

ANNUAL REPORT 2019



INVEST CAPITAL INVESTMENT BANK LIMITED



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Contents

Page No.

Vission & Mission Statement	02
Company Information	03
Notice of Annual General Meeting	04 - 05
Chairman's Review	06
Director's Report	07-11
Key Financial & Operating Data	11
Director's Report - Urdu	12-17
Pattern of Share Holding	18-19
Review Report on Statement of Compliance with Best Practices of CCG	20
Statement of Compliance with Best Practices of Code of Corporate Governance	21-22
Independent Auditor's Report	23-25
Statement of Financial Position	26-27
Statement of Profit or Loss	28
Statement of Comprehensive Income	29
Statement of Cash Flows	30-31
Statement of Changes in Equity	32
Notes to the Financial Statements	33-65
Our Network	66
Proxy Form	67-68

Vision Statement

To build a world-class investment banking franchise through the creation of an organization based on trust, integrity and decision making process driven by client's best interest

Mission Statement

To provide our customers financial solutions while preserving wealth, ensuring quality service, efficient pricing and absolute transparency.

Company Information

Board of Directors

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

Audit Committee

Brig. (Retd.) Wali Muhammad	-Chairman
Mr. Shahab Ud Din Khan	-Member
Ms. Fiza Zahid	-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
JS Bank Limited

Registered Office

501, 5th Floor, Al-Fatima Chambers,
149-AM, Shambhu Nath Street,
Off Shahrah-e-Iraq, Saddar, Karachi.
Tel: 021-35654022
Website: www.icibl.com

Head Office

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

National Tax Number

0656427-5

Notice of 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 11.45 a.m on Monday, 28th October, 2019 at ICMA Pakistan's Auditorium, Main Campus, Gulshan-e-Iqbal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting of the Shareholders held on 27th October 2018.
2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports thereon for the year ended 30th June 2019. These audited financial statements will be placed on our website www.icibl.com.
3. To appoint auditors and fix their remuneration for the year ending 30th June, 2020. The present auditors M/s Deloitte Yousuf Adil, being eligible for reappointment have given their consent to act as auditors of the Company for the year 2019-20.

OTHER BUSINESS

4. To consider any other business with the permission of the Chair.

By Order of the Board



Lahore
October 05, 2019

M. Naim Ashraf
Company Secretary

NOTES:

1. The Members' Register will remain closed from 21st October 2019 to 28th October 2019 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 19th October 2019 will be treated in time.
2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf.
3. The instrument appointing proxy and the power of attorney or other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of Share Registrar of the Company, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting.
4. The CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A- For attending the meeting:

- (i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending meeting.
- (ii) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signatures of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B- For appointing proxies:

- (i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall submit the proxy forms accordingly.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copy of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - (v) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. Members are requested to notify any change in their addresses immediately to the Share Registrar of the Company.

Chairman's Review

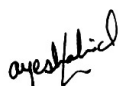
I feel greatly honored and privileged in taking this opportunity to report our valued shareholders on the affairs of Invest Capital Investment Bank Limited "ICIBL". The Financial Year under review has been another challenging year for ICIBL. The year was characterized by growth in new lease business and growth in recoveries from non-performing loans/leases. Our dedicated team tirelessly works for the operational efficiency with minimum resources to deliver quality services to our worthy customers. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the Code of the Corporate Governance issued by the Securities and Exchange Commission of Pakistan. I wish to record my appreciation to the Board Members.

The Board during the year ended June 2019 played an effective role in managing the affairs of the company and achieving its objectives in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code of Corporate Governance.
- The Board has ensured that meetings of the Board and that of its committees were held with requisite quorum; the minutes of all the meetings (including committees) are appropriately recorded and maintained.
- The Board has ensured that the adequate system of internal control is in place.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- The Board actively participated in strategic planning process and policy development to cater the issues being faced by the company including utilization of available funds, recovery of non performing leases/loans, settlement of outstanding liabilities, investments in new lease business with minimum risk and operating cost reduction.

Through combined efforts, the Company is now afloat and will continue as a going concern.

I would like to thank to all members of the Board for their guidance, valuable inputs and giving their precious time for Board meetings. I also wish to commend our Chief Executive Officer, Senior Executives and all other staff members of ICIBL for their hard work, dedication and focused efforts. I would like to express my gratitude to the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited, shareholders, lenders and all other stakeholders for their continued guidance and support.



Ayesha Shehryar
Chairperson

October 04, 2019

Directors' Report

The Directors of Invest Capital Investment Bank Limited (the 'Company') are pleased to present the twenty seventh annual report along with the audited financial statements of the Company for the year ended June 30, 2019.

Financial Information

The financial results of the company are summarized below:

	----- Rupess in million -----	
Financial Highlights	2019	2018
Gross revenue	62.54	60.01
Administrative expenses	35.55	31.52
Financial charges (Net)	9.42	7.50
Provisions / (reversals) and write offs	(9.28)	23.19
Other income	9.68	11.41
Profit / (loss) for the year before taxation	36.53	9.21
Taxation - net	152.90	0.60
Profit / (loss) for the year after taxation	(116.37)	8.60
Earnings / (loss) per share - basic	(0.41)	0.03
Appropriations:		
Transfer to statutory reserves	0	1.56

Economic Review

Global economic growth outlook remains sluggish, amidst continued trade friction between US and China, uncertainty surrounding Brexit and stagnant consumer demand in both advanced and emerging markets. Accordingly, the International Monetary Fund (IMF) has revised global growth projections downward to 3.2% for 2019.

On the domestic front; the Large Scale Manufacturing (LSM) sector contracted by 3.5% during the FY 2018-19 primarily on the back of cut in PSDP outlay, tightening in monetary policy, currency devaluation and imposition of regulatory measures. Agriculture sector's performance also remained subdued, with an insignificant growth of 0.85% during FY 2018-19, on account of adverse water supplies and high input costs. Services sector posted a growth of 4.7% during FY 2018-19.

Consequently, domestic GDP growth rate has declined to 3.3% during the FY 2018-19 as per expectations, against 5.8% in FY 2017-18. This is in line with the Government of Pakistan's (GoP's) multi-faceted policies adopted to address the underlying economic imbalances emanating from rising inflationary pressure and twin deficits.

Notwithstanding the country's export volumes which remained subdued during the period under review, the aforementioned policy measures including 17.5% devaluation in PKR assisted in reducing country's import bill by 9%. Duly supplemented by 10% growth in worker's remittances, the country's external front improved with a sizeable 32% reduction in current account deficit; which is still remained significant at US\$ 13.6 billion.

The county's fiscal deficit remained at an alarming level of 7% of GDP, owing to shortfall in revenue collections, higher debt servicing costs, untargeted subsidies and loss-making Public-Sector Enterprises (PSE's).

The GOP's action plan to curtail pressure on twin deficits and boost revenue generation through imposition of additional taxes and tariff revisions along with lagged impact of PKR depreciation adversely impacted Consumer Price Index (CPI). This CPI, despite being the highest in last five years, is in fact expected to touch double digit in FY 2019-20. State Bank of Pakistan, therefore, continued with its monetary tightening stance through further increasing the policy rate. As a result, policy rate has increased to 13.25%.

Company Overview

The NBFI sector was badly hit in aftermath of financial meltdown which affected the entire financial sector in 2008. The result was sharp rise in discount rate coupled with liquidity shortage forced the companies to utilize the available cash flows from recoveries to repay borrowings leaving no room for new business and affected your company badly.

By the grace of Almighty Allah, Company's financial and operational position has been stable for quite some time. The non-availability of credit lines from financial institutions and other fund raising activities continued to prevail during the year as well which remained the reason for not increasing business volumes substantially. Since the company is managing its business dynamics through internal cash flows which is not enough to grow the business volumes with higher pace. The non performing loan portfolio of the company is down to its most chronic market defaulters. However, your management is confident that the trend for the year's profit shall improve in coming years, if no major negative deviation in the economic condition occurs.

Operational Review

The company has posted an after tax loss of Rs. 116.37 million as compared to an after tax profit of Rs. 8.60 million of the previous year. This loss occurred due to the reversal of deferred tax asset of Rs. 150 million based on the future cash flow issues. Had this reversal not done, the profit of the company would have been Rs. 36.53 million as compared to Rs. 9.2 million of the previous year. The Gross revenue (including other income) of the Company amounted to Rs. 72.22 million as compared to Rs. 71.42 million of the previous year. Proactive monitoring and dedicated recovery efforts led to a net provision reversal against non-performing loans (NPL's) and investments aggregating to Rs. 9.28 million for the year under review. The administrative expenses increased by Rs. 4.03 million due to non-recurring expenses incurred in realization of unclaimed shares and related dividend to the tune of Rs. 18.50 million. It is re-emphasized that in order to increase the operational profits adequate working capital is required which is not available to the company.

Settlement of Liabilities:-

The management is pleased to inform you that up-till end of June 30, 2019 around 97.00% of liabilities have been settled/restructured. The following table shows the comparative figures:

Description	Rs. in million
Total liabilities (Loans + Deposits) of Banks / FIs (As at June 30, 2011 prior to change of Management)	1,561.48
Amount settled / principally agreed for settlement / restructured as at June 30, 2019	1,513.68
Outstanding amount pending settlement	47.80

All out efforts are being made to settle the remaining outstanding liabilities at the earliest.

Management of Non-Performing loans (NPLs)

Managing the recoveries from NPLs was a difficult task to achieve due to overall depressing economic conditions. The outstanding portfolio is Rs. 1,286.65 million as at June 30, 2019 (June 2018 Rs.1,304.34 million). The strong recovery efforts are reflected in reduction in the Company's non performing leases/loans, which this year also resulted in a reversal of provision against leases and loans of Rs. 15.73 million (June 2018 Rs. 20.93 million). The management is determined to continue its best efforts, energy, experience and skills in future also to improve the performance.

Reduction in Administrative Cost

Reduction in the administrative cost without affecting the operational efficiency was a tough task. In the periods prior to July 2011, the operating cost was quite high as compared to the other competitors. The management took this issue seriously and executed Human Resource and Branch Network restructuring. The result of these efforts is that administrative and operating expenses have reduced by more than 500% as compared to the expenses as at 30th June 2011.

Disposal of Non-Core Assets

The management focused on disposal of its non-core assets and was able to dispose of all the non-core properties having book value of Rs. 567.88 million by June 30, 2018 (Since the change of management) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs.102.74 million on this account and also saved the impact of depreciation. This has resulted in reduction of its liabilities and improvement in the liquidity and equity position of the Company.

New Leasing Business

The new lease business undertaken by the Company has negligible infection level and most of the assets leased are motor vehicle, therefore, recovery is almost 100% of the billed amount. This has provided the most valuable support in repayment of the liabilities on timely basis. During the year leases amounting to Rs. 182.04 million were disbursed as against Rs. 141.05 million in the year 2018. Fresh business may further increase during the coming years as major liabilities have been settled with the lenders.

Future Outlook

The country's real GDP growth is projected to remain bearish in the short term , at around 3.5% in FY 2019-20 by the SBP; which is well below the country's potential. Higher interest rates and administered price adjustments will continue to constrain credit growth, disposable incomes and domestic consumption levels.

Improved market sentiments due to sanctioning of the IMF's program-based lending, are also expected to facilitate in enhanced access to international financial support from other multilateral and bilateral creditors which shall be crucial for the country in meeting future external financing needs.

However, continues strengthening of the country's AML/CFT regime for implementation measures stipulated under FATF's action plan to support the eventual exist from FATF's grey list remains a key challenge towards management of aforementioned external threat.

The NBFI sector outlook remains challenging amidst re-pricing risk under rising interest rate scenario, evolving customer experience dynamics, weak credit expansion and dearth of quality lending avenues.

During the period under review, the major issue being faced by the company is the liquidity problem which will continue in coming days as well, thus the focus would be on the recoveries from NPLs, settlement of outstanding liabilities and investment in new lease business. The management of your company is confident that the bottom line of the company shall improve in years to come.

Corporate and financial reporting framework

The Board of the Company is committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant of their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Company have been maintained as required by the Companies Act 2017;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure there from;

- e) The system of internal control is sound and has been effectively implemented and monitored;
- f) There is material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern, however the management on the basis of factors discussed in note # 1.3 to the Financial Statements, is confident that the Company has ability to continue as a going concern;
- g) There has been no material departure from the best practices of the Corporate Governance issued by the SECP, except the matters discussed by auditors in their attached review report.
- h) Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) During the year under review, four (4) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name	Meetings attended
Mr. Muhammad Asif (CEO)	4
Mr. Muhammad Qasim	4
Mrs. Ayesha Shehryar	4
Brig. (Retd.) Wali Muhammad	4
Ms. Fiza Zahid	2
Mr. Shahab Ud Din Khan	4
Mr. Ashar Saeed	0

No trading in shares was done by the Directors/CEO of the company during the financial year 2018-19.

During the year under review, four (4) meetings of the Audit Committee were held. The attendance by each Director is as follows:

Name	Meetings attended
Mr. Ashar Saeed	0
Brig. (Retd.) Wali Muhammad	4
Mr. Shahab Uddin Khan	4
Ms. Fiza Zahid	1

Dividend

As discussed above the actions taken by the management have successfully resulted in a turnaround of the Company, however, the board of directors is committed to further strengthen its capital base, achieve further profitability and enhance the value of shareholders' investment. Therefore, no dividend has been declared for the year under review.

Credit Rating

JCR-VIS Credit Rating Company Limited has placed the entity rating of the Company in 'D' category since August 2010. Management is confident that the rating shall be up-graded to at least minimum investment grade as soon as the process of settlements of liabilities is concluded.

Auditors

The present auditors, M/s Deloitte Yousuf Adil, Chartered Accountants have retired and being eligible for re-appointment have consented to act as auditors of the Company for the financial year 2019-20.

The auditor's report includes emphasis of matter paragraph on the going concern issue of the company. However, the management feels that the company is a going concern as set forth in detail in note 1.3 to the financial statements.

Pattern of Shareholding

The pattern of shareholding as of June 30, 2019 is enclosed herewith.

Acknowledgments

On behalf of the Board of Directors, we would like to thank our valued customers for selecting Invest Capital Investment Bank Limited for their financing needs, shareholders of the company for their trust, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued support and worthy employees for their dedicated services.

For and on behalf of the Board of Directors

Lahore
October 04, 2019


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Chairperson

INVEST CAPITAL INVESTMENT BANK LTD SEVEN YEARS KEY FINANCIAL AND OPERATING DATA

.....Rupees in thousand.....

<i>Balance Sheet</i>	2019	2018	2017	2016	2015	2014	2013
Ordinary share capital	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669
Equity	256,275	267,217	255,076	243,542	183,229	181,976	69,925
Net Investment in Lease	264,251	331,616	277,825	275,842	319,693	417,762	428,302
Musharakah/Finances	230,628	256,180	289,183	287,421	300,273	301,074	234,218
Total Assets	950,098	1,059,843	1,106,054	1,118,100	1,212,833	1,352,653	1,400,814
<i>Profit & Loss Account</i>							
Total Income	72,218	71,418	47,631	117,292	80,182	172,846	397,195
Finance & Other Charges	9,419	7,501	28,510	16,092	(8,768)	24,654	48,022
Admin & Operating Expenses	35,546	31,521	33,192	30,998	57,633	51,782	144,057
Profit / (Loss) Before Tax	36,531	9,206	(9,205)	39,191	6,843	100,566	205,116
Profit / (Loss) After Tax	(116,366)	8,601	(9,400)	40,257	6,155	98,725	351,809
Break up Value of Share	0.90	0.94	0.90	0.85	0.64	0.64	0.25
Market Value per Share	0.82	1.88	2.11	1.09	1.45	2.00	1.56
<i>Financial Ratios:</i>							
Earning per share	(0.408)	0.027	(0.033)	0.141	0.022	0.350	1.237
Revenue Per Share	0.254	0.251	0.167	0.412	0.281	0.607	1.394

ڈائریکٹرز کی رپورٹ

انویسٹ کیپیٹل انویسٹمنٹ بینک لمیٹڈ (کمپنی) کے ڈائریکٹرز، سال 30 جون 2019 کو اختتام پذیر سال پر اپنی سٹائوس (27th) سالانہ رپورٹ جمع کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی معلومات

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

----- روپے ملین میں -----

2018	2019	
60.01	62.54	کل مالگداری (Revenues)
31.52	35.55	انتظامی اخراجات
7.50	9.42	مالی اخراجات (خالص)
23.19	(9.28)	قانونی استثنائات (Provisions) / (وائپی) اور منسوخی
11.41	9.68	دیگر آمدنی
9.21	36.53	سال کا نفع / (نقصان) قبل از محصول
0.60	152.90	محصول - خالص
8.60	(116.36)	نفع / (نقصان) بعد از محصول
0.03	(0.41)	آمدنی / (نقصان) فی حصص - بنیادی
		تخصیصات
1.56	0.00	دستوری ذخائر کو منتقلی

معاشی جائزہ

چین اور امریکہ کے درمیان تجارتی تناؤ، بریگزٹ کی غیر یقینی صورت حال اور جدید اور ابھرتی ہوئی دونوں منڈیوں میں صارفین کی طلب میں جاری جمود کے باعث عالمی معیشت کی ترقی کی پیش بینی مسلسل مخدوش ہے۔ چنانچہ عالمی مالیاتی فنڈ (آئی ایم ایف) نے اپنے تخمینوں میں منفی نمو کا اظہار کرتے ہوئے سال 2019 میں اس کی شرح 3.2 فیصد پر مقرر کی ہے۔

پی ایس ڈی پی (ترقیاتی) اخراجات میں کٹوتی، سخت مالیاتی پالیسی، کرنسی کی تنزلی اور اصلاحی اقدامات کے بنیادی عوامل کی بدولت مالی سال 2018-19 کے دوران بڑے پیمانے کی صنعت کا کلیدی شعبہ در حقیقت 3.5 فیصد کی کمی کا شکار رہا، زرعی شعبہ میں تطہیر جاری رہی جو کہ پانی کی نامناسب رسد اور زیادہ پیداواری لاگت کے باعث محض 0.85 فیصد کی نہایت معمولی نمو کا اظہار کر سکا۔ خدمات کا شعبہ مالی سال 2018-19 میں 4.7 فیصد ترقی کر سکا۔

چنانچہ جی ڈی پی کی ترقی کی شرح مالی سال 2018-19 کے دوران توقعات کے عین مطابق 3.3 فیصد تک گر گئی۔ جبکہ مالی سال 2017-18 میں اس کی شرح 5.8 فیصد تھی۔ یہ سطح بڑھتے ہوئے افراط زر کے دباؤ اور دوہرے خسارے سے حکومت پاکستان کی کثیر الجہت پالیسی اقدامات کے مطابق تھی۔

اس زیر تجزیہ عرصہ کے دوران اگرچہ برآمدات میں کوئی قابل ذکر بہتری نہ ہو سکی تاہم مندرجہ بالا پالیسی اقدامات (جن میں 17.5 فی صد کی پاکستانی روپے کی تطہیر شامل ہے) کی بدولت درآمدات میں 9 فی صد کی ہوئی۔ اس ضمن میں افرادی ترسیلات زر میں تقریباً 10 فی صد کی شاندار بڑھوتری کی مدد سے ملک کو بیرونی محاذ میں خاصی تقویت حاصل ہوئی جس کے ساتھ کرنٹ اکاؤنٹ کے خسارہ میں 32 فی صد کی فقیہ المثل کمی ہوئی جو ابھی بھی 13.6 بلین ڈالر کی سطح پر برقرار ہے۔

آمدنی کی وصولیوں میں کمی، قرضہ جات کی ادائیگیوں کی لاگت میں اضافہ، غیر ہدف شدہ سب سڈیز (امداد) اور مسلسل نقصان کے شکار سرکاری ملکیتی اداروں کی وجہ سے مالیاتی خسارہ جی ڈی پی کے 7 فی صد کی خطرناک شرح تک پہنچ چکا ہے۔

اس دہرے خسارے کے دباؤ سے نمٹنے کے لیے حکومت کے اقدامات اضافی ٹیکسوں اور محصول کے نفاذ اور اسکے ساتھ ساتھ روپے کی تنزلی کے بتدریج اثرات نے صارفین کی قیمتوں کے انڈکس (سی پی آئی) پر منفی اثر ڈالا ہے۔ یہ امر متوقع ہے کہ یہ سی پی آئی، جو اس وقت بھی گزشتہ پانچ سال کی بلند ترین سطح پر ہے۔ مالی سال 2019-20 میں دہرے نمبر تک بڑھ سکتا ہے۔ چنانچہ بینک دولت پاکستان نے اپنے کڑے انضباطی بیانیہ کو جاری رکھتے ہوئے پالیسی ریٹ میں اضافہ کیا ہے جس کے نتیجہ میں پالیسی ریٹ 13.25 فی صد تک جا پہنچا ہے۔

کمپنی کا سرسری جائزہ

سال 2008 میں عالمی مالیاتی تباہی جس نے پورے مالیاتی سیکٹر کو متاثر کیا، اس کے نتیجے میں NBFی سیکٹر بری طرح متاثر ہوا تھا۔ نتیجتاً تیزی سے شرح سود میں اضافے کے ساتھ سیالیت (liquidity) کی قلت نے کمپنیوں کو مجبور کر دیا کہ وصولیائیوں سے دستیاب رقم سے قرضوں کی ادائیگیاں کریں جس کے بعد نئے کاروبار کے لیے کوئی گنجائش نہیں رہی تھی۔ اس نے ہماری کمپنی کو بری طرح متاثر کیا۔

اللہ تعالیٰ کی مہربانی سے، کچھ عرصے سے کمپنی کے مالی اور آپریشن کی صورت حال میں استحکام آیا۔ سال کے دوران مالیاتی اداروں اور دیگر ذرائع سے قرضوں کی فراہمی کی عدم دستیابی کا روپا رجم میں معقول اضافہ حاصل نہ کرنے کی وجہ رہی۔ کیونکہ کمپنی اپنے اندرونی ذرائع سے کاروبار کو متحرک کر رہی ہے اس لیے کمپنی اپنے کاروبار میں تیزی سے بڑھوتری نہیں کر سکی۔ کارکردگی نہ دکھانے والے قرضوں کے پورٹ فولیو میں منڈی کے نادہندگان کی صورت حال ابتر ہے۔ تاہم، آپ کی انتظامیہ کو اعتماد ہے کہ اگر معاشی صورت حال میں کوئی بڑا منفی انحراف نہ ہوا تو آنے والے سالوں میں سال کے منافع کے رجحان میں بہتری آئے گی۔

آپریشن کا جائزہ

گزشتہ سال 8.60 ملین روپے کے منافع کے مقابلے میں اس سال کمپنی کو 116.37 ملین روپے کا نقصان اٹھانا پڑا۔ اس نقصان کی وجہ مستقبل کے کیش فلو ز مسائل کو مد نظر رکھتے ہوئے 150 ملین روپے کے موخر شدہ ٹیکس اثاثہ کی واپسی ہے۔ اگر یہ واپسی نہ کی جاتی تو کمپنی کو گزشتہ سال کے 9.20 ملین روپے کے مقابلے میں 36.53 ملین روپے کا منافع ہوتا۔ کمپنی کی مجموعی مالگذا ری (بشمول دیگر آمدنی) گزشتہ سال کے 71.42 ملین روپے کے مقابلے میں 72.22 ملین روپے رہی۔ زیر تجزیہ سال کے دوران فعال نگرانی اور وصولیائی کی مربوط کوششوں کی وجہ سے کارکردگی نہ دکھانے والے قرضہ جات اور لیزوں سے تقریباً 9.28 ملین روپے کی واپسی ہوئی۔ امسال انتظامی اخراجات میں 4.3 ملین روپے کا اضافہ ہوا جسکی وجہ تقریباً 18.50 ملین روپے کے نامعلوم حصص اور ان سے متعلقہ منافع کی وصولیائی پر اٹھنے والے غیر متوقع اخراجات ہیں۔ اس بات پر دوبارہ زور دیا جاتا ہے کہ کمپنی کے کارکردگی منافع (Operating Profit) میں معقول اضافہ کے لئے سرمایہ درکار ہے جو کہ فلوقت دستیاب نہیں ہے۔

• مالیاتی ذمہ داریوں کا تصفیہ

انتظامیہ یہ بتاتے ہوئے خوشی محسوس کرتی ہے کہ 30 جون 2019 کے اختتام تک تقریباً 97 فیصد مالیاتی ذمہ داریاں ادا کی جا چکی ہیں یا ادائیگیوں کے طریقہ کو نئے طور سے مرتب کر دیا گیا ہے۔

درج ذیل جدول تقابلی اعداد و شمار کو ظاہر کرتا ہے!

تفصیلات	روپے ملین میں
بینک / مالیاتی اداروں کی کل مالی ذمہ داریاں (قرضہ جات + ڈپازٹس) (30 جون 2011 پر انتظامیہ کی تبدیلی سے قبل)	1,561.48
30 جون 2019 پر تصفیہ کی رقم / اصولی طور پر طے شدہ تصفیہ کی رقم / تصفیہ کی نئی ترتیب	1,513.68
زیر تصفیہ بقایا رقم	47.80

باقی مالیاتی ذمہ داریوں کے جلد از جلد تصفیہ کی تمام ممکنہ کوششیں جاری ہیں۔

• کارکردگی نہ دکھانے والے قرضہ جات (NPL) کا انتظام

دباؤ کی شکار معاشی صورتحال کی وجہ سے NPLs کی وصولیائیوں کا حصول ایک مشکل کام تھا۔ باقی قرضہ جات کا پورٹ فولیو 30 جون 2019 پر 1,286.65 ملین روپے ہے (2018 میں 1,304.34 ملین روپے تھا)۔ ہماری وصولیائی کی کوششوں کے اثرات کا نتیجہ کمپنی کے کارکردگی نہ دکھانے والی لیزز / قرضہ جات میں کمی کی صورت میں نظر آتا ہے جس کی وجہ سے لیز اور قرضہ کی مد میں مختص 15.73 ملین روپے کی رقم واپس ہوئی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس مد میں 20.93 ملین روپے کی واپسی ہوئی تھی۔ انتظامیہ مستقبل میں اپنی کارکردگی کو بہتر بنانے کے لیے اپنی بہترین کوششیں، توانائی، تجربہ اور مہارتوں کو جاری رکھنے کے لیے پرعزم ہے۔

• انتظامی اخراجات میں کمی

آپریشن کی کارکردگی کی صلاحیت کو متاثر کیے بغیر انتظامی اخراجات میں کمی ایک مشکل کام تھا۔ جولائی 2011 سے پہلے کی مدت میں آپریشن کے اخراجات مسابقت کاروں کے مقابلے میں بہت زیادہ تھے۔ کمپنی نے اس مسئلے کو سنجیدگی سے لیا اور انسانی وسائل اور برانچ کے نیٹ ورک کی ترتیب نو کے ذریعے غیر ضروری اخراجات پر قابو پایا۔ ان کاوشوں کے نتیجے میں انتظامی اور آپریشن کے اخراجات میں 30 جون 2011 کے مقابلے میں 500 فیصد سے زیادہ کمی آئی ہے۔

• غیر بنیادی اثاثہ جات کی فروخت (Disposal)

انتظامیہ کی توجہ (انتظامیہ کی تبدیلی کے بعد سے) غیر بنیادی اثاثہ جات سے دستبرداری پر رہی اور 30 جون 2018 تک اپنی تمام غیر بنیادی جائیدادوں جن کی کھاتوں میں درج ہالت 567.88 ملین روپے تھی، کو مالی ذمہ داریوں کے عوض تصفیہ کی مد کے ساتھ ساتھ نقد رقم کے عوض بھی فروخت کیا۔ کمپنی کو اس مد میں 102.74 ملین روپے کا سرمایہ کاری نفع ہوا، اور فرسودگی (depreciation) کے اثرات کی بھی بچت ہوئی۔ اس کے نتیجے میں مالی ذمہ داریوں میں کمی اور سیالیت (liquidity) اور ملکیتی سرمایہ (equity) کی صورتحال میں بہتری آئی۔

• لیز کے نئے کاروبار

کمپنی کے لیز کے نئے شروع کردہ کاروبار میں تادہندگی کی سطح معمولی ہے اور یہ زیادہ تر گاڑیاں ہیں اس لیے بل (bill) کیے جانے والی رقم کی وصولیابی 100 فیصد ہے۔ اس عمل نے مالی ذمہ داریوں کی بروقت ادائیگیوں کے سلسلے میں بہت اہم معاونت کی ہے۔ انتظامیہ کی ترجیح اپنی مالیاتی ذمہ داریوں کو پورا کرنا ہے اور اضافی سرمایہ سے نئے لیز پورٹ فولیو میں سرمایہ کاری کی جاتی ہے۔ سال کے دوران فراہم کردہ لیز کی مالیت 182.04 ملین روپے رہی جبکہ سال 2018 میں اس کی مالیت 141.05 ملین روپے تھی۔ قرض خواہوں کی بڑی مالی ذمہ داریوں کی ادائیگیاں کر چکنے کے بعد آنے والے سالوں میں نئے کاروبار میں مزید اضافہ ہو گا۔

مستقبل کا منظر نامہ

بینک دولت پاکستان کی جانب سے ملک کے حقیقی جی ڈی پی کی نمو میں قلیل مدت تک 3.5 فی صد تک کی کمزور پیش رفت متوقع ہے جو کہ ملک کی اسطاعت سے خاصی کم ہے۔ بلند ہوتی ہوئی شرح سود اور قیمتوں کے رد و بدل کی منظم نگرانی نے کریڈٹ کی ترقی، قابل ضیاع آمدنیوں اور داخلی اصراف کی سطحوں کو مسلسل محدود کیا ہے۔ آئی ایم ایف سے معاشی بحالی کے پروگرام کی منظوری کے بعد نہ صرف مارکیٹ میں مثبت رجحانات کا فروغ ہوا ہے بلکہ دیگر کثیر الاطراف اور دوطرفہ قرض مہیا کرنے والوں سے مزید عالمی مالی امداد حاصل کرنے میں بھی معاون ثابت ہو گا جو ملک کے مستقبل کی بیرونی قرضوں کی ضرورتیں پوری کرنے کے لیے اہم ہو گا۔ تاہم ایف اے ٹی ایف کے ایکشن پلان کے تحت ملک کے AML/CFT کے نظام کو مزید تقویت دینے کے جاری اقدامات، جو بالآخر ملک کو FATF کی گرے لسٹ سے نکلنے میں معاون ثابت ہونگے، مندرجہ بالا بیرونی خطرات سے نمٹنے کی راہ میں ایک مشکل کے طور پر برقرار ہیں۔ بڑھتی ہوئی شرح سود کی صورت حال میں خدمات کی قیمتوں کا از سر نو تعین، صارفین کے تجربات سے ابھرتے ہوئے نئے رجحانات، قرض کی کمزور توسیع اور اثاثہ جات کے گرتے ہوئے معیار کے باعث قرضوں کی معیاری طلب کے فقدان جیسے عوامل میں گھرے ہوئے NBFI کے شعبہ کی پیش بینی کافی چیلنجنگ ہے۔ زیر تجزیہ عرصہ میں، کمپنی کو درپیش بڑے معاملات میں سیالیت کا مسئلہ ہے جو آنے والے دنوں میں بھی جاری رہے گا، اس لیے اصل توجہ NPLs سے وصولیابوں، باقی مالی ذمہ داریوں کے تصفیے اور نئے لیز کے کاروبار میں سرمایہ کاری پر رہے گی۔ آپ کی کمپنی کی انتظامیہ پر اعتماد ہے کہ آنے والے سالوں میں کمپنی کے منافع کی سطح (bottom line) میں بہتری آئے گی۔

اداراتی اور مالیاتی رپورٹنگ کا ڈھانچہ

کمپنی اور اس کے بورڈ آف ڈائریکٹرز بہتر ادارتی نظم و ضبط کے اصولوں اور طریقوں پر عملدرآمد کرنے اور خاص طور پر شفافیت اور مناسب معلومات کے انکشافات کرنے کے لیے پرعزم ہیں۔ بورڈ اور انتظامیہ کمپنی کے آپریشن اور کارکردگی کی نگرانی کے سلسلے میں اپنی ذمہ داریوں سے بخوبی آگاہ ہیں تاکہ مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت میں اضافہ کیا جائے۔ مندرجہ ذیل بیانات اس بات کا مظہر ہیں کہ کمپنی ادارتی نظم و ضبط کے بہترین طریقوں پر عملدرآمد کے لیے پرعزم ہے۔

a. کمپنی کی انتظامیہ کی تیار کردہ مالیاتی دستاویزات اس کے معاملات، آپریشن کے نتائج، کنٹریں فلو اور ملکی سرمایہ (equity) میں رد و بدل اس کے معاملات کی بہتر تصویر پیش کرتے ہیں۔

b. کمپنی کے کھاتوں کی کتابوں کو مناسب طور پر کمپیٹرائزڈ 2017 کے تقاضوں کے مطابق رکھا گیا۔

c. مالیاتی دستاویزات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو استعمال کیا گیا ہے۔ اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور محتاط اندازے ہیں۔

d. مالیاتی دستاویزات کی تیاری میں بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جو پاکستان میں لاگو ہوتے ہیں، ان پر عملدرآمد کیا گیا اور اس سے انحراف نہیں کیا گیا ہے۔

e. اندرونی نگرانی کا نظام موجود ہے اور اس کا ڈیزائن مضبوط ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے۔

f. یہاں واقعات اور حالات سے متعلق کافی غیر یقینی موجود ہے جو کمپنی کے ایک جاری رہنے والے ادارے کے طور پر اس کی صلاحیت پر اہم شبہات ڈال سکتی ہے، تاہم مالیاتی دستاویزات کے نوٹ نمبر 1.3 میں بیان کردہ عوامل کی بنیاد پر کمپنی پر اعتماد ہے کہ اس کے پاس ایک جاری رہنے والے ادارے کے صلاحیت موجود ہے۔

g. SECP کے جاری کئے گئے اداراتی نظم و ضبط کے طریقوں اور تجویز کردہ طریقہ کار سے انحراف نہیں کیا گیا ہے ماسوائے ان کے جو منسلک آڈٹ رپورٹ میں زیر بحث آئے ہیں۔

h. ٹیکس اور حکومت کی دیگر لیویز کے بقایا جات، گوشواروں کے متعلقہ نوٹ (س) میں دے دی گئیں ہیں۔

i. زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے۔

نام	اجلاس میں شرکت
جناب محمد آصف (CEO)	4
جناب محمد قاسم	4
مسز عائشہ شہریار	4
جناب ولی محمد	4
مس فضاء زاہد	2
جناب شہاب الدین خان	4
جناب اشعر سعید	0

سال 2018-2019 کے دوران کمپنی کے ڈائریکٹرز/CEO نے حصص کا کوئی لین دین نہیں کیا۔
زیر جائزہ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے۔

نام	اجلاس میں شرکت
جناب اشعر سعید	0
جناب ولی محمد	4
جناب شہاب الدین خان	4
مس فضاء زاہد	1

منقسمہ منافع (Dividend)

جیسا کہ اوپر بیان کیا گیا ہے کہ انتظامیہ کے کیے گئے اقدامات کے نتیجے میں کمپنی میں کامیابی سے مثبت تبدیلی آئی ہے، تاہم بورڈ آف ڈائریکٹرز سرمایہ کی بنیاد کو مستحکم کرنے، مزید منافع بخشی اور حصص یافتگان کے سرمایہ کی قدر میں اضافے کے لیے پُر عزم ہیں۔ اس لیے زیر جائزہ سال میں کسی منقسمہ منافع کا اعلان نہیں کیا گیا ہے۔

کریڈٹ درجہ بندی (Rating)

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے سال 2010 سے کمپنی کو بئینٹیٹی ریٹنگ ڈی (D) میں رکھا ہوا ہے۔ انتظامیہ پر امید ہے کہ اپنی بقایا مالیاتی ذمہ داریوں کے تصفیہ ہونے پر درجہ بندی میں کم از کم سرمایہ کاری کے نچلے درجے تک اس میں بہتری آئے گی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو چکے ہیں اور دوبارہ انتخاب کے اہل ہونے کی وجہ سے انہوں نے سال 20-2019 کے لیے کمپنی کو اپنی خدمات پیش کرنے پر آمادگی ظاہر کی ہے۔

آڈیٹر کی رپورٹ میں کمپنی کے بطور جاری رہنے والے ادارے کے معاملے پر اہم امور کا پیرا گراف دیا گیا ہے۔ تاہم، کمپنی محسوس کرتی ہے کہ وہ ایک جاری رہنے والا ادارہ ہے جیسا کہ مالیاتی دستاویزات کے نوٹ 1.3 میں تفصیل سے بیان کیا گیا ہے۔

حصص رکھنے کا رجحان

30 جون 2019 پر حصص رکھنے کا رجحان منسلک ہے۔

اظہار تشکر

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے ، قابل قدر صارفین کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے اپنی مالیاتی ضرورتوں کے لیے انویسٹ کیپیٹل انویسٹمنٹ بینک لمیٹڈ کا انتخاب کیا۔ ہم اپنے حصص یافتگان کا ان کے اعتماد، بینک دولت پاکستان، سکیوریٹی اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ضوابطی اداروں کا ان کے تعاون اور معزز ملازمین کی بے لوث خدمات پر انکے مشکور ہیں۔

منجانب ویرائے بورڈ آف ڈائریکٹرز

عائشہ شہریار

چیر پرسن

محمد آصف

چیف ایگزیکٹو آفیسر

لاہور

04 اکتوبر 2019

Pattern of Shareholding

As at June 30, 2019

No. of Shareholders	Shareholding		Total Shares held	No. of Shareholders	Shareholding		Total Shares held
	From	To			From	To	
1,199	1	100	44,859	9,407	Brought forward		40,692,475
3,542	101	500	804,027	3	230,001	235,000	694,722
592	501	1,000	451,386	2	235,001	240,000	472,000
2,825	1,001	5,000	6,034,665	2	240,001	245,000	485,840
489	5,001	10,000	3,668,072	3	245,001	250,000	747,000
176	10,001	15,000	2,232,548	1	250,001	255,000	250,260
118	15,001	20,000	2,143,969	1	260,001	265,000	264,500
79	20,001	25,000	1,834,920	2	280,001	285,000	564,300
59	25,001	30,000	1,662,526	1	300,001	305,000	305,000
54	30,001	35,000	1,809,138	1	305,001	310,000	306,000
40	35,001	40,000	1,546,410	1	320,001	325,000	324,000
20	40,001	45,000	860,130	2	325,001	330,000	656,500
39	45,001	50,000	1,905,456	1	355,001	360,000	356,500
10	50,001	55,000	522,696	1	440,001	445,000	443,000
17	55,001	60,000	992,210	1	455,001	460,000	460,000
16	60,001	65,000	1,006,536	1	460,001	465,000	463,000
12	65,001	70,000	830,758	1	480,001	485,000	481,260
5	70,001	75,000	363,000	1	580,001	585,000	583,080
11	75,001	80,000	858,536	1	650,001	655,000	652,147
6	80,001	85,000	503,805	1	660,001	665,000	664,776
1	85,001	90,000	89,700	1	685,001	690,000	688,500
11	90,001	95,000	1,029,452	1	790,001	795,000	795,000
25	95,001	100,000	2,475,656	1	815,001	820,000	819,784
10	100,001	105,000	1,021,059	1	855,001	860,000	858,000
3	105,001	110,000	324,545	1	1,085,001	1,090,000	1,085,500
2	110,001	115,000	227,500	1	1,115,001	1,120,000	1,117,876
5	115,001	120,000	588,500	1	1,145,001	1,150,000	1,147,500
3	120,001	125,000	370,092	1	1,195,001	1,200,000	1,200,000
6	125,001	130,000	764,100	1	1,295,001	1,300,000	1,299,000
3	130,001	135,000	400,556	2	1,310,001	1,315,000	2,625,000
1	135,001	140,000	138,000	1	1,670,001	1,675,000	1,673,500
3	140,001	145,000	430,000	1	1,850,001	1,855,000	1,852,721
1	145,001	150,000	150,000	1	2,265,001	2,270,000	2,268,500
4	150,001	155,000	613,500	1	2,345,001	2,350,000	2,350,000
4	155,001	160,000	632,500	1	2,420,001	2,425,000	2,424,076
3	160,001	165,000	493,000	1	3,110,001	3,115,000	3,114,892
2	165,001	170,000	339,322	1	3,180,001	3,185,000	3,182,500
1	170,001	175,000	175,000	1	3,830,001	3,835,000	3,834,059
1	175,001	180,000	178,000	1	4,245,001	4,250,000	4,246,917
1	180,001	185,000	185,000	1	5,050,001	5,055,000	5,054,000
8	195,001	200,000	1,595,190	1	7,840,001	7,845,000	7,840,349
3	200,001	205,000	607,000	1	9,605,001	9,610,000	9,609,692
2	205,001	210,000	415,746	1	13,290,001	13,295,000	13,294,982
1	210,001	215,000	212,000	1	40,220,001	40,225,000	40,224,125
4	215,001	220,000	874,500	1	53,995,001	54,000,000	54,000,000
2	225,001	230,000	456,848	1	64,220,001	64,225,000	64,224,125
9,419	Carry forward		44,862,413 Total:	9,473	Grand Total		284,866,896

Pattern of Shareholding

As at June 30, 2019

Categories of Shareholders	Shares held	% age
Directors, Chief Executive Officer, their Spouses and Minor Children	104,451,750	36.67
Associated Companies, undertakings and related parties	-	-
NIT & ICP	9,609,692	3.37
Banks, Development Financial Institutions & Non Banking Financial Institutions	1,444,214	0.51
Insurance Companies	2,546,848	0.89
Modarabas and Mutual Funds	603,834	0.21
General Public a) Local	141,260,821	49.59
b) Foreign	-	-
Other Companies a) Local	24,936,506	8.75
b) Foreign	13,231	0.00
Total	284,866,896	100.00
Shareholders holding 10% and more		
Ms. Fiza Zahid (Director)	64,224,125	22.55
Mrs. Ayesha Shehryar (Director)	40,224,125	14.12
Mr. Muhammad Zahid (Major Shareholder)	54,000,000	18.96
Total	158,448,250	55.62

Review Report to the Members

Contained In Listed Companies (Code Of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Invest Capital Investment Bank Limited for the year ended June 30, 2019 in accordance with the requirements of regulations 40 of the Regulations.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Regulations and report if it does not and to highlight any non compliance with the requirements Regulations. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Regulations require the company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party and also ensure compliance with the requirements of section 208, of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon the recommendations of the Audit Committee. We have not carried out any procedures to asses and determine the company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirement of the code as reflected in the paragraph reference where it is stated in the statement of compliance:

Reference	Description
9	The Board has not arranged any Directors' Training Program nor was the exemption certificate obtained from Commission (where applicable).

Deloitte Yousuf Adil
Chartered Accountants

Place: Faisalabad

Date: October 04, 2019

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2017
For the year ended June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors is seven as per the following:

Gender	Number
Male	5
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Brig. (Retd.) Wali Muhammad Mr. Ashar Saeed
Other Non-Executive Directors	Mrs. Ayesha Shehryar Ms. Fiza Zahid Mr. Shahab Ud Din Khan
Executive Directors	Mr. Muhammad Asif Mr. Muhammad Qasim

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 20 of the COCG Regulation 2017, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program. Presently, the board has not arranged any Directors' Training Program nor exemption certificates from Commission have been obtained.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed Committees comprising of members given below:

a) Audit Committee

1) Brig. (Retd.) Wali Muhammad	Chairman
2) Mr. Shahab Ud Din Khan	Member
3) Ms. Fiza Zahid	Member

b) HR and Remuneration Committee

1) Mr. Muhammed Qasim	Chairman
2) Mr. Shahab Ud din Khan	Member
3) Mr. Muhammad Asif	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Four quarterly meetings
 - b) HR and Remuneration Committee: One annual meeting
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with the Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with except for matter as stated in point 9 above.

For and on behalf of the Board of Directors


Ayesha Shehryar
Chairperson


Muhammad Asif
Chief Executive Officer

Independent Auditor's Report

To the members of Invest Capital Investment Bank Limited

Opinion

We have audited the annexed financial statements of Invest Capital Investment Bank Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan, The ICAP Code of Ethics for Chartered Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 in the financial statements, which indicates that the Company has suffered operating losses in prior years, and as at the statement of financial position date, the accumulated loss of the company is Rs. 824.41 million. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Sr. No	Key Audit Matter	How our audit addressed the key audit matter
1	<p>Regulatory Provisions against Non-Performing assets</p> <p>Refer to Note # 9, 10, 13, 14, 15, and 17 to the Statement of financial position; management has made provisions for non-performing long term musharika finances, long term loans, short term musharika finances, short term finances, Ijarah rental receivables, advances and other receivables in accordance with NBFC and Notified Entities Regulations 2008 that require significant judgments including estimates of Forced Sale Value of assets held as collateral.</p>	<p>Our key audit procedures in respect of provision against non-performing assets, amongst others, include the following:</p> <p>We assessed whether all assets are classified appropriately among regular, sub-standard, doubtful and loss category based on period since which they are outstanding.</p> <p>For non-performing receivables eligible for Forced Sale Value benefit of mortgaged properties held as security, we evaluated whether valuation reports are available and valid.</p> <p>We examined that reversal of provision has been made as per specified condition in the NBFC and Notified Entities Regulations 2008.</p> <p>We inspected mortgage deeds to substantiate existence of leased assets held as collateral.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hamid Masood.

Deloitte Yousuf Adil
Chartered Accountants

Place: Faisalabad
Date: October 04, 2019

Statement of Financial Position

As at June 30, 2019


	Note	2019 Rupees	2018 Rupees Restated	2017 Rupees Restated
ASSETS				
Non-current assets				
Property, plant and equipment				
Operating assets	4	71,629,065	116,101,846	134,498,868
Intangible assets	5	476,950	681,357	973,367
Investment accounted for using equity method	6	130,364,015	103,567,334	93,400,424
Financial assets at fair value through other comprehensive income	7	32,901,741	33,090,306	32,334,731
Net investment in finance lease	8	170,803,593	131,597,352	96,060,536
Long term musharakah finances	9	-	-	-
Long term loans	10	5,133,616	1,206,980	52,735,444
Long term security deposits	11	2,353,225	2,278,225	2,278,225
Deferred tax asset	12	-	150,000,000	150,000,000
		413,662,205	538,523,400	562,281,595
Current assets				
Short term musharakah finances	13	59,919,683	66,007,109	66,157,109
Short term finances	14	6,679,875	6,679,875	6,679,875
Ijarah rentals receivables	15	1,430,339	1,452,331	1,479,527
Current portion of non-current assets	16	352,338,655	381,785,916	345,372,084
Advances, deposits, prepayments and other receivables	17	76,008,510	19,501,311	37,195,048
Financial assets at fair value through profit or loss	18	15,313,080	1,701,472	19,775,034
Bank balances	19	24,745,878	10,161,122	14,714,485
Assets classified as held for sale	20	-	32,900,000	32,900,000
		536,436,020	520,189,136	524,273,162
TOTAL ASSETS		950,098,225	1,058,712,536	1,086,554,757

	Note	2019 Rupees	2018 Rupees Restated	2017 Rupees Restated
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>	<u>4,850,000,000</u>
Issued, subscribed and paid-up capital	21	<u>2,848,668,960</u>	<u>2,848,668,960</u>	<u>2,848,668,960</u>
Loan from directors	22	<u>126,000,000</u>	<u>-</u>	<u>-</u>
Capital reserve				
Capital reserve on amalgamation		<u>(2,022,075,992)</u>	<u>(2,022,075,992)</u>	<u>(2,022,075,992)</u>
Statutory reserve	23	<u>102,976,444</u>	<u>102,976,444</u>	<u>101,256,258</u>
Equity portion of Subordinated loan from directors		<u>-</u>	<u>20,387,414</u>	<u>20,387,414</u>
Revenue reserve				
Accumulated loss		<u>(824,405,592)</u>	<u>(708,039,709)</u>	<u>(714,920,453)</u>
Fair value reserve		<u>25,110,941</u>	<u>25,299,506</u>	<u>21,759,811</u>
		<u>256,274,761</u>	<u>267,216,623</u>	<u>255,075,998</u>
Non-current liabilities				
Subordinated loan from directors	24	<u>-</u>	<u>118,800,679</u>	<u>112,012,709</u>
Loan from sponsor	25	<u>141,392,473</u>	<u>-</u>	<u>197,542,473</u>
Security deposits from lessees	26	<u>57,287,409</u>	<u>57,216,410</u>	<u>43,159,445</u>
Long term musharakah and murabaha borrowings	27	<u>-</u>	<u>-</u>	<u>2,740,261</u>
Redeemable capital	28	<u>-</u>	<u>-</u>	<u>-</u>
Deferred liability				
Mark up on long term musharakah	29	<u>-</u>	<u>-</u>	<u>4,873,500</u>
		<u>198,679,882</u>	<u>176,017,089</u>	<u>360,328,388</u>
Current liabilities				
Current portion of non-current liabilities	30	<u>72,860,910</u>	<u>232,164,262</u>	<u>94,028,404</u>
Accrued and other liabilities	31	<u>192,912,877</u>	<u>132,778,895</u>	<u>133,634,173</u>
Profit / mark up payable	32	<u>220,419,504</u>	<u>211,011,565</u>	<u>210,312,191</u>
Unclaimed dividend		<u>6,053,598</u>	<u>6,053,598</u>	<u>-</u>
Provision for taxation - income tax	37	<u>2,896,693</u>	<u>570,504</u>	<u>275,603</u>
Liabilities directly associated with assets held for sale of discontinued operation	20	<u>-</u>	<u>32,900,000</u>	<u>32,900,000</u>
		<u>495,143,582</u>	<u>615,478,824</u>	<u>471,150,371</u>
TOTAL EQUITY AND LIABILITIES		<u>950,098,225</u>	<u>1,058,712,536</u>	<u>1,086,554,757</u>
CONTINGENCIES & COMMITMENT	33	<u>-</u>	<u>-</u>	<u>-</u>

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

Statement of Profit or Loss

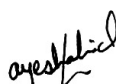
For the Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees Restated
Income			
Income from leasing operations		30,306,656	18,667,678
Operating lease rentals		1,152,206	845,428
Profit on musharakah investments		3,172,556	22,710,117
Income from finances		993,396	2,745,305
Income on deposits with banks		1,942,354	669,679
Income from joint ventures		26,796,681	10,166,911
Dividend income		1,350,801	1,419,325
Net gain on sale of marketable securities		296,812	3,688,502
Unrealized (loss) on financial assets at fair value - net		(3,474,520)	(908,702)
		62,536,942	60,004,243
Expenses			
Administrative and operating expenses	34	(35,546,238)	(31,521,438)
Financial charges - net	35	(9,419,443)	(7,501,216)
		(44,965,681)	(39,022,654)
		17,571,261	20,981,589
Other income	36	9,680,506	11,414,401
		27,251,767	32,395,990
Provision reversed / (charged) on non-performing loans and write-offs			
Reversal / (provision) against:			
Finance lease receivable and rentals - net		23,064,448	1,598,130
Long term / short term musharakah finances		-	20,200,000
Long term / short term loans		(15,286,313)	(772,936)
Other receivables		7,949,014	(94,788)
Balances written off:			
Lease receivables		(6,448,106)	(1,017,729)
Other receivables		-	(3,774,601)
Musharaka finance receivable		-	(39,328,440)
		9,279,043	(23,190,364)
		36,530,810	9,205,626
Profit before taxation			
Provision for taxation	37	(152,896,693)	(604,696)
(Loss) / Profit for the year		(116,365,883)	8,600,930
Earnings per share - Basic and Diluted			
	38	(0.408)	0.030

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

Statement of Comprehensive Income

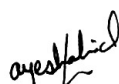
For the Year Ended June 30, 2019

	2019 Rupees	2018 Rupees Restated
(Loss) / Profit for the year	(116,365,883)	8,600,930
Other comprehensive (loss) / income		
Items that may be reclassified to profit or loss		
Un-realized profit on remeasurement of available for sale investments	-	9,146,785
Items that may not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	(188,565)	-
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	(5,607,090)
Total comprehensive (Loss) / Income for the year	<u>(116,554,448)</u>	<u>12,140,625</u>

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

Statement of Cash Flows

For the Year Ended June 30, 2019


	2019 Rupees	2018 Rupees Restated
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	36,530,810	9,205,626
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	6,827,756	8,215,124
Amortization of intangible assets	204,407	292,010
(Reversal) / provision against:		
Long term / short term musharakah finances	-	(20,200,000)
Long term / short term loans	15,286,313	772,936
Other receivables	(7,949,014)	94,788
Finance lease receivable and rentals - net	(23,064,448)	(1,598,130)
Balances written off		
lease receivables	6,448,106	1,017,729
Musharakah receivables	-	39,328,440
Other receivables	-	3,774,601
Loss / (gain) on disposal of operating assets	(4,260,432)	1,707,991
Unrealised loss on financial assets at fair value	3,474,520	908,702
Income from joint ventures	(26,796,681)	(10,166,910)
Gain on sale of long term investment	-	(5,607,090)
Financial charges - net	9,419,443	713,246
Fair value adjustment- subordinated loan from directors	-	6,787,970
(Gain) on settlement of liabilities	-	(10,000,000)
Balances written back	(1,356,250)	(474,831)
	(21,766,280)	15,566,576
Cash flow from operating activities before working capital changes	14,764,530	24,772,202
Changes in working capital		
Decrease / (increase) in current assets		
Financial assets at fair value through profit or loss	(17,086,128)	17,164,860
Short term musharakah finances	6,087,426	150,000
Ijarah rentals receivables	21,992	27,196
Advances, deposits, prepayments and other receivables	(47,117,847)	4,423,260
	(58,094,557)	21,765,316
Increase in current liabilities		
Accrued and other liabilities	61,490,232	5,200,662
Cash generated from operations	18,160,205	51,738,180
Financial charges paid	(11,504)	(13,872)
Income tax paid	(2,010,841)	(711,167)
Dividend paid	-	(2,342)
Net cash generated from operations	16,137,860	51,010,799

	2019 Rupees	2018 Rupees Restated
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Operating assets	(111,000)	(63,500)
Financial assets at fair value through other comprehensive income	-	4,425,614
Net investment in finance lease	(30,216,059)	(34,212,239)
Long term musharakah finances	-	27,600,000
Long term loans	3,662,762	4,996,157
Long term security deposits	(75,000)	-
Proceeds from disposal of operating assets	42,016,457	8,537,407
Net cash generated from investing activities	15,277,160	11,283,439
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Loan from sponsors	(4,000,000)	(52,150,000)
Redeemable capital	(10,090,000)	(10,000,000)
Long term musharakah and murabaha borrowings	(2,740,264)	(4,697,601)
Net cash (used in) financing activities	(16,830,264)	(66,847,601)
Net increase / (decrease) in cash and cash equivalents	14,584,756	(4,553,363)
Cash and cash equivalents at the beginning of the year	10,161,122	14,714,485
Cash and cash equivalents at the end of the year	24,745,878	10,161,122

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

Statement of Changes in Equity


For the Year Ended June 30, 2019

	Issued, subscribed and paid-up capital	Loan from directors	Capital Reserves				Revenue Reserve	Fair value reserve	Total
			Capital reserve on amalgamation	Statutory reserve	Equity portion of Subordinated loan from directors	Sub total	Accumulated loss		
Rupees									
Balance as at July 01, 2017 as previously reported	2,848,668,960	-	(2,022,075,992)	101,256,258	20,387,414	(1,900,432,320)	(720,767,933)	12,125,080	239,593,787
Effect of correction of prior period error (Note 3.1.24)	-	-	-	-	-	-	5,847,480	9,634,731	15,482,211
Balance as at July 01, 2017 (restated)	2,848,668,960	-	(2,022,075,992)	101,256,258	20,387,414	(1,900,432,320)	(714,920,453)	21,759,811	255,075,998
Total comprehensive income for the year									
Profit for the year (restated)	-	-	-	-	-	-	8,600,930	-	8,600,930
Other comprehensive loss									
Items that may be reclassified subsequently to profit or loss									
Unrealized gain on remeasurement of available for sale investments (restated)	-	-	-	-	-	-	-	9,146,785	9,146,785
Other items									
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal (restated)	-	-	-	-	-	-	-	(5,607,090)	(5,607,090)
Transferred to statutory reserve (restated)	-	-	-	1,720,186	-	1,720,186	(1,720,186)	-	-
	-	-	-	1,720,186	-	1,720,186	6,880,744	3,539,695	12,140,625
Balance as at June 30, 2018 (restated)	2,848,668,960	-	(2,022,075,992)	102,976,444	20,387,414	(1,898,712,134)	(708,039,709)	25,299,506	267,216,623
Total comprehensive income for the year									
(Loss) for the year	-	-	-	-	-	-	(116,365,883)	-	(116,365,883)
Other comprehensive income									
Items that may not be reclassified to profit or loss									
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(188,565)	(188,565)
Equity portion of loan to directors	-	20,387,414	-	-	(20,387,414)	(20,387,414)	-	-	-
Loan from directors (Note 24)	-	105,612,586	-	-	-	-	-	-	105,612,586
	-	126,000,000	-	-	(20,387,414)	(20,387,414)	(116,365,883)	(188,565)	(10,941,862)
Balance as at June 30, 2019	2,848,668,960	126,000,000	(2,022,075,992)	102,976,444	-	(1,919,099,548)	(824,405,592)	25,110,941	256,274,761

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 Financial Statements

For the Year Ended June 30, 2019

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 501, 5th Floor, Al-Fatima Chambers, 149-AM, Shambhu Nath Street, Off Shahrah-e-Iraq, Saddar, Karachi in the province of Sindh. The branches of the company are located at Lahore, Islamabad, Peshawar, Faisalabad and Gujranwala.

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

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

- the Company suffered huge operating loss till 2011 and as at the statement of financial position date, the accumulated loss is Rs. 824.41 million (2018: Rs. 708.039 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 has curtailed its administrative and other operating expenses to minimum possible level over the years, without affecting the operational efficiency of the Company.

(b) Leasing business

The Company is mainly carrying out car leasing business at very attractive rates and reasonable deposit margin. During the year leases amounting to Rs. 182.04 million (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. During the period liabilities amounting to Rs. 10.09 million (2018: Rs. 20.00 million) have been settled / rescheduled, the percentage of liabilities settled to date is 96.94% (2018: 96.29%). Negotiations are in process for the settlement of the outstanding amount of Rs. 47.80 million against TFCs issued by the company.

(d) Disposal of non-core assets

The management was committed to dispose off non core assets, during the 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) 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 year is Rs. 127.41 million (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 (e) above, management is confident that the Company will continue as a going concern.

2. BASIS OF PREPARATION

2.1 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.

2.2 Basis of measurement

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

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

2.3 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.

2.4 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 as under:

- Property, plant and equipment (Note 4)
- Intangible assets (Note 5)
- Net investment in finance lease (Note 8)
- Ijarah rentals receivables (Note 15)
- Long term musharakah finances (Note 9)
- Long term loans (Note 10)
- Deferred tax asset (Note 12)
- Short term musharakah finances (Note 13)
- Short term finances (Note 14)

2.5 Application of new and revised International Financial Reporting Standards (IFRSs)

2.5.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2018 and therefore, have been applied in preparing these financial statements.

- IFRS 9 Financial Instruments

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Company has applied IFRS 9 using modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 9 as an adjustment to opening balance of un-appropriated profit in the period of initial application. As a result of application of IFRS 9, there is no impact on opening balance of un-appropriated profit in the period of initial application. Moreover, the equity investments of Rs.33 million previously classified under 'available for sale' are now classified as 'Fair Value Through Other Comprehensive Income'.

- **IFRS 15 Revenue from Contracts with Customers**

This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The application of IFRS 15 has no significant impact on the revenue recognition policy of the Company.

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 9 and IFRS 15 on these financial statements of the Company except for as disclosed above. Further, consequent to the adoption of above mentioned standards, changes in accounting policies have been reflected in note 3.1.5.

2.5.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- **IFRS 16 Leases**

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company..

- **IFRIC 23 Uncertainty over Income Tax Treatments:**

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The company is yet to assess the full impact of the IFRIC. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

This IFRIC is effective for accounting period beginning on or after January 01, 2019. The application of IFRIC is not expected to have any material impact on the Company's financial statements.

- **IAS 19 Employee Benefits on plan amendment, curtailment or settlement:**

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

Annual improvements 2015-2017 Cycle

Annual Improvements of IFRSs through 2015-2017 cycle have been issued by IASB on December, 2017, amending the following standards;

- IAS 12: Income Taxes.
- IAS 23: Borrowing Costs.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

Amendments to IAS 28 - Investments in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

2.5.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting policies

3.1.1 Property, plant and equipment

Owned assets

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method over the estimated useful life of related assets at the rates specified in Note 4 to the financial statements. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which an asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of property, plant and equipment are included in current income.

Any revaluation increase arising on an item of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of an item of property,

plant and equipment improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of property, plant and equipment improvements to the extent of incremental depreciation charged is transferred to unappropriated profit.

Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

3.1.2 Intangible assets

Intangible assets are recognized as assets if it is probable that future economic benefits will flow to the Company and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Company comprise of computer softwares which are being amortized applying the reducing balance method over the estimated useful life of related assets at the rate specified in Note 5 to the financial statements. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

3.1.3 Impairment

Financial assets

A financial asset is assessed at each statement of financial position date to determine whether there is any objective evidence that it is impaired in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the statement of profit or loss.

Where impairment loss subsequently reverses, impairment loss is reversed to the extent that the remaining impairment loss is in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations and the carrying value of the assets represent the estimated net future cash flows from the assets.

The policy for impairment of investments (note 7 and 18) is disclosed in 3.1.5.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in

statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.1.4 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in statement of profit or loss in the period in which these are incurred.

3.1.5 Investments

The Company classifies its investments as disclosed in note 7 and 18 at fair value through other comprehensive income and fair value through profit or loss respectively on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

These financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

The Company assesses on a forward looking basis the expected credit losses associated with these financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

- **Investments in joint ventures**

These investments are accounted for using equity method of accounting. Under the equity method, an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition changes in equity of the joint venturer and dividend received during the year.

3.1.6 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the statement of profit or loss.

3.1.7 Net investment in finance lease , assets under Ijarah arrangements, musharakah finance, long term and short term loans / finances

Ijarah agreements commenced on or before June 30, 2008 and after July 01, 2011 are accounted for as finance lease and are included in the financial statements as 'Net investment in Ijarah finance' at an amount equal to the present value of the lease payments, including estimated residual value (net of allowance for non-operating lease).

Ijarah agreements commenced between July 01, 2008 and June 30, 2011 are stated at cost less accumulated depreciation and impairment losses, if any in accordance with the Islamic Financial Accounting Standard 2 'Ijarah'. Depreciation is charged on these assets by using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing amount of the corresponding assets.

Other lending arrangements comprising of musharakah finance, long term and short term loans / finances are stated net of impairment losses, if any.

Allowance against non-performing balance is made in accordance with Prudential Regulations for NBFC's issued by SECP and is charged to statement of profit or loss currently.

3.1.8 Assets acquired in satisfaction of finances

These are initially stated at lower of recoverable amount or the original claim of the Company. Difference between the above two is charged to statement of profit or loss. Subsequently, these are stated at carrying value less impairment loss, if any.

3.1.9 Receivable from terminated / matured contracts

These are stated net of impairment losses, if any. Impairment loss is recognised for doubtful receivables based on the basis of Prudential Regulations for NBFCs issued by SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.1.10 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on the review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

3.1.11 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.1.12 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in their present condition.

Non-current assets held for sale are measured at the lower of their previous carrying amounts and fair value less costs to sell.

Non-current assets held for sale that no longer meet the criteria of classification as held for sale are transferred to non-current assets at the lower of:

- Their carrying amounts before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Their recoverable amounts at the date of the subsequent decision not to sell.

Gains and losses on disposal / transfers are included in current income.

3.1.13 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary.

3.1.14 Gain on sale and lease back transaction

This is amortised over the period of the related lease obligation.

3.1.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

3.1.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.1.17 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and charge / credit for prior years or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognised using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base on the basis of expected manner of realization or settlement of carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the statement of financial position date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced, if it is no longer probable that the related tax benefit will be realized. The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets adjusted against the related deficit / surplus in accordance with requirements of International Accounting Standards (IAS-12) - Income Taxes.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in statement of profit or loss.

3.1.18 Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupee at exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the exchange rates prevailing at the statement of financial position date. Exchange differences are taken to statement of profit or loss.

3.1.19 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the current income.

3.1.20 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.1.21 Revenue recognition

The company following the financing method in accounting for recognition of finance lease contract. Under this method, the unearned income i.e., the excess of aggregated lease rentals and the estimated residual value over the cost of the lease asset is deferred and amortised over the term of lease applying the annuity method, so as to produce a constant rate of return on net investment in the finance lease. Front end fee, documentation charge gain / loss on the termination of the lease contract, commitment fee and other commission, if any are taken to income when earned. Revenue from finance lease is not accrued when rent is past due by ninety days or more.

- Mark up / interest on long term finances, Mortgage finance, long term loans, lease and murabaha finance are recognised on a time proportion basis except that mark up / interest / return on classified, loan and investment are recognised on receipt basis.
- Reversal of provision is recognised as per requirement of NBFC regulation.
- Dividend income from the investment is recognised when the right to receive the dividend is established.
- Gain / loss on the sale of investment is taken to income in the period in which it rises
- Unrealized gain / loss arising on the remeasurement of the securities classified as financial asset at fair value through profit or loss are included in the statement of profit and loss in the in which they arise.
- Income on bank deposit are recognised on accrual basis.
- Rental income on investment property is recognised on accrual basis.
- Consultancy, corporate advisory, trusteeship and custodian fee are recognised as and when services are provided.

3.1.22 Earning per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary share holders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary

shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.1.23 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in business activities in which it earns revenue and incurs expenses, whose operating results are regularly reviewed by the management in decision making and for which discrete financial information is available. The Company's primary format of reporting is based on following operating segments.

Investments / financing

It consists of capital market, money market investments and financing functions. The activities include profit on bank deposits, term deposit receipts, capital gains on equity and debt securities, mark-up income on term finance certificates and sukuks and dividend income.

Leasing

It include all types of leases viz operating lease and finance lease are major source of revenue for the Company.

Other operations

It consists of advisory, consultancy function, musharakah, murabaha and all other functions not included in other segments.

Geographical segments

The Company operates in Pakistan only.

3.1.24 Correction of prior period error

Certain investments in shares by merging companies as a result of merger , which were vested with the Company (Refer note 1.2) were inadvertently not incorporated as assets of the Company due to non transfer of these shares in the name of merging companies. During the year these investments in shares and related dividend have been recovered and recorded appropriately.

The correction of the error is accounted for retrospectively as per IAS 8, and the corresponding figures has been restated. The error has been corrected by restating each of the affected financial statement line item for the prior periods, as follows:

Statement of financial position

	As at July 1, 2018		As at July 1, 2017		
	As at June 30, 2018	Increase / (decrease)	As at July 1, 2018 (Restated)	As at June 30, 2017	As at July 1, 2017 (Restated)
			Rupees		
Long term investments	132,909,565	3,748,075	136,657,640	116,100,424	9,634,731
Short term investments	2,610,174	(908,702)	1,701,472	17,164,860	2,610,174
Advances, deposits, prepayments and other receivables	18,421,482	509,325	18,930,807	33,682,139	3,237,306
Net Impact on equity	153,941,221	3,348,698	157,289,919	166,947,423	15,482,211
					182,429,634

Statement of profit or loss

	As at July 1, 2018		As at July 1, 2017		
	As at June 30, 2018	Increase / (decrease)	As at July 1, 2018 (Restated)	As at June 30, 2017	As at July 1, 2017 (Restated)
			Rupees		
Dividend income - net	910,000	509,325	1,419,325	2,828,500	3,237,306
Net gain on sale of marketable securities	2,507,026	1,181,476	3,688,502	-	-
Unrealized (loss) on investment in marketable securities - net	-	(908,702)	(908,702)	(5,215,494)	2,610,174
Statement of Comprehensive Income					
Other comprehensive income	973,096	2,566,599	3,539,695	5,452,000	9,634,731
Net Impact on equity	4,390,122	3,348,698	7,738,820	3,065,006	15,482,211
					18,547,217

4. Property, plant and equipment
Operating assets

	The Company Owned						Assets held for operating lease	Total
	Land (note 4.1)	Buildings	Office premises	Furniture and fixture	Office equipment	Vehicles		
At July 01, 2017								
Cost	32,627,350	44,251,140	14,042,407	23,525,396	35,187,367	8,449,535	66,830,636	224,913,831
Accumulated depreciation	-	(4,314,486)	(1,369,135)	(13,815,726)	(29,388,148)	(5,832,016)	(35,695,452)	(90,414,963)
Written down value	32,627,350	39,936,654	12,673,272	9,709,670	5,799,219	2,617,519	31,135,184	134,498,868
Reconciliation of written down value at June 30, 2018								
Written down value as at July 01, 2017	32,627,350	39,936,654	12,673,272	9,709,670	5,799,219	2,617,519	31,135,184	134,498,868
Additions	-	-	-	-	63,500	-	-	63,500
Less: Disposals								
Cost	-	-	-	1,431,807	22,600,238	1,738,176	15,344,059	41,114,280
Accumulated depreciation	-	-	-	(826,133)	(19,964,950)	(1,551,817)	(8,525,982)	(30,868,882)
	-	-	-	605,674	2,635,288	186,359	6,818,077	10,245,398
Less: Depreciation	-	1,996,833	633,664	922,067	423,410	502,649	3,736,501	8,215,124
Written down value as at June 30, 2018	32,627,350	37,939,821	12,039,608	8,181,929	2,804,021	1,928,511	20,580,606	116,101,846
At June 30, 2018								
Cost	32,627,350	44,251,140	14,042,407	22,093,589	12,650,629	6,711,359	51,486,577	183,863,051
Accumulated depreciation	-	(6,311,319)	(2,002,799)	(13,911,660)	(9,846,608)	(4,782,848)	(30,905,971)	(67,761,205)
Written down value	32,627,350	37,939,821	12,039,608	8,181,929	2,804,021	1,928,511	20,580,606	116,101,846
Reconciliation of written down value at June 30, 2019								
Written down value as at July 01, 2018	32,627,350	37,939,821	12,039,608	8,181,929	2,804,021	1,928,511	20,580,606	116,101,846
Additions	-	-	-	-	111,000	-	-	111,000
Less: Disposals								
Cost	13,250,000	-	-	19,961,891	59,328	2,250,684	51,486,577	87,008,480
Accumulated depreciation	-	-	-	(13,340,573)	(33,326)	(1,995,637)	(33,882,919)	(49,252,455)
	13,250,000	-	-	6,621,318	26,002	255,047	17,603,658	37,756,025
Less: Depreciation	-	1,896,991	601,980	683,915	287,426	380,496	2,976,948	6,827,756
Written down value as at June 30, 2019	19,377,350	36,042,830	11,437,628	876,696	2,601,593	1,292,968	-	71,629,065
At June 30, 2019								
Cost	19,377,350	44,251,140	14,042,407	2,131,698	12,702,301	4,460,675	-	96,965,571
Accumulated depreciation	-	(8,208,310)	(2,604,779)	(1,255,002)	(10,100,708)	(3,167,707)	-	(25,336,506)
Written down value	19,377,350	36,042,830	11,437,628	876,696	2,601,593	1,292,968	-	71,629,065
Rate (%)		5	5	10	10	20	10	

4.1 Lands of the Company are located at Karachi with an area of 240 square yards and Haripur with an area of 3,025 square yards.

4.2 Disposal of operating assets

The following is a statement of assets disposed off during the year:

2019							
Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(loss)	Particulars of buyers	Mode of disposal
Rupees							
Land	13,250,000	-	13,250,000	15,200,000	1,950,000	Muhammad Siddique Azad, Islamabad	Through Negotiation
Furniture and fixture	5,817,685	(4,395,263)	1,422,422	1,287,000	(135,422)	Mr. Muhammad Rizwan, Karachi	Through Negotiation
	14,144,206	(8,945,310)	5,198,896	-	(5,198,896)	-	Scrap
	19,961,891	(13,340,573)	6,621,318	1,287,000	(5,334,318)		
Office equipment	59,328	(33,326)	26,002	5,000	(21,002)	Zulfiqar Ali, Lahore	Through Negotiation
Vehicles	2,250,684	(1,995,637)	255,047	364,936	109,889	Mr. Minim Hakeem Umar, Gujranwala	Through Negotiation
Assets held for operating lease	1,313,635	(794,151)	519,484	524,457	4,973	Mr. Sajjad Alam . Faisalabad	Through Negotiation
	50,172,942	(33,088,768)	17,084,174	24,635,064	7,550,890	Mr. Minim Hakeem Umar, Gujranwala	Through Negotiation
	51,486,577	(33,882,919)	17,603,658	25,159,521	7,555,863		
	87,008,480	(49,252,455)	37,756,025	42,016,457	4,260,432		
2018							
Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(loss)	Particulars of buyers	Mode of disposal
Rupees							
Furniture and fixture	1,431,807	(826,133)	605,674	384,361	(221,313)	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
Office equipment	22,600,238	(19,964,950)	2,635,288	1,838,865	(796,423)	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
Vehicles	1,738,176	(1,551,817)	186,359	876,100	689,741	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
Assets held for operating lease	1,627,829	(1,045,275)	582,554	440,634	(141,920)	Mr. Sajjad Alam . Faisalabad	Through Negotiation
	1,562,383	(847,067)	715,316	541,055	(174,261)	Mr. Sajjad Alam . Faisalabad	Through Negotiation
	12,153,847	(6,633,640)	5,520,207	4,456,392	(1,063,815)	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
	15,344,059	(8,525,982)	6,818,077	5,438,081	(1,379,996)		
	41,114,280	(30,868,882)	10,245,398	8,537,407	(1,707,991)		

	Note	2019 Rupees	2018 Rupees
5. INTANGIBLE ASSETS			
Computer Software			
At June 30, 2019			
Cost		12,800,000	12,800,000
Accumulated amortisation		(12,323,050)	(12,118,643)
Written down value		<u>476,950</u>	<u>681,357</u>
5.1 Reconciliation of written down value :			
Opening balance		681,357	973,367
Amortisation		(204,407)	(292,010)
Closing balance		<u>476,950</u>	<u>681,357</u>
Rate (%)		30%	30%
6. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD			
Investment in joint venture	6.1	<u>130,364,015</u>	103,567,334
		<u>130,364,015</u>	<u>103,567,334</u>

6.1 Investment in joint venture

This represents investment in a CNG filling station. The latest available audited financial statements of joint venture as on June 30, 2019 have been used for the purpose of application of equity method.

	Note	2019 Rupees	2018 Rupees
- Centre Gas (Private) Limited	6.1.1 & 6.1.2	130,364,015	103,567,334

6.1.1 Centre Gas (Private) Limited

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

Cost			
(2,500 Shares of Rs. 1,000/- each) Shareholding 50%		34,535,703	34,535,703
Cumulative share of profit of joint venture		95,828,312	69,031,631
		<u>130,364,015</u>	<u>103,567,334</u>

CGL's paid-up share capital is Rs. 5 million comprising of 5,000 ordinary shares of Rs. 1,000 each. The equity as at June 30, 2019 is Rs 224.55 million (2018: Rs. 170.95 million) . Profit or loss is shared equally.

6.1.2 Summarized financial information of the joint venture is given below;

	2019 CGL	2018 CGL
	Rupees	
As at June 30,		
Current Liabilities	(17,462,202)	(12,164,179)
Cash and cash equivalents	7,342,567	4,389,932
Current assets	209,014,907	155,743,923
Non current assets	32,994,504	29,478,175
For the year ended June 30,		
Revenue	214,742,354	99,544,678
Operating profit	53,593,362	20,333,821
Depreciation	(1,008,921)	(906,921)
Income tax expense	(4,769,417)	(1,834,392)

	Note	2019 Rupees	2018 Rupees
7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
Investments in equity instruments - designated	7.1	32,901,741	33,090,306
Investments in term finance certificate	7.2	-	-
		<u>32,901,741</u>	<u>33,090,306</u>

7.1 Investments in equity instruments - designated

Number of shares 2019	2018 Restated	Name of company	2019 Rupees	2018 Rupees Restated
		Listed		
112,000	112,000	English Leasing Limited	-	-
135,000	135,000	Zeal Pak Cement Factory Limited	-	-
419,775	250,000	Bank Al-Habib Limited	32,901,741	33,090,306
		Un-Listed		
1,140	1,140	Innovative Investment Bank Limited	-	-
<u>667,915</u>	<u>498,140</u>		<u>32,901,741</u>	<u>33,090,306</u>
		Cost	<u>7,791,357</u>	<u>7,791,357</u>

7.2 Investments in term finance certificate

Number of certificates 2019	2018	Name of company	Note	2019 Rupees	2018 Rupees
<u>1,000</u>	<u>1,000</u>	Saudi Pak Leasing Corporation Limited	7.2.1	-	-

7.2.1 These investments are fully impaired.

	Note	2019 Rupees	2018 Rupees
8. NET INVESTMENT IN FINANCE LEASE			
Contracts accounted for as finance lease under IAS 17	8.1	364,251,074	331,616,383
Less : Current portion	16	(193,447,481)	(200,019,031)
		<u>170,803,593</u>	<u>131,597,352</u>

8.1 Net investment in finance lease

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

	2019		2018	
	Due within one year	Due after one year but within five years	Total	Total
	Rupees		Rupees	
Minimum lease payments receivable	797,964,031	139,293,780	937,257,811	894,124,860
Residual value of leased assets	15,313,910	57,040,009	72,353,919	73,610,935
Lease contracts receivable	813,277,941	196,333,789	1,009,611,730	967,735,795
Unearned lease income (including suspended income)	(162,189,981)	(22,884,162)	(185,074,143)	(165,956,544)
Provision for potential lease losses	(457,640,479)	(2,646,034)	(460,286,513)	(470,162,868)
	<u>(619,830,460)</u>	<u>(25,530,196)</u>	<u>(645,360,656)</u>	<u>(636,119,412)</u>
	<u>193,447,481</u>	<u>170,803,593</u>	<u>364,251,074</u>	<u>331,616,383</u>

8.1.1 These finances carry profit rates ranging from 12.04% to 22.00 % per annum (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.

8.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 570.35 million (2018: Rs. 575.22 million). Detail of non performing leases is as follows:

	2019		2018	
Category of classification	Principal outstanding	Provision required	Principal outstanding	Provision held
	Rupees		Rupees	
Substandard	10,584,137	2,646,034	-	-
Loss	559,767,411	457,640,479	575,219,365	468,848,685
	<u>570,351,548</u>	<u>460,286,513</u>	<u>575,219,365</u>	<u>468,848,685</u>

	Note	2019 Rupees	2018 Rupees
9. 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	16	(101,501,093)	(101,501,093)
		<u>-</u>	<u>-</u>

9.1 These represent investments under musharakah basis for working capital and project financing. These are secured against mortgage of properties, demand promissory notes and personal guarantee of their sponsor directors. Profit rates ranges from 16.00% to 30.00% per annum (2018: 16.00% to 30.00% per annum). These are receivable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

	Note	2019 Rupees	2018 Rupees
10. LONG TERM LOANS			
Secured			
Considered good			
Customers	10.1	6,622,231	2,345,540
Considered doubtful			
Customers	10.1	19,859,173	27,798,626
Outgoing group	10.2	71,954,665	71,954,665
Ex-employee		528,523	528,523
		<u>92,342,361</u>	<u>100,281,814</u>
Provision against doubtful balances		(36,440,895)	(21,154,582)
		<u>55,901,466</u>	<u>79,127,232</u>
		<u>62,523,697</u>	<u>81,472,772</u>
Less: Current portion	16	(57,390,081)	(80,265,792)
		<u>5,133,616</u>	<u>1,206,980</u>

10.1 These carry mark-up at the rate ranging from 12% to 22.01% per annum (2018: from 12% to 22.01% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

10.2 Rs. 24.58 million was receivable in 08 unequal quarterly installments commenced from December 31, 2016 and ending on September 30, 2018, and balance amount of Rs. 47.37 million was receivable in lump sum on December 31, 2018. The Company intends to revise loan agreement and extend repayment period till December 31, 2020. Mark-up amounting to Rs 36.04 million was also outstanding. It is subject to mark up at the rate of six month KIBOR plus 2% per annum.. Effective markup rate charged during the year was 9.04% per annum (2018 : 8.15% to 8.21% per annum).

	Note	2019 Rupees	2018 Rupees
11 LONG TERM SECURITY DEPOSITS	11.1	<u>2,353,225</u>	<u>2,278,225</u>
11.1			
These represent deposits for utilities, office premises etc.			
12. DEFERRED TAX ASSET	12.1	<u>-</u>	<u>150,000,000</u>
12.1			
As at June 30, 2019 net deferred tax asset works out to Rs. 546.08 million (2018: Rs. 535.78 million). During the year reversal of deferred tax asset was made due to uncertain future results. Total net deferred tax asset comprises of:			

	2019 Rupees	2018 Rupees Restated
Deferred tax liability:		
Difference in tax and accounting bases of assets	(82,829,276)	(82,856,900)
Deferred tax assets:		
Provisions in respect of non performing receivables	233,356,479	218,098,176
Carry forward tax losses	395,551,014	400,546,105
	<u>546,078,217</u>	<u>535,787,381</u>

13. SHORT TERM MUSHARAKAH FINANCES

Secured		
Considered doubtful	116,727,088	122,814,514
Provision against doubtful balances	(56,807,405)	(56,807,405)
	<u>59,919,683</u>	<u>66,007,109</u>

- 13.1** These represent finances disbursed to different companies for working capital purposes for the periods ranging between 92 to 365 days and are secured against mortgaged properties, demand promissory notes and personal guarantee of their sponsor directors. These carry profit at the rates ranging from 10.00% to 34.69% per annum (2018 : 10.00% to 34.69% per annum).

	2019 Rupees	2018 Rupees
Secured		
Considered doubtful	8,462,742	8,462,742
Provision against doubtful balances	(1,782,867)	(1,782,867)
	<u>6,679,875</u>	<u>6,679,875</u>

- 14.1** These represent finances receivable within a year. These are secured against registered charge over assets of the customers, pledge / hypothecation of stocks and collateral in certain cases. These carry mark-up at the rates ranging from 15.29% to 22.00% per annum (2018 : 15.29% to 22.00% per annum).

15. IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - Due within one year	56,584,233	57,758,431
Less : Provision against Ijarah rentals receivable	(55,153,894)	(56,306,100)
	<u>1,430,339</u>	<u>1,452,331</u>

15.1 Provision against Ijarah rentals receivable

	2019			2018		
	Rental receivable	Suspension required	Suspension held	Rental receivable	Suspension required	Suspension held
	Rupees			Rupees		
Category of classification						
Loss	55,153,894	55,153,894	55,153,894	56,306,100	56,306,100	56,306,100

	Note	2019 Rupees	2018 Rupees
16. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in finance lease	8	193,447,481	200,019,031
Long term musharakah finances	9	101,501,093	101,501,093
Long term loans	10	57,390,081	80,265,792
		<u>352,338,655</u>	<u>381,785,916</u>

	Note	2019 Rupees	2018 Rupees Restated
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured			
Considered good			
Advances			
- against purchases and expenses		260,173	80,767
- to staff		-	25,000
- Income tax - net		2,010,841	711,167
Prepayments		271,780	436,390
Other receivables	17.1	37,914,118	14,501,356
		<u>40,456,912</u>	<u>15,754,680</u>
Considered doubtful			
Advances			
- against purchases and expenses		3,695,757	5,350,757
- to ex-staff		134,616	484,616
Deposit with Privatization Commission	17.2	10,000,000	10,000,000
Other receivables	17.1	226,480,065	198,379,516
		<u>240,310,438</u>	<u>214,214,889</u>
Suspension against doubtful income		(35,759,626)	(33,520,029)
Provision against doubtful balances		<u>(168,999,214)</u>	<u>(176,948,229)</u>
		<u>76,008,510</u>	<u>19,501,311</u>
17.1 Other receivables			
Unsecured			
Considered good			
Accrued mark up / interest on			
Loans and advances		17,940	9,471
Income tax refund		10,303,607	10,162,944
Others		27,592,571	4,328,941
		<u>37,914,118</u>	<u>14,501,356</u>
Considered doubtful			
Accrued mark up / interest on			
Long term loan - outgoing group		35,759,626	33,520,029
Operating lease rentals receivable		7,174,104	7,174,104
Insurance claims receivable		12,987,760	12,987,760
Net receivable against terminated leases		95,603,438	98,269,741
Dividend receivable		-	3,746,631
Outgoing group	20.1	32,900,000	-
Others		42,055,137	42,681,251
		<u>226,480,065</u>	<u>198,379,516</u>
		<u>264,394,183</u>	<u>212,880,872</u>
17.2	This represents amount deposited with the Privatization Commission, Government of Pakistan, on behalf of a consortium for the acquisition of 51% shares of First Women Bank Limited. The Company has 9% share in the consortium. The above balance was provided for in the year 2003, in view of the fact that the arrangement with consortium did not materialize.		

	Note	2019 Rupees	2018 Rupees
18. Financial assets at fair value through profit or loss			
Investments at fair value through profit or loss			
Quoted securities	18.1	<u>15,313,080</u>	<u>1,701,472</u>

18.1 Investments at fair value through profit or loss

2019	2018		2019	2018
Number of shares	Number of shares Restated	Name of company	Rupees	Rupees Restated
5,000	-	MCB Bank Limited	872,250	-
10,000	-	National Bank of Pakistan	336,600	-
408,000	-	Faysal Bank Limited	8,780,160	-
10,000	-	Bank Al-Falah Limited	435,900	-
135,500	-	JS Bank Limited	742,540	-
20,000	-	Engro Fertilizers Limited	1,273,800	-
60,000	-	Engro Polymer Limited	1,617,600	-
2,000	-	Habib Metropolitan Bank Limited	72,160	-
23,000	23,000	Fauji Cement Company Limited	361,790	525,550
4,841	4,841	Trust Investment Bank Limited	5,810	10,118
9,863	9,863	Sui Northern Gas Pipelines Limited	685,380	988,470
970	970	Askari Bank Limited	18,343	21,214
36	36	Akzo Nobel Pakistan Limited	3,601	6,723
8	8	Engro Fertilizer Limited	511	599
90	90	Engro Corporation Limited	23,904	28,247
73	73	ICI Pakistan Limited	38,871	58,510
272	272	Pak Petroleum Limited	39,285	58,453
2,763	2,763	Taj Textile Mills Limited	-	-
300	300	Lotte Chemical Pakistan Limited	4,575	3,588
692,716	42,216		15,313,080	1,701,472

	Note	2019 Rupees	2018 Rupees
19. BANK BALANCES			
Balance with banks in local currency:			
In current accounts with:			
- State Bank of Pakistan		44,694	44,694
- In PLS accounts with Commercial banks	19.1	24,701,184	10,116,428
		24,745,878	10,161,122

19.1 PLS bank accounts carry profit at the rates ranging from 2.4% to 12.10% per annum (2018: 2.4% to 5.5% per annum).

20. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale of discontinued operation and liabilities directly associated with such assets are summarized hereunder:

	Note	2019 Rupees	2018 Rupees
20.1 Assets held for sale of discontinued operation			
Trade debts - unsecured		1,127,811	1,127,811
Advances, deposits, prepayments and other receivables		31,772,189	31,772,189
Transfer to other receivable	17.1	(32,900,000)	-
Total assets classified as held for sale		-	32,900,000
20.2 Liabilities directly associated with assets held for sale of discontinued operation			
Short term borrowings		32,900,000	32,900,000
Transfer to liability related to outgoing group	20.3 & 31	(32,900,000)	-
		-	32,900,000

20.3 This represents the liability payable to Bank Islami on behalf of outgoing group. The assets of equivalent amount pertaining to outgoing group were also held by Company. These assets / Liabilities were previously classified as held for sale. Now these amounts have been reversed as the criteria for held for sale of assets are no longer met due to non-completion of other sale conditions as stipulated in the agreement.

	Note	2019 Rupees	2018 Rupees		
21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL					
		<u>2018</u>	<u>2019</u>		
		Number of shares			
86,742,370		86,742,370	Ordinary shares of Rs. 10 each fully paid in cash	867,423,700	867,423,700
198,124,526		198,124,526	Ordinary shares of Rs. 10 each issued as fully paid under scheme of arrangement for amalgamation	1,981,245,260	1,981,245,260
<u>284,866,896</u>		<u>284,866,896</u>		<u>2,848,668,960</u>	<u>2,848,668,960</u>
22. LOAN FROM DIRECTORS		22.1	<u>126,000,000</u>	<u>-</u>	
22.1 These loans are accounted for under Technical Release -32 "Accounting Directors Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016.					
These are interest free and subordinated. These will not be repaid before clearance of overdue deposits and creditors, upgradation of the Company's rating to investment grade and compliance of minimum equity requirements.					
	Note	2019 Rupees	2018 Rupees Restated		
23. STATUTORY RESERVE		23.1	<u>102,976,444</u>	<u>102,976,444</u>	
23.1 An amount equal to 20% of profit for the year, if any, is transferred to reserve as required under regulation No. 16 of Non Banking Finance Companies and Notified Entities Regulations, 2008.					
	Note	2019 Rupees	2018 Rupees		
24. SUBORDINATED LOAN FROM DIRECTORS					
Loan from Director		118,800,679	118,800,679		
Less: mark-up waived off		(13,188,093)	-		
Amount transfer to equity		<u>(105,612,586)</u>	-		
		<u>-</u>	<u>118,800,679</u>		
25. LOAN FROM SPONSOR					
Loan from sponsor	25.1	141,392,473	145,392,473		
Less: Current portion		-	(145,392,473)		
		<u>141,392,473</u>	<u>-</u>		
25.1 During the period the loan of Rs. 4 million has been paid and the remaining amount of Rs. 141.39 million is payable in full in November 2020. Effective markup rate charged during the year ranges from 6.51% to 11.20% (2018: 6.15% to 6.51%) per annum.					
	Note	2019 Rupees	2018 Rupees		
26. SECURITY DEPOSITS FROM LESSEES					
Security deposits under lease contracts	26.1	72,601,319	73,610,935		
Less: Current portion	30	<u>(15,313,910)</u>	<u>(16,394,525)</u>		
		<u>57,287,409</u>	<u>57,216,410</u>		
26.1 These represent security deposits received against finance lease and Ijarah contracts and are repayable / adjustable on the expiry of lease periods.					

	Note	2019 Rupees	2018 Rupees
27. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	27.1	-	-
Murabaha borrowings			
From financial institutions	27.2	-	2,740,264
Less: Current portion	30	-	(2,740,264)
		<u>-</u>	<u>-</u>
27.1	Principal amount has been paid as per terms of agreement. Outstanding markup as at October 07, 2013 amounting to Rs. 9.75 million has been deferred and will be repaid in 08 equal quarterly installments commencing from September 30, 2017 and ending on June 30, 2019. The Company is in a process of negotiation for the waiver of mark up with the lender.		
	Note	2019 Rupees	2018 Rupees
27.2 Murabaha borrowings			
Murabaha payable - gross		<u>-</u>	<u>2,740,264</u>
28. REDEEMABLE CAPITAL			
Secured			
Term finance certificates	28.1 & 28.2	47,800,000	57,890,000
Less: Current portion	30	(47,800,000)	(57,890,000)
		<u>-</u>	<u>-</u>
28.1	Term finance certificates (TFCs) were issued by the Company on September 05, 2002. These were subject to markup at 5 year PIB plus 275 bps. Markup was payable semi-annually. These were matured in September 05, 2013.		
28.2	As a result of Company's request to the TFC holders for restructuring / settlement of principal and markup during the year, three agreements have been executed with TFC holders. As per terms of the agreement, the mark up of Rs.12.16 million (2018: 19.14 million) has been waived off. Company's request to the remaining TFC holders for restructuring / settlement of principal and markup is under their consideration.		
	Note	2019 Rupees	2018 Rupees
29. DEFERRED LIABILITY			
Mark up on long term musharakah	27.1	9,747,000	9,747,000
Less: Current portion	30	(9,747,000)	(9,747,000)
		<u>-</u>	<u>-</u>
30. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Loan from sponsor	25	-	145,392,473
Security deposit from lessees	26	15,313,910	16,394,525
Long term musharakah and murabaha borrowings	27	-	2,740,264
Deferred liability	29	9,747,000	9,747,000
Redeemable capital	28 & 30.1	47,800,000	57,890,000
		<u>72,860,910</u>	<u>232,164,262</u>
30.1	These certificates alongwith related mark up of Rs. 58.91 million (2018 : Rs. 62.23 million) are over due (Refer Note 28.1).		
	Note	2019 Rupees	2018 Rupees
31. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		997,397	1,652,904
Payable to provident fund		122,926	222,825
Auditors' remuneration payable		1,233,750	1,956,250
Liability related to outgoing group	20.2 & 20.3	56,900,000	24,000,000
Due to joint venture		91,032,824	68,312,824
Other liabilities		42,625,980	36,634,092
		<u>192,912,877</u>	<u>132,778,895</u>

	Note	2019 Rupees	2018 Rupees
32. PROFIT / MARK UP PAYABLE			
Profit / mark-up payable on:			
- Redeemable capital		58,907,934	62,225,009
- Loan from sponsor		161,511,570	148,786,556
		<u>220,419,504</u>	<u>211,011,565</u>
33. CONTINGENCIES & COMMITMENT			
33.1 Contingencies			
Income Tax			
33.1.1	The company filed a petition in the High Court of Sindh, Karachi, on February 19, 2015, claiming exemption from charge of alternative corporate tax. The honorable High Court of Sindh issued stay order on this petition on 14th April 2015. Currently the liability is not acknowledged in view of petition filed by the Company.		
33.1.2	The Additional Commissioner, Inland Revenue passed an order on 26th July 2013, on the Income tax return filed for the tax year 2010 on the plea of being prejudicial in the interest of revenue and added back various expenses and provisions. He determined a tax demand of Rs. 1,350,796/=. The Company filed an appeal before the Commissioner Inland Revenue (Appeals-I) on 2nd September 2013 against the order of ACIL. The order on the appeal was passed on 18th November 2013, partially in favour of the Company and partially confirmed in favour of the department while some issues were remanded back to the taxation officer. On 30th June 2015 the Additional Commissioner (IR) passed an order to give effect to the remanded back issues with revised income tax demand of Rs. 1,141,501/=. In the meantime the Commissioner Inland Revenue filed an appeal against the order dated 18.11.2013 passed by CIR(Appeals-I).		
	Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.		
33.2 Commitment			
Under lease financing contracts committed but not executed		5,371,000	3,066,644
	Note	2019 Rupees	2018 Rupees
34. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		5,158,875	5,155,421
Staff salaries, allowances and other benefits	34.1	8,311,772	9,234,581
Traveling, conveyance and vehicle running expenses		415,370	591,969
Rates and taxes		603,774	372,771
Utility charges		106,295	90,989
Postage, telephone and telegram		258,136	352,592
Repairs and maintenance		747,019	804,389
Insurance		96,333	109,662
Depreciation	4	6,827,756	8,215,124
Amortization	5	204,407	292,010
Fees and subscriptions		6,330,076	1,238,999
Entertainment		207,696	247,039
Newspapers and periodicals		6,777	5,988
Printing and stationery		305,322	419,119
Legal and professional charges		3,888,914	1,151,271
Auditors' remuneration	34.2	1,233,750	1,076,250
Advertisement		45,200	62,460
Brokerage and commission		643,936	102,240
Other		154,830	290,573
Loss on disposal of fixed assets		-	1,707,991
		<u>35,546,238</u>	<u>31,521,438</u>
34.1	This includes retirement benefits of Rs. 0.55 million (2018: Rs. 0.62 million) in respect of contribution to the employees' provident fund.		

	Note	2019 Rupees	2018 Rupees
34.2 Auditors' remuneration			
Annual audit fee		945,000	787,500
Review of half yearly financial information		173,250	173,250
Review of Code of Corporate Governance		52,500	52,500
Other certifications		63,000	63,000
		<u>1,233,750</u>	<u>1,076,250</u>
35. FINANCIAL CHARGES			
Profit / mark up on :			
- Redeemable capital		8,849,718	9,912,038
- Loan from sponsors		12,725,014	9,928,980
		<u>21,574,732</u>	<u>19,841,018</u>
Bank charges		11,504	13,872
		<u>21,586,236</u>	<u>19,854,890</u>
Less: mark-up waived off on settlement of loans	35.1	(12,166,793)	(19,141,644)
		<u>9,419,443</u>	<u>713,246</u>
Fair value adjustment- subordinated loan from directors		-	6,787,970
		<u>9,419,443</u>	<u>7,501,216</u>
35.1 Mark up waived off on settlement of loans:			
Redeemable capital	28.2	<u>12,166,793</u>	<u>19,141,644</u>
36. OTHER INCOME			
From non financial assets :			
Gain on disposal of operating assets		4,260,432	-
Commission and fee		60,000	-
Gain on settlement of liabilities	36.1	-	10,000,000
Balances written back		1,356,250	474,831
Rental Income		2,485,462	937,439
Others		1,518,362	2,131
		<u>9,680,506</u>	<u>11,414,401</u>
36.1 Gain on settlement of liabilities:			
Redeemable capital	28.2	<u>-</u>	<u>10,000,000</u>
37. PROVISION FOR TAXATION			
Current			
For the year		2,896,693	570,504
For prior year		-	34,192
Deferred			
Reversal of deferred tax asset		150,000,000	-
		<u>152,896,693</u>	<u>604,696</u>
37.1 Relationship between tax expense and accounting profit			
Relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is either subject to minimum tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.			
		2019	2018
38. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit / (Loss) after taxation for the year	Rupees	<u>(116,365,883)</u>	<u>8,600,930</u>
Weighted average number of ordinary shares	Number	<u>284,866,896</u>	<u>284,866,896</u>
Earnings per share - Basic and Diluted	Rupees	<u>(0.408)</u>	<u>0.030</u>
38.1	There is no dilutive effect on the basic earning per share of the Company.		

39. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

	2019		2018	
	Chief Executive Officer	Director	Chief Executive Officer	Director
	Rupees			
Managerial remuneration	2,700,000	1,800,000	2,700,000	1,800,000
Contribution to provident fund	180,000	-	179,996	-
Bonus	112,500	-	50,000	-
Retirement benefits	7,800	-	7,800	-
Reimbursable expenses	358,575	-	317,625	-
Meeting fee	-	-	-	100,000
	3,358,875	1,800,000	3,255,421	1,900,000
Number of persons	1	1	1	1

39.1 The Chief Executive Officer is entitled to free use of Company maintained car and other perquisites. The monetary value of these benefits approximates Rs. 421,908/- (2018: Rs. 317,625/-). Directors have waived off (2018: Rs. 100,000/-) their meeting fee.

40. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated undertakings, provident fund, directors, other key management personnel and their close family members. Contributions to the provident fund, loans to 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.

The balances due from and due to related parties have been disclosed in the relevant notes to the financial statements. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship and	Transaction during the year and year end balances	2019 Rupees	2018 Rupees
Mr. Muhammad Zahid	Major shareholder 18.96% (2018 : 18.96%)	Mark up / interest on loan from sponsor	12,725,014	9,928,980
Centre Gas (Private) Limited	Joint venture	Amount received during the year	22,720,000	8,990,510
Al-Zamin Leasing Modaraba Staff Providend Fund	Provident fund	Contribution made during the year	554,691	619,842

	2019	2018
41. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	15	16
Average number of employees during the year	15	17

42. DISCLOSURE WITH REGARD TO PROVIDENT FUND

The following information is based on audited financial statements of the fund as at June 30, 2019.

	2019	2018
Size of the fund (Rupees)	6,497,572	5,364,103
Cost of investments made (Rupees)	4,900,000	3,600,000
Percentage of investments made (% age)	75%	67%
Fair value of investments (Rupees)	4,960,025	3,645,990

42.1 Breakup of investments

	2019		2018	
	Amount Rupees	%age	Amount Rupees	%age
Certificate of Investment	4,960,025	100.00%	3,645,990	100.00%

43. FINANCIAL RISK MANAGEMENT**43.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks, including:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

43.2 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation, as arises principally from the Company's receivables from customers and investments. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of NBFC Rules and Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits. The credit quality of the Company's bank balances and investments portfolio are assessed with reference to external credit ratings.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligation to be similarly affected by the changes in economic, political and other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The maximum exposure to credit risk at the reporting date was:

	2019 Rupees	2018 Rupees
Net investment in finance lease	291,649,755	258,005,448
Long term musharakah finances	101,501,093	101,501,093
Long term loans	62,523,697	81,472,772
Deposits	2,353,225	2,278,225
Short term musharakah finances	59,919,683	66,007,109
Short term finances - secured	6,679,875	6,679,875
Ijarah rentals receivable	1,430,339	1,452,331
Advances and other receivables	73,725,889	8,190,810
Bank balances	24,745,878	10,161,122
	624,529,434	535,748,785

43.2.1 Past due balances and impairment losses

The age analysis of financial assets except bank balances and impairment loss recognized thereon were as follows:

	2019		2018	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	Rupees			
Past due 91 days - 180 days	901,786	-	34,030,346	14,208,121
Past due 181 days to one year	55,275,337	14,968,525	9,750,141	7,190,118
Past due one year to two years	28,318,877	17,058,903	13,344,591	8,152,344
More than two years	1,281,273,131	947,428,613	1,263,121,167	978,294,767
	1,365,769,131	979,456,041	1,320,246,245	1,007,845,350
Not past due	464,036,549	-	435,896,813	-
Total	1,829,805,680	979,456,041	1,756,143,058	1,007,845,350

Impairment is recognized by the Company on the basis of provision requirements of Prudential regulations for NBFCs issued by SECP which includes the subjective evaluation of the portfolio carried by the Company on an ongoing basis. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that additional provision against past due balances is not required.

Below are the differences between the balances as per balance sheet and maximum exposure. These differences are due to the fact that these are not exposed to credit risk.

	2019 Rupees	2018 Rupees
Investment accounted for using equity method	130,364,015	103,567,334
Financial assets at fair value through other comprehensive income	32,901,741	33,090,306
Net investments in finance lease	72,601,319	73,610,935
Financial assets at fair value through profit or loss	15,313,080	1,701,472
Advances and other receivables	9,689,535	10,739,997
	260,869,690	222,710,044

43.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when due. The Company's approach to manage the liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of financial liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Contractual interest payments are required to be paid on respective contractual maturity at the rates disclosed in respective liabilities notes and are included in this maturity profile (in contractual cash flows).

	2019				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Redeemable capital	47,800,000	106,707,934	106,707,934	-	-
Deferred mark up on long term musharakah	9,747,000	9,747,000	9,747,000	-	-
Loan from sponsor	141,392,473	163,866,516	3,991,529	11,844,428	148,030,559
Loan from directors	-	126,000,000	-	-	126,000,000
Accrued and other liabilities	192,912,877	192,912,877	192,912,877	-	-
Profit / mark up payable	220,419,504	220,419,504	220,419,504	-	-
	612,271,854	819,653,831	533,778,844	11,844,428	274,030,559
	2018				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Musharakah and murabaha borrowings	2,740,264	2,740,264	2,740,264	-	-
Redeemable capital	57,890,000	120,115,009	120,115,009	-	-
Deferred mark up on long term musharakah	9,747,000	9,747,000	6,091,875	3,655,125	-
Loan from sponsor	145,392,473	149,360,015	2,385,711	146,974,303	-
Subordinated loan from directors	118,800,679	126,000,000	-	-	126,000,000
Accrued and other liabilities	132,778,895	132,778,895	132,778,895	-	-
Profit / mark up payable	211,011,565	211,011,565	211,011,565	-	-
	678,360,876	751,752,748	475,123,319	150,629,428	126,000,000

43.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is exposed to interest rate risk and equity price risk only.

43.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments and the periods in which these will mature are as follows:

	2019					
	Profit / mark-up bearing			Non- profit/mark-up bearing		
	Upto three months	Three months to one year	More than one year	Sub-total	Upto three months	Three months to one year
					More than one year	Subtotal
						Total
Rupees						
Financial assets						
Investment accounted for using equity method						
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Net investment in finance lease	132,422,695	61,024,786	170,803,593	364,251,074	-	130,364,015
Long term musharakah finances	101,501,093	-	-	101,501,093	-	32,901,741
Long term loans	56,459,510	930,571	5,133,616	62,523,697	-	364,251,074
Deposits	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Short term musharakah finances	59,919,683	-	-	59,919,683	-	-
Short term finances	6,679,875	-	-	6,679,875	-	-
Ijarah rentals receivables	1,430,339	-	-	1,430,339	-	-
Advances, deposits, prepayments and other receivables	-	-	-	-	-	-
Bank balances	24,701,184	-	-	24,701,184	63,162,109	63,162,109
	383,114,379	61,955,357	175,937,209	621,006,945	44,694	44,694
					78,519,883	165,618,981
						244,138,864
						865,145,809
Financial liabilities						
Loan from directors	-	-	-	-	-	-
Loan from sponsor	-	-	141,392,473	141,392,473	-	-
Security deposits from lessees	-	-	-	-	5,460,400	9,853,510
Redeemable capital	47,800,000	-	-	47,800,000	-	-
Deferred mark up on long term musharakah	-	-	-	-	9,747,000	9,747,000
Accrued and other liabilities	-	-	-	-	192,912,877	192,912,877
Profit / mark up payable	-	-	-	-	220,419,504	220,419,504
	47,800,000	-	141,392,473	189,192,473	428,539,781	621,680,700
					135,853,510	57,287,409
						810,873,173
On balance sheet gap 2019	335,314,379	61,955,357	34,544,736	431,814,472	(350,019,898)	(377,541,836)
					108,331,572	54,272,636

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account. At June 30, 2019, financial assets of Rs. 549.05 million (2018: Rs. 526.90 million) and financial liabilities of Rs NIL (2018: Rs NIL) carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

An estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease of loss for the year and decrease / increase in equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed for 2018.

	Effect on loss before tax	Carrying value
	Rupees	
As at 30 June 2019		
Cash flow sensitivity-variable rate financial liabilities	(1,891,925)	(189,192,473)
Cash flow sensitivity-variable rate financial assets	719,547	71,954,665
As at 30 June 2018		
Cash flow sensitivity-variable rate financial liabilities	(2,060,227)	(206,022,737)
Cash flow sensitivity-variable rate financial assets	719,547	71,954,665

43.4.2 Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company's policies to manage price risk through diversification and selection of securities within specified limits set by the internal risk management guidelines and NBFC regulations.

As at June 30, 2019, the fair value of equity securities exposed to price risk was Rs. 48.21 million (2018: Rs. 34.79 million).

An increase or decrease of 10% in the fair values of the Company's equity securities, with all other variables held constant, would have been resulted in decrease / increase of loss for the year by Rs. 1.53 (2018: Rs. 0.17 million) and equity by Rs. 3.3 million (2018: Rs. 3.5 million). This level of change is considered to be reasonably possible based on observation of current market conditions.

43.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Consequently, differences may arise between the carrying values and fair values. The carrying values of financial assets and financial liabilities approximate their fair values.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

43.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue of new shares.

44. **SEGMENT INFORMATION**

SEGMENT INFORMATION	2019				2018			
	Investment / financing activities	Leasing activities	Other operations	Total	Investment / financing activities	Leasing activities	Other operations	Total
	Rupees				Rupees			
Information about reportable segment profit or loss, assets and liabilities								
Revenue from external customers	2,339,045	31,458,862	28,739,035	62,536,942	29,654,547	19,513,106	10,836,590	60,004,243
Interest (reversal) / expense - net	(651,890)	(8,767,553)	-	(9,419,443)	(4,524,218)	(2,976,998)	-	(7,501,216)
Depreciation and amortization	486,674	6,545,489	-	7,032,163	5,130,918	3,376,216	-	8,507,134
Provision reversed / (charged) / Impairment of assets	(7,337,299)	16,616,342	-	9,279,043	(19,996,164)	580,401	(3,774,601)	(23,190,364)
Reportable segment profit	(5,163,470)	45,853,140	28,739,035	69,428,705	10,265,083	20,492,725	7,061,989	37,819,797
Reportable segment assets	584,416,812	365,681,413	-	950,098,225	692,173,318	333,068,714	32,900,000	1,058,142,032
Reportable segment liabilities	(621,222,145)	(72,601,319)	-	(693,823,464)	(684,414,474)	(73,610,935)	(32,900,000)	(790,925,409)

	2019 Rupees	2018 Rupees
Reconciliation of (loss) / profit		
Total profit from reportable segments	40,689,670	30,757,808
Profit from other operations	28,739,035	7,061,989
	69,428,705	37,819,797
Unallocated amounts:		
Other administrative and operating expenses	(42,578,401)	(40,028,572)
Other income	9,680,506	11,414,401
Profit before tax	36,530,810	9,205,626
Reconciliation of assets and liabilities		
Assets		
Total assets of reportable segments	950,098,225	1,025,242,032
Assets of other operations	-	32,900,000
Total assets	950,098,225	1,058,142,032
Liabilities		
Total liabilities of reportable segments	(693,823,464)	(758,025,409)
Liabilities of other operations	-	(32,900,000)
Total liabilities	(693,823,464)	(790,925,409)

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Company.

46. GENERAL

46.1 NOMENCLATURE

Nomenclature of "Net investment in Ijarah finance / assets under Ijarah arrangements", "Unrealized gain on remeasurement of available for sale investments" and "Advance against non current assets held for sale discontinued operation" have been changed to "Net investment in finance lease", "Fair value reserve" and "Liability related to outgoing group" respectively for better presentation.

46.2 Re-arrangements

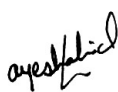
Last year advance income tax amounting to Rs.10,303,607/- has been shown in "Advances, deposits, prepayments and other receivable" as "Income tax-net" which includes the income tax refund amounting to Rs 10,162,944/- related to prior year after the adjustment of provision for taxation and prior period adjustment amounting to Rs.570,504/- and 34,192/- respectively. During the year Income tax refund related to prior year shown separately as "Income tax refund" in "Other receivables" under the head "Advances, deposits, prepayments and other receivable" and provision for taxation as "Provision for taxation - income tax" to reflect more appropriate presentation.

Corresponding figures have been reclassified / rearranged, wherever necessary.

46.3 Figures have been rounded off to the nearest Rupee.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



M. Naim Ashraf
Chief Financial officer

Our Network

Registered Office - Karachi

501, 5th Floor, Al-Fatima Chambers, 149 AM,
Shambhu Nath Street, Shahr-e-Iraq, Saddar,
Karachi.

Tel: 021-35654022

Website: www.icibl.com

Head Office - Lahore

2-H, Jail Road, Gulberg II,
Lahore.

Tel: 042-35777285 & 86

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

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

Tel: 055-3730308, 3730300

Fax: 055-3731108

Proxy Form

INVEST CAPITAL INVESTMENT BANK LIMITED

501, 5th Floor, Al-Fatima Chambers, 149 AM, Shambhu Nath Street,
Shahrah-e-Iraq, Saddar, Karachi.

I, _____ S/o, W/o, D/o

a member of Invest Capital Investment Bank Limited and holder of _____ shares as per Registered

Folio No. _____ and / or CDC participant I.D. No. _____ and Sub Account

No. _____ do hereby appoint _____

of _____ (full address) or failing

him/her _____

of _____

(full address) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the Annual

General Meeting of the Shareholders to be held at 11.45 a.m. on Monday, October 28, 2019 and at

any adjournment thereof.

Signed this _____ day of _____ 2019.

Signature and or Seal of Member _____

Please affix
Rs.5/-
Revenue
Stamp

In the presence of

Signature : _____

Signature: _____

Name : _____

Name: _____

Address: _____

Address: _____

CNIC No: _____

CNIC No: _____

Notes:

1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If a member is a corporation, either its common seal be affixed to the proxy form or the Board of Director's resolution /power of attorney along with specimen signature of the nominee shall be submitted with the proxy form. The proxy shall have a right to attend, speak and vote in place of the member.
2. Proxies in order to be effective must be received at the office of Share Registrar of the Company, M/s CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting and must be duly stamped, signed and witnessed.
3. A proxy need not be a Member of the Company.
4. Beneficial owner of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or original passport, Account, Sub-Account number and Participant's number in Central Depository System for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the company with in stipulated time, duly witnessed by two persons whose name, address and NIC number must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy.
5. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the company.



پراکسی فارم

انویسٹ کیپٹل انویسٹمنٹ بینک لمیٹڈ

501، فلور نمبر 5، الفاطمہ چیمبرز، 149 اے ایم، شہباز ٹاؤن، نزد پاسپورٹ آفس، صدر، کراچی

مسمیٰ _____ ولد/بنت از وجہ _____ انویسٹ کیپٹل

انویسٹمنٹ بینک لمیٹڈ کا/کی ممبر ہوں اور _____ شیئر کا مالک ہوں بمطابق رجسٹرڈ فلیو نمبر _____ اور/یا سی ڈی سی

پارٹیشن نمبر (شراکت داری شناختی نمبر) _____ اور سب اکاؤنٹ نمبر _____

میں جناب/جنابہ _____ ساکن (مکمل پتہ) _____

یا متبادل طور پر جناب/جنابہ _____ ساکن (مکمل پتہ) _____

کو بطور پراکسی مقرر کرتا/کرتی ہوں جو کہ میری/ہماری جگہ 28 اکتوبر 2019ء بروز پیر دوپہر 11:45 بجے یا بصورت التوائی مقرر کردہ تارخ پر حصص یافتگان کے سالانہ جنرل اجلاس میں شرکت کرے، حصہ لے اور ووٹ کاسٹ کرے۔

دستخط کئے گئے مورخہ _____ 2019

برائے مہربانی 5 روپے
والی ٹکٹ لگائیں

ممبر کے دستخط اور مہر

گواہ

گواہ

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

نوٹ:

- 1- ایک ممبر جو کہ مذکورہ اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا اہل ہے وہ کسی بھی دوسرے شخص کو اپنا/اپنی پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی مقرر کرنے کی دستاویز ممبر یا اس کے وکیل کی طرف سے دونوں اطراف سے دستخط شدہ تحریری اجازت ہو۔ اگر رکن کارپوریشن ہے، تو وہ اپنی عام ممبر پراکسی فارم پر لگائے یا نامزد افراد کے نمونہ دستخطوں کے ہمراہ بورڈ آف ڈائریکٹر کی قرارداد یا مختار عام پراکسی فارم کیساتھ پیش کرے۔ پراکسی کو (اجلاس میں) شرکت کرنے، تقریر کرنے اور رکن کی جگہ ووٹ ڈالنے کا حق حاصل ہوگا۔
- 2- پراکسیاں تا آنکہ موثر ہو سکیں کمپنی کے شیئر رجسٹرار کے دفتر میسرز کارپریٹ ایکسچینج ایسوسی ایشن (پرائیوٹ) لمیٹڈ، 503 ای جوہر ٹاؤن لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور یہ گواہان کی موجودگی میں دو طرفہ مہر ثبت، دستخط شدہ ہوں۔
- 3- پراکسی کے لئے ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔

4- سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کے رجسٹرڈ شیئرز کے بینیفیشل اونر اور انکی پراکسیوں کیلئے ضروری ہے کہ وہ اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ، اکاؤنٹ، ذیلی اکاؤنٹ نمبر اور شناختی مقصد کیلئے سینٹرل ڈیپازٹری سسٹم کا پارٹیشن نمبر مہیا کریں۔ پراکسی فارم کمپنی میں مقررہ وقت میں جمع کرنا ضروری ہے، دوا فرد کی گواہی کیساتھ جن کے نام، ایڈریس اور شناختی کارڈ نمبر فارم میں ضروری لکھے ہوئے ہوں، ہمراہ بینیفیشل اونر پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول کے۔

5- کمپنی کی صورت میں بورڈ آف ڈائریکٹر یا بورڈ آف آئنائی جمع نامزد فرد کے دستخط کے کمپنی کے پراکسی فارم کے ساتھ منسلک کریں۔





INVEST CAPITAL INVESTMENT BANK LIMITED

Registered Office:

501, 5th Floor, Al-Fatima Chambers, 149 AM,
Shambhu Nath Street, Shahrah-e-Iraq,
Saddar, Karachi.

Tel: (92-21) 35654022

Website: www.icibl.com

Head Office:

2-H, Jail Road,
Gulberg II, Lahore.

Tel: +92 42 35777285-86