

QUARTERLY REPORT  
MARCH 31, 2015



INVEST CAPITAL INVESTMENT BANK LIMITED



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# Directors' Report

On behalf of the Board of Directors of Invest Capital Investment Bank Limited (the "Company"), I am pleased to present the un-audited financial statements for the quarter ended March 31, 2015.

## The Review

During the nine months period under review, the Company earned a profit of Rupees 25.37 million as compared to the profit of Rupees 67.81 million in the corresponding period of the last year with earnings per share of Rupees 0.09 (March 2014 Rupees 0.24). The decrease in profit is directly related to the reduction in "Other income" which mainly comprises of gain on settlement of liabilities. The gross revenue including other income for the period amounted to Rupees 101.77 million as compared to Rupees 154.56 million of the corresponding period of the last year. The financial charges showed a reduction of Rupees 13.13 million from Rupees 47.16 million as at 31st March 2014. The administrative and operating expenses also decreased to Rupees 29.68 million from Rupees 37.86 million of the comparable period thereby showing a reduction of Rupees 8.18 million.

The total assets of the Company stood at Rupees 1,273.58 million as at 31st March 2015 as against Rupees 1,352.65 million as at June 30, 2014 showing a reduction of Rupees 79.07 million. The equity showed an increase of Rupees 24.54 million and amounted to Rupees 206.49 million. Similarly, the total liabilities of the Company also came down to Rupees 1,032.59 million mainly due to repayment of liabilities.

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

	Rs. in million	
	March 31, 2015	March 31, 2014
Gross Revenue	35.91	50.47
Other Income including waiver of markup	65.86	104.07
Administration & Operating expenses	63.70	85.01
Profit for the period before taxation	25.67	68.18
Taxation - net	0.30	0.37
Profit for the period after taxation	25.37	67.81
Earnings per Share	0.09	0.24

During the period under review gross revenue reduced due to maturity of leases. Enough fresh leases could not be written for want of funds as most of the funds have been utilized in payment to lenders and depositors.

As per the plan, the management continued focus on resolution of the outstanding issues to keep the company functional. The following key areas were focused during 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
- Substantial reduction in administrative and other expenses
- New leasing business

The focus on the above mentioned areas has enabled the company to overcome the financial and operational problems and will further result in improvement of financial position of the Company. Considering management's plans and the results of the mitigating measures as discussed above, 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 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 am also thankful to all the staff members for their sincere and dedicated services.

For and on behalf of the Board



**Muhammad Asif**  
Chief Executive Officer

Lahore  
April 24, 2015

## Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2015

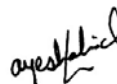
		Un-audited March 31, 2015	Audited June 30, 2014
	Note	– Rupees in thousand –	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		64,580	70,495
Operating assets	5	2,199	2,838
Intangible assets		105,382	109,324
Long term investments	6	91,164	185,764
Net investment in Ijarah finance / assets under Ijarah arrangements	7	60,998	73,544
Long term loans	8	2,614	2,863
Long term security deposits		150,000	150,000
Deferred tax asset		476,938	594,828
<b>Current assets</b>			
Short term investments		23,575	19,857
Short term musharakah finances		70,492	70,506
Short term finances		6,705	8,481
Ijarah rentals receivables	7.3	1,880	1,978
Current portion of non-current assets	9	423,929	381,321
Advances, deposits, prepayments and other receivables		38,361	38,446
Cash and bank balances		6,760	10,933
Assets classified as held for sale		224,943	226,304
		796,642	757,826
<b>TOTAL ASSETS</b>		<b>1,273,580</b>	<b>1,352,654</b>

	Un-audited March 31, 2015	Audited June 30, 2014
Note	– Rupees in thousand –	
<b>EQUITY AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
Authorized capital 485,000,000 (2014 : 485,000,000) ordinary shares of Rs. 10 each	<b>4,850,000</b>	4,850,000
Issued, subscribed and paid-up capital	<b>2,848,669</b>	2,848,669
Capital reserve		
Capital reserve on amalgamation	<b>(2,022,076)</b>	(2,022,076)
Unrealized gain / (loss) on remeasurement of available for sale investments	<b>11,056</b>	11,908
Revenue reserve		
Accumulated loss	<b>(631,156)</b>	(656,525)
	<b>206,493</b>	181,976
<b>Non-current liabilities</b>		
Subordinated loan from directors	<b>126,000</b>	126,000
Security deposits from lessees	<b>45,192</b>	91,771
Long term certificates of musharakah	<b>6,510</b>	9,449
Long term certificates of investments	<b>1,927</b>	3,502
Long term musharakah and murabaha borrowings	<b>12,921</b>	20,806
Long term loans	<b>-</b>	-
Deferred liability		
Mark up on long term musharakah	<b>9,747</b>	9,747
	<b>202,296</b>	261,275
<b>Current liabilities</b>		
Current portion of non-current liabilities	<b>219,347</b>	243,398
Short term certificates of musharakah	<b>15,980</b>	25,740
Short term certificates of investments	<b>12,600</b>	16,200
Loan from sponsor	<b>197,542</b>	197,542
Accrued and other liabilities	<b>134,966</b>	119,119
Profit / mark up payable	<b>171,157</b>	194,207
Liabilities directly associated with assets held for sale of discontinued operation	<b>113,197</b>	113,197
	<b>864,791</b>	909,403
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,273,580</b>	1,352,654

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Zahid**  
Director

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

For the nine months period ended March 31, 2015

	Nine months ended March 31		Quarter ended March 31	
	2015	2014	2015	2014
-- Rupees in thousand --				
<b>Income</b>				
Income from leasing operations	15,745	27,517	5,020	8,287
Operating lease rentals	5,394	9,749	961	1,701
[Loss] / Profit on musharakah investments	(640)	1,417	(237)	578
Income from investment and placement	-	267	-	107
Income from finances	8,048	677	2,810	169
Income on deposits with banks	413	302	84	60
Income from joint ventures	1,078	5,255	38	18
Dividend income	1,597	2,030	1,516	1,265
Net gain on sale of marketable securities	6,039	4,849	735	1,428
Unrealized gain / (loss) on investment in marketable securities - net	(1,761)	(1,597)	(3,049)	(1,073)
	<u>35,913</u>	<u>50,466</u>	<u>7,878</u>	<u>12,540</u>
<b>Expenses</b>				
Administrative and operating expenses	(29,677)	(37,855)	(7,718)	(11,353)
Financial charges - net	(34,021)	(47,155)	(11,037)	(15,253)
	<u>(63,698)</u>	<u>(85,010)</u>	<u>(18,755)</u>	<u>(26,606)</u>
	<u>(27,785)</u>	<u>(34,544)</u>	<u>(10,877)</u>	<u>(14,066)</u>
Waiver of financial charges	52,314	15,089	5,110	-
Other income	13,545	88,988	6,912	7,515
	<u>38,074</u>	<u>69,533</u>	<u>1,145</u>	<u>(6,551)</u>
<b>Provision (charged) / reversed on non-performing loans and write-offs</b>				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	(11,638)	4,963	(3,299)	6,261
Long term / short term musharakah finances	123	1,082	45	247
Long term / short term loans	895	7,599	91	101
Other receivables	631	(1,737)	772	12
Balances written off:				
Lease receivables	(2,411)	(13,000)	(298)	(5,165)
Loans	-	(264)	-	-
	<u>(12,400)</u>	<u>(1,357)</u>	<u>(2,689)</u>	<u>1,456</u>
<b>Profit before taxation</b>	<u>25,674</u>	<u>68,176</u>	<u>(1,544)</u>	<u>(5,095)</u>
<b>Provision for taxation</b>				
- For the period	(1,146)	-	(382)	-
- Prior period's	841	(367)	-	-
<b>Profit / (loss) for the period</b>	<u>25,369</u>	<u>67,809</u>	<u>(1,926)</u>	<u>(5,095)</u>
<b>Earnings per share - Basic and Diluted (Rupees)</b>	<u>0.09</u>	<u>0.24</u>	<u>(0.01)</u>	<u>(0.02)</u>

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Zahid**  
Director

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

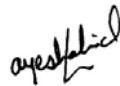
For the nine months period ended March 31, 2015

	Nine months ended March 31		Quarter ended March 31	
	2015	2014	2015	2014
	– Rupees in thousand –			
<b>Profit / (loss) for the period</b>	<b>25,369</b>	67,809	<b>(1,926)</b>	(5,095)
<b>Other comprehensive income / (loss)</b>				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain / (loss) on remeasurement of available for sale investments	1,785	6,855	-	(424)
<b>Other Items</b>				
Un-realized loss on available for Sale investment reclassified to profit and loss account on disposal	(2,637)	313	-	-
Revaluation surplus realized on disposal of revalued assets	-	-	-	-
	(852)	7,168	-	(424)
<b>Total comprehensive Income / (loss) for the period</b>	<b>24,517</b>	74,977	<b>(1,926)</b>	(5,519)

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Zahid**  
Director

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

For the nine months period ended March 31, 2015

	March 31, 2015	March 31, 2014
	— Rupees in thousand —	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	25,674	68,176
<b>Adjustments for non cash charges and other items:</b>		
Depreciation of property, plant and equipment	5,791	6,140
Amortization of intangible assets	426	873
Depreciation on assets leased out (Reversal) / provision against:	210	2,949
Finance lease receivable and rentals - net	11,638	(4,963)
Long term / short term musharakah finances	(123)	(1,082)
Long term / short term loans	(895)	(7,599)
Other receivables	(631)	1,737
Balances written off		
Doubtful lease receivables	2,411	13,000
Other receivables	-	-
Loans	-	264
Loss / (gain) on disposal of:		
Operating assets	(745)	(567)
Unrealised (gain) / loss on investments in marketable securities	1,761	1,597
Financial charges - net	(18,293)	32,066
Gain on settlement of liabilities	(10,981)	(2,201)
	<u>(9,432)</u>	<u>42,214</u>
<b>Cash flow from operating activities before working capital changes</b>	<b>16,243</b>	<b>110,390</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Short term investments	(5,479)	4,219
Short term musharakah finances	14	2,683
Short term finances	2,032	4,077
Ijarah rentals receivables	98	406
Advances, deposits, prepayments and other receivables	(74)	90,072
Assets classified as held for sale - net	763	(1,000)
	<u>(2,646)</u>	<u>100,457</u>
<b>Increase / (decrease) in current liabilities</b>		
Short term certificates of musharakah	(9,760)	(16,900)
Short term certificates of investments	(3,600)	(7,900)
Accrued and other liabilities	15,847	18,447
Liabilities directly associated with assets held for sale of discontinued operation	-	(71,955)
	<u>2,487</u>	<u>(78,308)</u>
<b>Cash generated from operations</b>	<b>16,084</b>	<b>132,539</b>
Financial charges paid	(4,757)	(10,634)
Income tax paid	(69)	(479)
	<u>(4,826)</u>	<u>(11,113)</u>
<b>Net cash generated from operations</b>	<b>11,258</b>	<b>121,426</b>



March 31,      March 31,  
2015              2014

— Rupees in thousand —

**b) CASH FLOWS FROM INVESTING ACTIVITIES**

<b>Additions in:</b>		
Operating assets	(35)	(141)
Intangible assets	-	(300)
<b>Proceed from:</b>		
Long term investments	3,090	3,879
Net investment in Ijarah finance / assets under Ijarah	44,966	(8,291)
Long term musharakah finances	41	2,119
Long term loans	(11,259)	(68,515)
Long term security deposits	-	84
<b>Proceeds from disposal of:</b>		
Operating assets	904	2,522
<b>Net cash generated from investing activities</b>	<b>37,708</b>	<b>(68,643)</b>

**c) CASH FLOWS FROM FINANCING ACTIVITIES**

Security deposits from lessees received	2,250	(3,106)
Repayment of :		
Redeemable capital	(4,485)	(18,929)
Long term certificates of musharakah	(8,374)	(24,350)
Long term certificates of investments	(5,175)	(2,700)
Long term musharakah and murabaha borrowings	(23,131)	(11,020)
Long term loan	(14,224)	(1,575)
<b>Net cash (used in) financing activities</b>	<b>(53,139)</b>	<b>(61,680)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(4,173)</b>	<b>(8,897)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10,933</b>	<b>11,451</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,760</b>	<b>2,554</b>

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Zahid**  
Director

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

For the nine months period ended March 31, 2015

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Loss) / gain on remeasurement of available for sale investments	Accumulated loss	Total
Rupees in thousand					
Balance as at July 01, 2013	2,848,669	(2,022,076)	(1,418)	(755,249)	69,926
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	67,809	67,809
Other comprehensive income / (loss)					
Items that may be reclassified subsequently to profit or loss					
Unrealized (loss) on remeasurement of available for sale investments	-	-	6,855	-	6,855
Other items					
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-	313	-	313
Surplus realized on disposal of revalued assets	-	-	-	-	-
	-	-	7,168	67,809	74,977
Balance as at March 31, 2014	<u>2,848,669</u>	<u>(2,022,076)</u>	<u>5,750</u>	<u>(687,440)</u>	<u>144,903</u>
Balance as at July 01, 2014	2,848,669	(2,022,076)	11,908	(656,525)	181,976
<b>Total comprehensive income for the period</b>					
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	-	-	-	-	-
Other items					
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-	(2,637)	-	(2,637)
	-	-	(852)	25,369	24,517
Balance as at March 31, 2015	<u>2,848,669</u>	<u>(2,022,076)</u>	<u>11,056</u>	<u>(631,156)</u>	<u>206,493</u>

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



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Zahid**  
Director

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

For the nine months period ended March 31, 2015

## 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-603,604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, Karachi in the province of Sindh.
- 1.2 In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).
- 1.3 The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:
- the Company suffered huge operating losses till 2011 and, as at the balance sheet date, the accumulated loss is Rs. 630.85 million (2014: Rs. 656.52 million) and the current liabilities of the Company exceed its current assets by Rs. 67.90 million (2014: Rs. 125.83 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 1.93% (2014: 1.68%) of the total liabilities as at March 31, 2015 amounting to Rs. 20.70 million (2014 : 19.29 million).

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

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

### (a) Substantial reduction in administrative and other expenses

The management of the Company has curtailed its administrative and other operating expenses as reflected in the profit and loss account to minimum possible level without affecting the operational efficiency of the Company. This has resulted in improving 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. The Company is mainly carrying out car leasing business at a very attractive IRR and reasonable deposit margin. Leasing business is resulting in profits thereby improving the operational results and equity position of the Company.

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

Management has made great progress in settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of Company's lease / loan portfolio and immovable properties / shares / other assets with waiver of mark-up. As at 31st March 2015 liabilities amounting to Rupees 104.03 million are left to be settled.

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

For the nine months period ended March 31, 2015

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

The management is focused on disposal of its non-core assets. This has resulted in reduction of liabilities and improvement in the liquidity and equity position of the Company.

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

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group as explained in detail in Note 18 to the published audited financial statements for the year ended June 30, 2014.

**(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. 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, 2015, the Company could not meet the regulatory requirements of NBFC Rules, 2003 and Non-Banking Finance Companies and NBFC Regulations, 2008 mentioned as under:

- SRO 764 (I)/2009 dated September 02, 2009 issued by SECP : The aggregate minimum equity requirement as per Non-Banking Finance Companies and Notified Entities Regulations, 2008 for leasing and investment finance companies has been set at Rs. 1,700 million. The aggregate equity of the Company as at March 31, 2015 is Rs. 332.80 million (June 30, 2014 : Rs. 306.10 million) inclusive of subordinated loan of Rs. 126 million (June 30, 2014 : Rs. 126 million).
- Regulation 17(1) : Total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 30% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% 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 50% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 35% of the NBFC's equity.
- The Company's request to SECP to allow relaxation of the above-mentioned regulatory requirements and compliance of minimum equity requirement for a period of four years in view of the operational and financial difficulties faced by the Company, is under consideration of SECP. The Company's request will be considered by SECP after finalization of new regulatory framework for NBFCs which is under process.

## **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, 2014.

### **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.

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

For the nine months period ended March 31, 2015

### 2.3 Functional and presentation currency

These condensed interim financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand of rupees except earning per share which is in rupees.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2014.

3.2 Application of new and revised International Financial Reporting Standards

3.2.1 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2014:

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, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.2.2 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, which are not yet effective:

There are other amendments to the standards and new interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statement.

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

4.1 The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2014.

4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2014.

### 5. PROPERTY, PLANT AND EQUIPMENT

	Un-audited March 31, 2015	Audited June 30, 2014
	– Rupees in thousand –	
Operating assets	<u>64,580</u>	<u>70,495</u>

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

For the nine months period ended March 31, 2015

Nine Months ended March 31 (Un-audited)			
2015		2014	
Additions	Disposals	Additions	Disposals
– Rupees in thousand –			

### 5.1 Acquisitions and disposals of operating assets at cost

Furniture and fixtures		32	21	962
Office equipment	35	151	120	502
Vehicles	-	1,612	-	3,595
	<b>35</b>	<b>1,794</b>	141	5,059

		Un-audited March 31, 2015	Audited June 30, 2014
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Note – Rupees in thousand –

### 6. LONG TERM INVESTMENTS

Investment in joint ventures	6.1	79,271	78,194
Available for sale investments			
- At fair value		24,269	28,887
- At cost		1,842	2,243
		<b>105,382</b>	<b>109,324</b>

#### 6.1 Investment in joint ventures

This represents investment in CNS filling stations. The latest available audited financial statements of joint ventures as on March 31, 2015 have been used for the purpose of application of equity method.

- Centre Gas (Private) Limited	6.1.1	60,334	59,054
- Ameen Enterprises	6.1.2	18,937	19,140
		<b>79,271</b>	<b>78,194</b>

#### 6.1.1 Centre Gas (Private) Limited

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

Cost	34,536	34,536
Cumulative share of profit of joint venture	25,799	24,518
	<b>60,334</b>	<b>59,054</b>

#### 6.1.2 Ameen Enterprises

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

Opening capital	19,140	20,263
Share of (loss) of joint venture for the period / year	(203)	(623)
Drawings during the period / year	-	(499)
	<b>18,937</b>	<b>19,140</b>

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

Contracts accounted for as finance lease under IAS 17	7.1	342,103	417,761
Contracts accounted for under IFAS 2		-	777
		<b>342,103</b>	<b>418,538</b>
Less : Current portion	9	(250,939)	(232,774)
		<b>91,164</b>	<b>185,764</b>

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

For the nine months period ended March 31, 2015

### 7.1 Net investment in Ijarah finance

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

	As at March 31, 2015 (Unaudited)			As at June 30, 2014 (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	784,830	99,521	884,351	836,371	117,929	954,300
Residual value of leased assets	50,672	45,192	95,864	12,958	91,770	104,728
Lease contracts receivable	835,502	144,713	980,215	849,329	209,699	1,059,028
Unearned lease income (including suspended income)	(150,355)	(16,229)	(166,583)	(164,397)	(16,979)	(181,376)
Provision for potential lease losses	(434,208)	(37,320)	(471,529)	(452,157)	(7,733)	(459,891)
	584,563	(53,549)	(638,112)	(616,554)	(24,712)	(641,266)
	250,939	91,164	342,103	232,775	184,987	417,762

7.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 578.22 million (2014: Rs. 595.33 million). Detail of non performing leases is as follows:

Category of classification	As at March 31, 2015 (Unaudited)			As at June 30, 2014 (Audited)		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand			Rupees in thousand		
Substandard	1,567	328	328	4,028	1,007	1,007
Doubtful	37,668	18,834	18,834	32,944	16,317	16,317
Loss	538,985	424,011	424,011	558,353	442,567	442,567
	578,220	443,173	443,173	595,325	459,891	459,891

	Un-audited March 31, 2015	Audited June 30, 2014
– Rupees in thousand –		
Ijarah rentals receivable	83,879	89,028
Less : Provision against Ijarah rentals receivable	<u>(81,999)</u>	<u>(87,050)</u>
	<u>1,880</u>	<u>1,978</u>

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

For the nine months period ended March 31, 2015

	Note	Un-audited March 31, 2015	Audited June 30, 2014
– Rupees in thousand –			
<b>8. LONG TERM LOANS</b>			
Considered good			
Ex-Employee		-	557
Customers		14,014	742
Outgoing group		71,955	71,955
		<u>85,969</u>	<u>73,254</u>
Considered doubtful			
Customers		45,765	47,750
Ex-employee		529	-
Provision against doubtful balances		(32,188)	(32,826)
		<u>14,106</u>	<u>14,924</u>
		<u>100,075</u>	<u>88,178</u>
Less: Current portion	9	<u>(39,077)</u>	<u>(14,633)</u>
		<u>60,998</u>	<u>73,544</u>
<b>9. CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in lease finance / assets under Ijarah arrangements	7	250,939	232,775
Long term musharakah finances		133,913	133,913
Long term loans	8	39,077	14,633
		<u>423,929</u>	<u>381,321</u>
<b>10. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS</b>			
Secured			
Musharakah borrowings			
From commercial banks		17,810	23,171
Murabaha borrowings			
From commercial banks		22,657	39,327
From financial institutions		16,231	17,331
		<u>38,888</u>	<u>56,658</u>
		<u>56,698</u>	<u>79,829</u>
Less: Current portion	12	<u>(43,777)</u>	<u>(59,023)</u>
		<u>12,921</u>	<u>20,806</u>
<b>10.1</b>			
During the period a final settlement agreement has been executed with the lender in respect of murabaha borrowing of Rs. 36.88 million and related mark up of Rs. 19.44 million. As per terms of the agreement, the outstanding mark up has been waived off and principal amount along with cost of funds will be repaid in five quarterly installements commenced from September 19, 2014 and ending on September 19, 2015. In case of delay in payment of installements, mark up will be charged at the rate of 13% per annum instead of cost of funds.			
<b>11. LONG TERM LOANS</b>			
Secured			
From banking companies			
Facility I	11.1	21,762	38,022
Facility II & IV	11.1	6,946	12,137
		<u>28,708</u>	<u>50,159</u>
Less : Current portion	12	<u>(28,708)</u>	<u>(50,159)</u>
		<u>-</u>	<u>-</u>
<b>11.1</b>			
During the period a final settlement agreement has been executed with the lender in respect of these loans and related mark up of Rs. 25.10 million. As per terms of the agreement, the outstanding mark up has been waived off and principal amount along with cost of funds will be repaid in five quarterly installements commenced from September 19, 2014 and ending on September 19, 2015. In case of delay in payment of installements, mark up will be charged at the rate of 13% per annum instead of cost of funds.			



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

For the nine months period ended March 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
	Note	— Rupees in thousand —	
<b>12. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Security deposit from lessees		50,672	13,526
Long term certificates of musharakah		2,305	7,740
Long term certificates of investments		2,100	5,700
Long term musharakah and murabaha borrowings	10	43,777	59,023
Long term loans	11	28,708	50,159
Redeemable capital		91,785	107,250
		<u>219,347</u>	<u>243,398</u>

### 13. 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:

	Nine months period ended	
	March 31, 2015	March 31, 2014
	— Rupees in thousand —	
Contribution to staff retirement fund	<u>570</u>	<u>638</u>
Key management compensation	<u>6,376</u>	<u>4,473</u>

### 14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 24th April 2015 by the Board of Directors of the Company.



**Muhammad Asif**  
Chief Executive Officer



**Ayesha Zahid**  
Director

# Company Information

## Board of Directors

Ms. Fiza Zahid	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Muhammad Qasim	-Director
Ms. Ayesha Zahid	-Executive Director
Mr. Shahab Ud Din Khan	-Director

## Audit Committee

Mr. Shahab Ud Din Khan	-Chairman
Mr. Muhammad Qasim	-Member
Ms. Fiza Zahid	-Member

## Human Resource Committee

Mr. Muhammad Qasim	-Chairman
Mr. Muhammad Asif	-Member
Ms. Fiza Zahid	-Member

## Chief Financial Officer & Company Secretary

Mr. M. Naim Ashraf

## Auditors

Awais Haider Liaquat Nauman  
Chartered Accountants

## Legal Advisors

Ahmad & Gazi

## Share Register

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

703-C, City Tower, 6-K Main  
Boulevard, Gulberg II, Lahore.  
Tel: 042-35770383-4  
Fax: 042-35788711

## National Tax Number

0656427-5

## Our Network

### Registered Office - Karachi

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

Tel: 021 - 35661968

Fax: 021 - 35654022

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

### Head Office - Lahore

703-C, 7th Floor, City Tower,6-K  
Main Boulevard, Gulberg II, Lahore.

Tel: 042 - 35770383-4

Fax: 042 - 35788711

### Islamabad

302, 3rd Floor, 82-E Muhammad Gulistan Khan House  
Fazal-e-Haq Road, Blue Area Islamabad.

Tel: 051 - 2150014

### 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- 2620010

### Gujranwala

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

Tel: 055 - 3730308, 3730300

Fax: 055 - 3731108



**INVEST CAPITAL INVESTMENT BANK LIMITED**

**Registered Office:**

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

Tel: (92-21) 35661968 Fax: (92-21) 35654022

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

**Head Office:**

703-C, City Tower, Main Boulevard,  
Gulberg II, Lahore.

Tel: (92-42) 35770383-84

Fax: (92-42) 35788711