286 | 286 |
| Doubtful | - | - | - | 6,788 | 3,394 | 3,394 |
| Loss | 591,398 | 479,287 | 479,287 | 563,737 | 478,824 | 478,824 |
| | <u>596,035</u> | <u>479,289</u> | <u>479,289</u> | <u>571,670</u> | <u>482,504</u> | <u>482,504</u> |

6.3 Ijarah rentals receivable

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

| | Un-audited March 31, 2017 | Audited June 30, 2016 |
|--|---------------------------------|-----------------------------|
| | Note — Rupees in thousand — | |
| Ijarah rentals receivable | 60,729 | 62,644 |
| Less : Provision against Ijarah rentals receivable | (59,055) | (60,969) |
| | <u>1,673</u> | <u>1,675</u> |

7. LONG TERM LOANS

| | | |
|-------------------------------------|---------------|---------------|
| Considered good | | |
| Customers | - | 352 |
| Outgoing group | 71,955 | 71,955 |
| | <u>71,955</u> | <u>72,306</u> |
| Considered doubtful | | |
| Customers | 32,359 | 33,359 |
| Ex-employee | 529 | 529 |
| | <u>32,888</u> | <u>33,888</u> |
| Provision against doubtful balances | (20,221) | (21,203) |
| | <u>12,667</u> | <u>12,685</u> |
| | <u>84,622</u> | <u>84,991</u> |
| Less: Current portion | 8 (30,346) | (20,818) |
| | <u>54,276</u> | <u>64,173</u> |

8. CURRENT PORTION OF NON-CURRENT ASSETS

| | | | |
|--|---|----------------|----------------|
| Net investment in lease finance / assets under Ijarah arrangements | 6 | 181,445 | 208,302 |
| Long term musharakah finances | | 129,332 | 129,567 |
| Long term loans | 7 | 30,346 | 20,818 |
| | | <u>341,123</u> | <u>358,687</u> |

| | Un-audited March 31, 2017 | Audited June 30, 2016 |
|--|---------------------------------|--------------------------|
| — Rupees in thousand — | | |
| 9. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS | | |
| Secured | | |
| Musharakah borrowings | | |
| From commercial banks | 2,119 | 8,252 |
| Murabaha borrowings | | |
| From financial institutions | <u>8,612</u> | <u>13,636</u> |
| | <u>10,731</u> | <u>21,888</u> |
| Less: Current portion | <u>(6,817)</u> | <u>(14,450)</u> |
| | <u><u>3,915</u></u> | <u><u>7,438</u></u> |

10. CURRENT PORTION OF NON-CURRENT LIABILITIES

| | | |
|--|-----------------------|-----------------------|
| Security deposit from lessees | 13,518 | 22,144 |
| Long term certificates of musharakah | - | 15 |
| Long term certificates of investments | - | 1,402 |
| Long term musharakah and murabaha borrowings | 6,817 | 14,450 |
| Redeemable capital | 77,890 | 83,455 |
| Deferred liability | | |
| Mark up on long term musharakah | <u>3,655</u> | - |
| | <u><u>101,880</u></u> | <u><u>121,465</u></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:

| | | Nine Months ended March 31, 2017 | March 31, 2016 |
|-------------------------------|---|--|-------------------|
| — Rupees in thousand — | | | |
| Nature of relationship | Nature of transaction | | |
| Major shareholder | Mark up / interest on loan from sponsor | 9,136 | 9,917 |
| Joint venture | Amount received during the period | 6,933 | 5,390 |
| Provident fund | Contribution made during the period | 487 | 475 |
| Key management | Compensation | 6,793 | 4,837 |

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 12th April 2017 by the Board of Directors of the Company.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director

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: 042-35777285

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

Head Office:

2-H, Gulberg II, Lahore.
Tel: (92-42) 35777285
Fax: (92-42) 35777286