

QUARTERLY REPORT SEPTEMBER 30, 2018



INVEST CAPITAL INVESTMENT BANK LIMITED



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Directors' Review

The Board of Directors of Invest Capital Investment Bank Limited (the "Company"), is pleased to present the unaudited financial statements for the first quarter ended September 30, 2018.

The Review

During the first quarter of year 2018-19, the Company posted a net profit of Rupees 10.07 million as compared to a net loss of Rupees 2.17 million for the quarter ended September 2018. The earnings per share worked out to Rupees 0.035 (September 2018 Rupees (0.008)). The profit is mainly due to reversal of provisioning of leases and loans and increase in other income. The gross revenue including other income for the period amounted to Rupees 12.09 million as compared to Rupees 12.26 million for corresponding period of the last year. The financial charges came down to Rupees 4.69 million from Rupees 6.16 million of corresponding period of last year thereby showing a reduction of Rupees 1.47 million. The administrative and operating expenses also showed a decrease of Rupees 0.69 million and stood at Rupees 6.48 million as against Rupees 7.16 million of the comparable period.

The total assets of the Company showed an increase of Rupees 17.86 million and amounted to Rupees 1,057.17 million as at 30th September 2018 as compared to Rupees 1,039.31 million as at June 30, 2018. Similarly the total liabilities of the Company stood at Rupees 798.72 million as against Rupees 790.92 million of 30th June 2018.

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

	Rs. in million	
	September 30, 2018	September 30, 2017
Gross Revenue	9.88	12.93
Other Income / (loss)	2.21	(0.67)
Administration & Operating expenses	(6.48)	(7.16)
Financial charges (net of reversals)	(4.69)	(6.16)
Profit / (loss) for the period before taxation	10.17	(2.10)
Taxation - net	(0.10)	(0.07)
Profit / (loss) for the period after taxation	10.07	(2.17)
Earnings per Share	0.035	(0.008)

The management continued focus on resolution of the outstanding issues. The following key areas remained in focus during the period under review:

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

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

Credit Rating

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

Acknowledgments

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

For and on behalf of the Board of Directors



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson

Lahore
October 26, 2018

ڈائریکٹرز کا جائزہ

ہم 30 ستمبر 2018 کو ختم ہونے والے تین ماہ کے غیر آڈٹ شدہ گوشوارے انویسٹ کیپیٹل انویسٹمنٹ بینک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے ممبران کو پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

جائزہ

زیر غور سال 2018-19 کے پہلے تین ماہ میں کمپنی نے 10.07 ملین روپے کا منافع کمایا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں 2.17 ملین روپے کا نقصان تھا۔ 30 ستمبر 2017 کو آمدنی (0.008) روپے فی حصص تھی جو اب بڑھ کر 0.035 روپے فی حصص ہو گئی ہے۔ منافع کی بنیادی وجہ دیگر آمدن میں اضافہ اور معطل شدہ آمدنی کی واپسی ہے۔ مجموعی مالگنداری (Revenues) بشمول دیگر آمدنی 12.09 ملین روپے رہی۔ جبکہ گذشتہ سال اسی مدت کے دوران یہ آمدنی 12.26 ملین روپے تھی۔ مالی اخراجات (Charges) 1.47 ملین روپے سے کم ہو کر 4.69 ملین روپے ہو گئے۔ جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 6.16 ملین روپے تھی۔ انتظامی اور اپریٹنگ اخراجات میں بھی 0.69 ملین روپے کی کمی دیکھی گئی جو اب 6.48 ملین روپے ہے جبکہ گذشتہ سال کی اسی مدت کے دوران یہ اخراجات 7.16 ملین روپے تھے۔

کمپنی کے کل اثاثہ جات 30 جون 2018 کے 1,039.31 ملین روپے کے مقابلے میں 30 ستمبر 2018 پر 17.86 ملین روپے کے اضافے کے ساتھ 1,057.17 ملین روپے رہے، جبکہ کل مالیاتی ذمہ داریوں کی مالیت 30 ستمبر 2018 کو 798.72 ملین روپے رہی جو کہ 30 جون 2018 کو 790.72 ملین روپے تھی۔

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

----- روپے ملین میں -----

30 ستمبر		
2017	2018	
12.93	9.88	کل مالگنداری (Revenues)
(0.67)	2.21	دیگر آمدنی
(7.16)	(6.48)	انتظامی اور اپریٹنگ اخراجات
(6.16)	(4.69)	مالی اخراجات (خالص)
(2.10)	10.17	نفع / (نقصان) قبل از محصول
(0.07)	(0.10)	محصول - خالص
(2.17)	10.07	نفع / (نقصان) بعد از محصول
(0.008)	(0.035)	آمدنی فی حصص

انتظامیہ نے اپنی توجہ کمپنی کے غیر حل شدہ معاملات کے حل پر رکھی ہوئی ہے۔ 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 (تمام فروخت ہو گئے)
 - علیحدہ ہونے والے بروکریج ہاؤس سے متعلق اثاثہ جات اور مالیاتی ذمہ داریوں کا تصفیہ یا منتقلی
 - کارکردگی ناکھانے والی لیزز اور قرضوں کے پورٹ فولیو کی وصولیابی
 - نئی لیزنگ کا کاروبار
- ان مذکورہ بالا معاملات پر توجہ دینے کی وجہ سے کمپنی کو مالیاتی اور آپریشنل مسائل پر قابو پانے میں مدد ملی اور اس کی وجہ سے کمپنی کی مالیاتی صورتحال میں بہتری آئے گی۔
- انتظامیہ کے منصوبوں اور اقدامات کے نتائج کو دیکھتے ہوئے 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 اینٹی ریٹنگ ڈی (D) پر رکھا ہوا ہے۔ کمپنی اپنی بقایا مالیاتی ذمہ داریوں کے تصفیے / نئے طور سے انتظام کے بعد اپنی درجہ بندی پر نظر ثانی کی درخواست دے گی۔

اظہار تشکر

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

منجانب و برائے بورڈ آف ڈائریکٹرز

لاہور
26 اکتوبر 2018ء

عائشہ شہریار
ڈائریکٹر

محمد آصف
چیف ایگزیکٹو آفیسر

Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2018

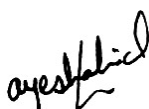
		Un-audited September 30, 2018	Audited June 30, 2018
	Note	Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	4	100,948,524	116,101,846
Intangible assets		608,355	681,357
Long term investments	5	126,274,834	123,274,834
Net investment in Ijarah finance / assets under Ijarah arrangements	6	127,878,757	131,597,352
Long term musharakah finances	7	-	-
Long term loans	8	718,970	1,206,980
Long term security deposits		2,278,225	2,278,225
Deferred tax asset		150,000,000	150,000,000
		508,707,665	525,140,594
Current assets			
Short term investments		3,455,854	-
Short term musharakah finances		66,007,109	66,007,109
Short term finances		6,679,875	6,679,875
Ijarah rentals receivables		1,440,163	1,452,331
Current portion of non-current assets	9	382,659,073	381,785,916
Advances, deposits, prepayments and other receivables		16,667,229	15,184,176
Bank balances		38,653,018	10,161,122
Assets classified as held for sale		32,900,000	32,900,000
		548,462,321	514,170,529
TOTAL ASSETS		1,057,169,986	1,039,311,123

	Un-audited September 30, 2018	Audited June 30, 2018
Note	Rupees	
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorized capital 485,000,000 ordinary shares of Rs. 10 each	<u>4,850,000,000</u>	<u>4,850,000,000</u>
Issued, subscribed and paid-up capital	2,848,668,960	2,848,668,960
Capital reserve		
Capital reserve on amalgamation	(2,022,075,992)	(2,022,075,992)
Statutory reserve	102,820,024	102,820,024
Unrealized gain on remeasurement of available for sale investments	13,098,176	13,098,176
Equity portion of Subordinated loan from directors	20,387,414	20,387,414
Revenue reserve		
Accumulated loss	(704,443,987)	(714,512,868)
	258,454,595	248,385,714
Non-current liabilities		
Subordinated loan from directors	118,800,679	118,800,679
Loan from sponsor	-	-
Security deposits from lessees	52,846,962	57,216,410
Long term musharakah and murabaha borrowings	-	-
Redeemable capital	-	-
Deferred liability	-	-
Mark up on long term musharakah	-	-
	171,647,641	176,017,089
Current liabilities		
Current portion of non-current liabilities	236,244,689	232,164,262
Accrued and other liabilities	136,174,033	132,778,895
Profit / mark up payable	215,695,430	211,011,565
Unclaimed dividend	6,053,598	6,053,598
Liabilities directly associated with assets held for sale of discontinued operation	32,900,000	32,900,000
	627,067,750	614,908,320
TOTAL EQUITY AND LIABILITIES	1,057,169,986	1,039,311,123

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



M. Naim Ashraf
Chief Financial officer

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

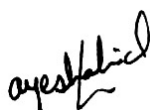
For the quarter ended September 30, 2018

	September 30, 2018	September 30, 2017
	Rupees	
Income		
Income from leasing operations	6,006,419	4,143,552
Operating lease rentals	235,532	346,650
Profit on musharakah investments	-	5,010,125
Income from finances	121,689	1,111,587
Income on deposits with banks	520,762	389,149
Income from joint ventures	3,000,000	2,750,365
Dividend income	-	75,000
Net gain on sale of marketable securities	-	(894,450)
Unrealized (loss) on investment in marketable securities - net	-	-
	9,884,402	12,931,978
Expenses		
Administrative and operating expenses	(6,475,099)	(7,162,454)
Financial charges - net	(4,688,341)	(6,159,250)
	(11,163,440)	(13,321,704)
Other income	(1,279,038)	(389,726)
	2,205,369	(671,625)
	926,331	(1,061,351)
Provision reversed / (charged) on non-performing loans and write-offs		
Reversal / (provision) against:		
Finance lease receivable and rentals - net	3,996,497	314,050
Long term / short term musharakah finances	-	-
Long term / short term loans	5,534,623	(493,550)
Other receivables	-	-
Balances written off:		
Lease receivables	(288,570)	(346,565)
Other receivables	-	-
Musharaka finance receivable	-	(508,250)
	9,242,550	(1,034,315)
Profit / (Loss) before taxation	10,168,881	(2,095,666)
Provision for taxation	(100,000)	(75,000)
Profit / (Loss) for the quarter	10,068,881	(2,170,666)
Earnings per share - Basic and Diluted	0.035	(0.008)

The annexed notes form an integral part of these financial statements



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (un-audited)

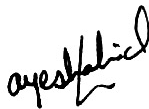
For the quarter ended September 30, 2018

	September 30, 2018	September 30, 2017
	Rupees	
Profit / (Loss) for the quarter	10,068,881	(2,170,666)
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss		
Un-realized profit on remeasurement of available for sale investments	-	340,050
Other Items		
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-
Total comprehensive Income / (Loss) for the quarter	10,068,881	(1,830,616)

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended September 30, 2018

	September 30, 2018	September 30, 2017
	Rupees	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	10,168,881	(2,095,666)
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	1,919,322	2,238,100
Amortization of intangible assets	73,003	72,950
(Reversal) / provision against:		
Long term / short term musharakah finances	-	-
Long term / short term loans	(5,534,623)	493,240
Other receivables	-	-
Finance lease receivable and rentals - net	(3,996,497)	(313,855)
Balances written off		
lease receivables	288,570	346,928
Musharakah receivables	-	507,775
Other receivables	-	-
Loss / (gain) on disposal of operating assets	(1,950,000)	902,145
Unrealised loss on investments in marketable securities	-	-
Financial charges - net	4,688,341	6,158,926
Fair value adjustment- subordinated loan from directors	-	-
(Gain) on settlement of liabilities	-	-
Balances written back	-	-
	(4,511,885)	10,406,209
Cash flow from operating activities before working capital changes	5,656,996	8,310,543
Changes in working capital		
Decrease / (increase) in current assets		
Short term investments	(3,455,854)	14,153,840
Short term musharakah finances	-	-
Ijarah rentals receivables	12,168	-
Advances, deposits, prepayments and other receivables	(2,253,612)	753,180
Assets classified as held for sale - net	-	-
Increase / (Decrease) in current liabilities		
Short term certificates of musharakah	-	-
Accrued and other liabilities	3,395,138	17,639,290
Cash generated from operations	(2,302,160)	32,546,310
	3,354,836	40,856,853
Financial charges paid	(4,476)	(5,000)
Income tax paid	(426,709)	(258,000)
Dividend paid	-	-
Net cash generated from operations	2,923,651	40,593,853

September 30, September 30,
2018 017

Rupees

b) CASH FLOWS FROM INVESTING ACTIVITIES

Additions in:		
Operating assets	(16,000)	-
Intangible assets	-	-
(Investment in) / recovery of :		
Long term investments	(3,000,000)	(2,750,000)
Net investment in Ijarah finance / assets under Ijarah	7,255,123	(16,186,250)
Long term musharakah finances	-	-
Long term loans	7,303,520	-
Proceeds from disposal of operating assets	15,200,000	845,450
Net cash (used in) investing activities	26,742,643	(18,090,800)

c) CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of :		
Loan from sponsors	-	-
Redeemable capital	-	-
Long term certificates of musharakah	-	-
Long term certificates of investments	-	-
Long term musharakah and murabaha borrowings	(1,174,398)	(1,174,550)
Net cash (used in) financing activities	(1,174,398)	(1,174,550)
Net (decrease) / increase in cash and cash equivalents	28,491,896	21,328,503
Cash and cash equivalents at the beginning of the year	10,161,122	14,714,268
Cash and cash equivalents at the end of the quarter	38,653,018	36,042,771

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



M. Naim Ashraf
Chief Financial officer

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


For the quarter ended September 30, 2018

Issued, subscribed and paid-up capital	Capital Reserves					Revenue Reserve	Total
	Capital reserve on amalgamation	Statutory reserve	(Loss) / gain on remeasurement of available for sale	Equity portion of Subordinated loan from directors	Sub total	Accumulated loss	
Rupees							
Balance as at July 01, 2017	2,848,668,960	(2,022,075,992)	101,256,258	12,125,080	20,387,414	(1,888,307,240)	239,593,787
Total comprehensive income for the period							
(Loss) for the period	-	-	-	-	-	(2,170,666)	(2,170,666)
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Unrealized gain on remeasurement of available for sale investments	-	-	340,050	-	340,050	-	340,050
Balance as at September 30, 2017	2,848,668,960	(2,022,075,992)	101,256,258	12,465,130	20,387,414	(1,887,967,190)	237,763,171
Balance as at July 01, 2018	2,848,668,960	(2,022,075,992)	102,820,024	13,098,176	20,387,414	(1,885,770,378)	248,385,714
Total comprehensive income for the period							
Profit / (Loss) for the period	-	-	-	-	-	10,068,881	10,068,881
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Unrealized profit on remeasurement of available for sale investments	-	-	-	-	-	-	-
Other items							
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-
Balance as at September 30, 2018	2,848,668,960	(2,022,075,992)	102,820,024	13,098,176	20,387,414	(1,885,770,378)	258,454,595

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


Muhammad Asif
 Chief Executive Officer


Ayesha Shehryar
 Chairperson


M. Naim Ashraf
 Chief Financial officer

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

For the quarter ended September 30, 2018

1. LEGAL STATUS AND OPERATIONS

1.1 Invest Capital Investment Bank Limited ('the Company') is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Company is engaged in the business of leasing and investment finance activities as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at A-603, 604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, Karachi in the province of Sindh. The branches of the company are located at Lahore, Islamabad, Peshawar, Faisalabad and Gujranwala.

1.2 In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).

1.3 The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:

- the Company suffered huge operating loss till 2011 and as at the date of Financial Position (balance sheet date), the accumulated loss is Rs. 704.44 million (June 2018: Rs. 714.51 million) and the current liabilities of the Company exceed its current assets by Rs. 78.61 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.
- the Company has been facing difficulty in recovery of its leases and loans portfolio.

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

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

(a) Substantial reduction in administrative and other expenses

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

(b) Leasing business

The Company is mainly carrying out car leasing business at a very attractive rates and reasonable deposit margin. During the quarter leases amounting to Rs. 24.71 million (June 2018 : Rs. 141.05 million) have been disbursed. Management is hopeful that leasing business will contribute in improving the operating results and equity position of the Company.

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

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. Till the date of financial position (Balance Sheet) liabilities amounting to 96.29% of those outstanding as at 30th June 2011 have been settled leaving a balance of 3.71% to be settled which amount to Rs. 57.89 million against TFCs issued by ICIBL.

(d) Disposal of non-core assets

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

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

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group as explained in detail in Note 19 of the Financial Statements as at 30.06.2018. This transaction on completion will result in net saving of Rs. 24.00 million for the Company and, therefore, will result in improvement in financial performance and equity position of the Company. The transaction will be completed on settlement of related liability of Rs. 32.9 million, by ICML (The outgoing group).

(f) Improved recovery of leases and loans portfolio

The Company has been putting all its efforts for recovery from leases and loans portfolio. Net recovery during the quarter is Rs. 42.07 million (June 2018: Rs. 160.95 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

- a) Due to applicability of Companies Act, 2017 certain disclosures of financial statements have been presented in accordance with the fourth schedule to the Companies Act, 2017.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of 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) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting / Financial Reporting Standards (IASs / IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017. 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 prevail.

SECP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 and IFRS 7, 'Financial Instruments: Disclosures' through SRO 411(1)/2008 dated April 28, 2008 for NBFCs providing investment finance services, discounting services and housing finance services.

3.2 Basis of measurement

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

- Investments at fair value through profit and loss and Investments available for sale are stated at fair value.
- Non-current assets held for sale are stated at lower of carrying amount and fair value less costs to sell.

3.3 Functional and presentation currency

These 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 Rupee.

3.4 Accounting estimates and judgments

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 the 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are the same as disclosed in the published audited financial statements for the year ended 30th June 2018.

	September 30, 2018	June 30, 2018
Note	—	Rupees—

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets	100,948,524	116,101,846
------------------	-------------	-------------

Three Months ended September 30 (Un-audited)			
2018		2017	
Additions	Disposals	Additions	Disposals

4.1 Acquisitions and disposals of operating assets at cost

Land	-	13,250,000	-
Furniture and fixtures	-	-	892,100
Office equipment	16,000	-	2,913,250
Vehicles	-	-	19,000
	16,000	13,250,000	3,824,350

	September 30, 2018	June 30, 2018
Note	—	Rupees—

5. LONG TERM INVESTMENTS

Investment in joint venture	106,567,334	103,567,334
Available for sale investments		
- At fair value	19,707,500	19,707,500
- At cost	-	-
	126,274,834	123,274,834

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

Contracts accounted for as finance lease under IAS 17		330,051,832	331,616,383
Less : Current portion	9	(202,173,075)	(200,019,031)
		127,878,757	131,597,352

6.1 Net investment in Ijarah finance

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

	September 2018 (Un-audited)			June 2018 (Audited)		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees			Rupees		
Minimum lease payments receivable	800,839,216	86,497,502	887,336,718	809,981,378	84,143,482	894,124,860
Residual value of leased assets	21,649,350	51,961,585	73,610,935	16,394,525	57,216,410	73,610,935
Lease contracts receivable	822,488,566	138,459,087	960,947,653	826,375,903	141,359,892	967,735,795
Unearned lease income (including suspended income)	(154,149,120)	(10,580,330)	(164,729,450)	(156,194,004)	(9,762,540)	(165,956,544)
Provision for potential lease losses	(466,166,371)	-	(466,166,371)	(470,162,868)	-	(470,162,868)
	(620,315,491)	(10,580,330)	(630,895,821)	(626,356,872)	(9,762,540)	(636,119,412)
	202,173,075	127,878,757	330,051,832	200,019,031	131,597,352	331,616,383

6.1.1 These finances carry profit rates ranging from 12.04% to 22.00 % per annum (June 2018: 12.04% 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.

6.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 575.19 million (June 2018: Rs. 575.22 million). Detail of non performing leases is as follows:

Category of classification	September 2018 (Un-audited)			June 2018 (Audited)		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Doubtful	-	-	-	-	-	-
Loss	575,191,250	466,166,371	466,166,371	575,219,365	468,848,685	468,848,685
	<u>575,191,250</u>	<u>466,166,371</u>	<u>466,166,371</u>	<u>575,219,365</u>	<u>468,848,685</u>	<u>468,848,685</u>

September 30, **June 30,**
2018 **2018**
————— Rupees —————

6.2 Ijarah rentals receivable

Ijarah rentals receivable - Due within one year	57,510,731	57,758,431
Less : Provision against Ijarah rentals receivable	(56,070,568)	(56,306,100)
	<u>1,440,163</u>	<u>1,452,331</u>

6.2.1 Provision against Ijarah rentals receivable

Category of classification	September 2018 (Un-audited)			June 2018 (Audited)		
	Rental receivable	Suspension required	Suspension held	Rental receivable	Suspension required	Suspension held
	Rupees			Rupees		
Loss	56,070,568	56,070,568	56,070,568	56,306,100	56,306,100	56,306,100

September 30, **June 30,**
2018 **2018**
————— Rupees —————

Note

7. LONG TERM MUSHARAKAH FINANCES

Secured		
Considered doubtful		
Companies (non-financial institutions)	83,443,891	83,443,891
Individuals	43,263,928	43,263,928
	<u>126,707,819</u>	<u>126,707,819</u>
Provision against doubtful balances	(25,206,726)	(25,206,726)
	<u>101,501,093</u>	<u>101,501,093</u>
Less: Current portion	9 (101,501,093)	(101,501,093)
	<u>-</u>	<u>-</u>

8. LONG TERM LOANS

Secured		
Considered good		
Customers	2,345,540	2,345,540
Outgoing group	-	-
	<u>2,345,540</u>	<u>2,345,540</u>
Considered doubtful		
Customers	20,495,106	27,798,626
Outgoing group	71,954,665	71,954,665
Ex-employee	528,523	528,523
	<u>92,978,294</u>	<u>100,281,814</u>
Provision against doubtful balances	(15,619,959)	(21,154,582)
	<u>77,358,335</u>	<u>79,127,232</u>
	<u>79,703,875</u>	<u>81,472,772</u>
Less: Current portion	9 (78,984,905)	(80,265,792)
	<u>718,970</u>	<u>1,206,980</u>

		September 30, 2018	June 30, 2018
	Note	Rupees	
9. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in ijarah finance / assets under ijarah	6	202,173,075	200,019,031
Long term musharakah finances	7	101,501,093	101,501,093
Long term loans	8	78,984,905	80,265,792
		<u>382,659,073</u>	<u>381,785,916</u>
10. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks		-	-
Murabaha borrowings			
From financial institutions		1,565,866	2,740,264
Less: Current portion	11	<u>(1,565,866)</u>	<u>(2,740,264)</u>
		<u>-</u>	<u>-</u>
11. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Loan from sponsor		145,392,473	145,392,473
Security deposit from lessees		21,649,350	16,394,525
Long term musharakah and murabaha borrowings	10	1,565,866	2,740,264
Deferred liability		9,747,000	9,747,000
Redeemable capital		57,890,000	57,890,000
		<u>236,244,689</u>	<u>232,164,262</u>

12. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated companies with or without common directors, staff retirement fund, directors, other key management personnel and their close family members. Contributions to the staff retirement fund, remuneration of key management personnel and loans to employees are made / paid in accordance with the terms of their employment. Other transactions with related parties are entered into at agreed rates.

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

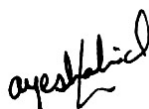
	Three months period ended	
	September 30, 2018	September 30, 2017
	Rupees	
Contribution to staff retirement fund	135,156	157,865
Key management compensation	1,739,849	1,795,250
Markup on loan to sponsor	2,385,711	3,167,150
Amount received from joint venture	3,780,000	2,590,000

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 26th October 2018 by the Board of Directors of the Company.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



M. Naim Ashraf
Chief Financial officer

Company Information

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

Chief Financial Officer & Company Secretary

Mr. M. Naim Ashraf

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisors

Ahmad & Gazi

Share Registrar

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

Bankers

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

Registered Office

Office No. 501, 5th Floor, Al-Fatima Chambers,
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Fax: (92-21) 35654022
Website: www.icibl.com

Head Office

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

National Tax Number

0656427-5

Our Network

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Peshawar

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

Faisalabad

20-Bilal Road, Civil Lines,
Faisalabad.
Tel: 041- 2409221

Gujranwala








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