

QUARTERLY REPORT  
SEPTEMBER 30, 2010



INVEST CAPITAL INVESTMENT BANK LIMITED

## Unconsolidated Financial Statements

Company Information	02
Directors' Report	03
Condensed Interim Balance Sheet	05
Condensed Interim Profit and Loss Account	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Notes to the Financial Statements	09

## Consolidated Financial Statements

Condensed Interim Balance Sheet	18
Condensed Interim Profit and Loss Account	19
Condensed Interim Cash Flow Statement	20
Condensed Interim Statement of Changes in Equity	21
Notes to the Financial Statements	22
Our Network	32

### Board of Directors

Mr. Ahmed Kamran	- Chairman
Mr. Naveed Amin	- Chief Executive
Mr. Basheer A. Chowdry	- Director
Mr. Shaukat Ali	- Director
Mr. Muhammad Qasim	- Director
Mr. Muhammad Asif	- Director
Ms. Ayesha Zahid	- Director
Ms. Fiza Zahid	- Director

### Audit Committee

Mr. Shaukat Ali	- Chairman
Mr. Ahmed Kamran	- Member
Ms. Fiza Zahid	- Member

### Chief Financial Officer

Mr. Syed Abid Raza Zaidi

### Company Secretary

Mr. Syed Shahid Owais

### Auditors

Avais Hyder Liaquat Nauman  
Chartered Accountants

### Legal Advisors

Mohsin Tayebaly & Co.  
Ahmed & Qazi

### Share Registrar

CDC House, 99-B, Block 'B', S.M.C.H.S.  
Main Shahra-e-Faisal, Karachi-74400.  
Phone: (92-21) 0800-CDCPL (23275)  
Fax: (92-21) 3432 6053  
Email: info@cdcpak.com  
URL: www.cdcpakistan.com

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Atlas Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Dawood Islamic Bank Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
State Bank of Pakistan  
Silk Bank Limited  
Standard Chartered Bank (Pakistan) Ltd  
The Bank of Khyber  
United Bank Limited

### Registered Office

801-802, 8th Floor, Lakson Square Building  
No. 3, Sarwar Shaheed Road, Karachi.  
Tel: (92-21) 35205110 / 35661938,48,58  
Fax: (92-21) 35658409 / 35661988  
Website: www.investcapital.com  
: www.alzaminlease.com

The Board of Directors of Invest Capital Investment Bank Limited (the "Bank") is pleased to present before the members the un-audited financial statements for the quarter ended September 30, 2010.

## Directors' Review

During the quarter under review, the overall economic and political conditions remained unchanged. The law and order situation continued to cause damage to the economy with no foreign investment forthcoming. The NBFI sector is under continuous stress and remains subdued. Your Bank, being part of the financial sector, has also suffered losses and no fresh business could be conducted due to the liquidity crunch in the market.

Subsequent to the issuance of Annual Financial Statements for the year ended on 30th June 2010 in May 2011, the following changes have taken place in the management and structure of the Bank:-

- The SECP granted permission to Zahidjee Group on July 06, 2011 for acquisition of further 26% shares of outgoing Investcap Group.
- New Board of Directors is formed and all members of previous Board resigned as per relevant arrangements and guidelines.
- Zahidjee Group acquired major shareholding of the Bank and injected a sum of Rs. 150 million for payments due to Certificate of Musharaka and Certificate of Investment holders.
- The brokerage business subsidiary (ICML) of the Bank is sold to the outgoing Investcap Group.
- A new CEO has taken over the management of your bank.

The incoming management has continued the efforts for negotiating settlements with lender banks and expects to conclude the process in near future. With the injection of Rs. 150 million, the burden on cash flows has been eased and the Bank is meeting its financial obligation of depositors at their maturities especially towards individuals.

The important objective of the recent spin-off transaction is to reduce the operating cost of the surviving entity by rationalizing the human resource and administrative costs. The present management has taken positive and effective steps towards achievement of its goal of reshaping the organization.

## Financial Statements

During the quarter under review the Bank incurred a loss of Rs. 149.647 million with negative earnings per share of Rs. 0.53. The Gross revenue including other income stood at Rs. 76.834 million. The financial charges came to Rs. 132.391 million while operating expenses remained at Rs. 75.048 million.

On the balance sheet side, the total assets reduced from Rs. 4,880.531 million in June 2010 to Rs. 4,337.790 million in September 2010 essentially due to the reduction in Leasing and Musharaka portfolio. Similarly the bulk of reduction on the liabilities side has been in the Short term borrowings and security deposits from lessees.

## Continuity of Business

Subsequent to the balance sheet date, the SECP granted approval for change of management and sale of ICML together with brokerage business' assets and liabilities. The new management took over the responsibility of the Bank in highly demanding conditions with huge pressure of the depositors and lenders. However, the incoming professional management of your Bank has managed all its due liabilities of depositors whereas the restructuring process with banks is also in its completion stage. The management has taken various steps to curtail expenses and increase collection via recovery and settlement with customers. It thoroughly evaluated new avenues to generate fresh cash flow streams besides revisiting existing business for improving profitability. Resultantly, it revived the operating lease segment of generators rental business, which is now contributing Rs. 3.00 million per month to the main stream of revenue and concerted efforts on fee base income related activities are being made. The primary objective of the new management is to make your bank profitable by June 2012.

Fresh equity of Rs. 126 million was directly injected by major shareholders whereas proceeds of Rs. 24 million were also received from the sale of brokerage arm of the Bank. The sale of brokerage arm would yield even more benefits to the Bank and it is estimated that gains of over Rs. 150 million would be recorded on completion of the transfer and sale transaction.

Renewal of licenses is pending with SECP and the management is taking necessary measures to complete the requirements of the SECP. Owing to the positive steps described above, especially the injection of equity, the management is confident that SECP would allow special forbearance to the Bank in compliance of Minimum Equity Requirement (MER) and other regulatory limits in due course.

Your Management has formulated carefully designed business strategy for the revival of the Bank. Its negotiation with the lender banks is almost finalized and under implementation phase, whereas, future cash flows show positive results after injection of equity and benefit of the sale of brokerage arm as mentioned above. Therefore, on the basis of the reasons explained in preceding paragraphs, presentation of these financial statements on a going concern basis is deemed appropriate and justifiable by the management and the Board.

### **Presentation of Pending Accounts**

As the presentation of Audited Financial statements of 30th June 2010 was delayed due to various internal and external factors, the subsequent quarterly accounts also got delayed. Efforts are being made to bring the publication of the accounts according to the statutory requirements at the earliest possible date.

### **Credit Rating**

JCR-VIS Credit Rating Company Ltd. has placed the entity rating of "D". However, the management is confident that with the revival of the company's business and restructuring with banks, the rating of the company should improve in due course. Moreover, fresh equity and payment to its depositors on timely basis would also help in improvement in the credit rating.

### **Auditors**

In the AGM held on June 24, 2011 the previous auditors of the Company resigned and chose not to opt for re-appointment. Therefore the auditors of the Bank were changed from M/s KPMG Taseer Hadi, Chartered Accountants to M/s Avais Haider Liquat Nauman, Chartered Accountants.

### **Acknowledgment**

The Directors wish to place on record the devoted efforts made by the staff during difficult times and valuable guidance and support provided by the Securities and Exchange Commission of Pakistan and the valuable encouragement by shareholders and our esteemed lenders from across the financial sector for their remarkable support to give us the hope to revive the Company even at this difficult time.

For and on behalf of Board of Directors

**Karachi**  
October 14, 2011

**Naveed Amin**  
Chief Executive Officer

**Unconsolidated Condensed Interim Balance Sheet  
As at 30 September 2010 (Un-audited)**



**Al-Zaamin Invest Bank.**

	Note	30 September 2010 (Rupees in'000')	30 June 2010
<b>Non-current assets</b>			
Property, plant and equipments	5	386,396	393,889
Intangible assets	6	9,688	10,103
Long term investments	7	248,636	247,912
Net investment in finance leases	8	460,338	624,347
Long term musharakah - secured	9	79,385	78,113
Long term loans - considered good		21,905	22,210
Long term deposits - unsecured and considered good	10	19,784	19,964
		<b>1,226,132</b>	<b>1,396,538</b>
<b>Current assets</b>			
Short-term investments	11	82,643	293,533
Short term musharakah and murabahah	12	103,546	131,605
Short term finances - secured		55,418	55,167
Trade debtors - unsecured		978,046	1,005,106
Assets acquired in satisfaction of finances provided		49,500	49,500
Operating lease rentals receivables		9,146	9,563
Current maturity of non-current assets		1,171,328	1,250,031
Advances, deposits, prepayments and other receivables		130,363	129,909
Stock in trade		729	728
Cash and bank balances	13	47,406	75,318
Assets held for sale		483,533	483,533
		<b>3,111,658</b>	<b>3,483,993</b>
<b>TOTAL ASSETS</b>		<b>4,337,790</b>	<b>4,880,531</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
485,000,000 (30 June 2010 : 485,000,000) ordinary shares of Rs.10/- each		4,850,000	4,850,000
Issued, subscribed and paid-up capital	14	2,848,669	2,848,669
Capital reserve on amalgamation		(2,022,076)	(2,022,076)
Surplus / (deficit) on revaluation of available-for-sale investment		263	(1,798)
Accumulated profit / (loss)		(749,719)	(600,072)
		77,137	224,723
Surplus on revaluation of assets		9,258	9,258
<b>Non-current liabilities</b>			
Liability against assets subject to finance lease		8,365	9,992
Deferred liability for staff gratuity		4,416	12,662
Security deposits from lessees		233,023	276,137
Long term certificates of musharakah	15	177,055	90,525
Certificates of investment and deposit	16	7,345	6,445
Long term musharakah and murabahah borrowings	17	115,422	127,456
Musharakah Term Finance Certificates	18	405,671	420,013
Redeemable Capital-Term Finance Certificates	19	128,380	-
Deferred liabilities		2,150	2,575
		<b>1,081,828</b>	<b>945,805</b>
<b>Current liabilities</b>			
Current portion of long term liabilities	20	798,670	1,120,274
Short term certificates of musharakah	21	546,012	648,100
Short term certificates of investment and deposit		117,920	118,520
Short term borrowings	22	1,150,667	1,392,453
Short term Musharakah	23	5,000	5,000
Loan from a Director - unsecured	24	197,543	168,022
Creditors, accrued and other liabilities		353,755	248,376
		<b>3,169,567</b>	<b>3,700,745</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,337,790</b>	<b>4,880,531</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

	Three months period ended 30 September	
	2010	2009
	(Rupees in '000')	
<b>Income</b>		
Brokerage, commission & fees	-	41,468
Income from leasing operations	<b>19,892</b>	49,152
Operating lease rentals	<b>32,674</b>	34,001
Profit on musharakah investments	<b>8,867</b>	27,290
Income from Investment and placement	<b>114</b>	3,571
Income from finances	<b>3,210</b>	3,187
Income on deposits with banks	<b>3,721</b>	978
Net (loss) / gain on sale of marketable securities	<b>2,310</b>	(3,726)
Unrealised gain on investment in marketable securities - net	<b>(2,496)</b>	15,546
Dividend income from Joint venture	<b>2,171</b>	-
Dividend income	<b>4,517</b>	468
(Loss) / income from Diesel / CNG filling stations - net	<b>-</b>	(1,136)
	<b><u>74,980</u></b>	<u>170,799</u>
<b>Expenses</b>		
Financial charges	<b>(132,391)</b>	(127,599)
Administration and operating expenses	<b>(75,048)</b>	(155,397)
	<b>(207,439)</b>	(282,996)
	<b>(132,459)</b>	(112,197)
Other income	<b>1,854</b>	18,226
	<b>(130,605)</b>	(93,971)
<b>Impairment loss</b>		
Provision for impairment in the value of investment	-	(9,783)
Provision against doubtful finance lease receivable and lease rentals-net	<b>(15,506)</b>	-
Provision against long term / short term musharakah investment	<b>(2,660)</b>	-
Provision against long term loan/short term loan	<b>205</b>	-
Doubtful lease receivables written off	-	(33)
Other receivables written off	-	(178)
	<b>(17,961)</b>	(9,994)
<b>(Loss) / profit before taxation</b>	<b>(148,566)</b>	(103,965)
Provision for taxation	<b>(1,081)</b>	(10,121)
<b>(Loss) / profit after taxation</b>	<b>(149,647)</b>	(114,086)
(Loss) / Earnings per share		
- basic	<b>(0.54)</b>	(0.42)
-diluted	<b>(0.53)</b>	(0.42)

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

	Three months period ended 30 September 2010      2009 (Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(148,566)	(103,965)
<b>Adjustments for non cash charges and other items:</b>		
Depreciation of property and equipment	27,016	17,546
Amortization of intangibles	745	150
Amortization of deferred revenue	(368)	(173)
Allowances for potential lease losses and term finances	15,301	9,783
Provision against musharakah investment	2,660	-
Provision against operating lease rentals receivables	24,246	-
Other receivable written-off	-	178
Doubtful receivables written-off	-	33
Financial charges - net	132,391	127,599
Dividend Income	(4,517)	(468)
Bad debts	-	-
Provision for gratuity	-	-
Net gain/(loss) on sale of marketable securities	36	9,086
Loss / (gain) on disposal of fixed assets	(956)	307
Unrealised loss on remeasurment of investments carried at fair value through profit or loss	2,702	(13,842)
Impairment in the value of investments classified as available-for-sale	-	9,783
	<b>199,256</b>	<b>159,982</b>
<b>Cash flow from operating activities before working capital changes</b>	<b>50,690</b>	<b>54,058</b>
<b>(Increase) / decrease in current assets</b>		
Net investment in lease finance / Ijarah finances	200,214	364,987
Lease rentals receivable	(33,392)	(5,437)
Stock in trade	-	165
Musharakah and murabahah receivables	32,286	13,003
Short term/long term finances-net	5,878	-
Advances, prepayments & other receivable	(4,060)	1,161
Trade Debtors	27,060	(114,028)
	<b>227,986</b>	<b>259,851</b>
<b>Increase / (decrease) in current liabilities</b>		
Security deposit from lessees	(99,300)	(148,403)
Trade creditors, accrued and other liabilities	(11,123)	169,569
	<b>(110,423)</b>	<b>21,165</b>
<b>Cash flow from operating activities after working capital changes</b>	<b>168,252</b>	<b>337,033</b>
Financial charges paid	(77,286)	(119,382)
Gratuity paid	(3,520)	(148)
Income tax paid	(576)	(3,855)
	<b>(81,382)</b>	<b>(123,385)</b>
<b>Net cash flow from operating activities</b>	<b>86,870</b>	<b>213,648</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,116)	(19,600)
Purchase of investments-net of proceeds on sale	217,610	463,127
Proceeds from disposal of assets in own use	8,459	4,420
Dividend received	1,603	2,137
Long term security deposits and advances	313	(6,642)
Short-term / long-term finances - net	-	26,791
Long term loan	6,623	3,920
<b>Net cash flow from investing activities</b>	<b>233,492</b>	<b>474,153</b>



Unconsolidated Condensed Interim Cash Flow  
For three months period ended 30 September 2010 (Un-audited)



**CASH FLOWS FROM FINANCING ACTIVITIES**

Redeemable capital raised - net of initial transaction cost  
Musharakah Term Finance Certificates  
Liabilities against assets subject to finance lease  
Long term certificates of musharakah  
Long term musharakah and murabahah  
Short-term musharakah borrowings and bank finances  
Short term certificates of musharakah  
Borrowing repaid  
Certificates of investment and deposits issued / (redeemed)  
Receivables under reverse repurchase transactions  
Short term finance  
Long-term loans  
Borrowings

**Net cash flow from financing activities**

**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**

**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**

The annexed notes 1 to 28 form an integral part of these financial statements.

Three months period ended  
30 September

2010 2009

(Rupees in '000)

-	(45,000)
(11,680)	-
(1,628)	(5,278)
(10,590)	(56,185)
-	(45,112)
(12,034)	(60,435)
(102,088)	36,840
(21,026)	(123,372)
(600)	51,400
-	(281,703)
(23,868)	(63,081)
(18,563)	(14,813)
(232,803)	(88,114)
<b>(434,880)</b>	<b>(694,853)</b>
<b>(114,518)</b>	<b>(7,052)</b>
<b>161,924</b>	<b>248,332</b>
<b>47,406</b>	<b>241,280</b>

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

Unconsolidated Condensed Interim Changes in Equity  
For three months period ended 30 September 2010 (Un-audited)

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Deficit) / surplus on revaluation of available for sale investment	Accumulated profit / (loss)	Share deposit money	Rupees in '000 Total
<b>Balance as at 30 June 2009</b>	2,727,669	(2,022,076)	4,207	148,123	121,000	978,923
Loss for the period (July 09-Sept 09)	-	-	26,687	(113,144)	-	(86,457)
<b>Balance as at 30 September 2009</b>	<b>2,727,669</b>	<b>(2,022,076)</b>	<b>30,894</b>	<b>34,979</b>	<b>121,000</b>	<b>892,466</b>
<b>Balance as at 01 July 2010</b>	<b>2,848,669</b>	<b>(2,022,076)</b>	<b>(1,798)</b>	<b>(600,072)</b>	<b>-</b>	<b>224,723</b>
Loss for the period (July 10-Sept 10)	-	-	-	(149,647)	-	(149,647)
Impairment in the value of investment classified as available-for-sale taken to profit and loss account (recognised income)	-	-	2,061	-	-	2,061
Adjustment of incremental depreciation on revaluation of fixed assets	-	-	-	-	-	-
Total recognised income for the year	-	-	2,061	(149,647)	-	(147,586)
<b>Balance as at 30 September 2010</b>	<b>2,848,669</b>	<b>(2,022,076)</b>	<b>263</b>	<b>(749,719)</b>	<b>-</b>	<b>77,137</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

## 1. LEGAL STATUS AND OPERATIONS

- 1.1 Invest Capital Investment Bank Limited ('the Company') was formed after the amalgamation of Asset Investment Bank Limited ('AIBL') with Invest Capital and Securities (Private) Limited ('ICSL') through the order of Lahore High Court, Rawalpindi Bench dated 27 March 2007 for the sanction of the arrangement of amalgamation. Pursuant to the same order the name of AIBL was changed to Invest Capital Investment Bank Limited.
- 1.2 In the Year 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 ('InvestBank'). The scheme of arrangement was under Sections 284 to 288 read with section 503 (1) (c) of the Companies Ordinance, 1984. The scheme was effective from 30 June 2009 (close of business). Accordingly on 30 June 2009 (close of business) all the assets and liabilities and obligations of the AZLCL and AZLM were vested with and assumed by the Company. The Company in consideration issued its 117,857,040 shares to the share holders of AZLCL at a swap ratio of 24 shares of Rs. 10 each of the Company for 10 shares of Rs. 10 each of AZLCL and also issued its 80,267,460 shares to the certificate holders of AZLM at a swap ratio of 26 shares of Rs. 10 each of the Company for 10 certificates of Rs. 10 each of AZLM. The Securities and Exchange Commission of Pakistan approved the above merger, while the Competition Commission of Pakistan also issued the no objection certificate to this matter. The Honourable High Court of Sindh approved the amalgamation by way of merger through order dated 8 December 2009.

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non Banking Finance Company. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Karachi.

- 1.3 In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company has separated its brokerage business from the other business activities and transferred its brokerage business to Invest Capital Markets Limited (a wholly owned subsidiary of the Company). Please refer to note 4.

On July 06, 2011 SECP in its formal approval vide letter # SC/NBFC-1/ICIBL/2011/394 conveyed its "No Objection" to the below mentioned arrangement proposed by the major share holder of the Company vide his letter dated June 1, 2011.

- i. Sale and transfer of 26 % Shares of the Company held by the outgoing group.
  - ii. Sale of Invest Capital Markets Limited ("ICML"), a wholly owned subsidiary of the Company along with transfer of all brokerage related assets and liabilities appearing on the books of the company on the transaction date to the outgoing group.
  - iii. Injection of fresh liquidity into the Company comprising of direct injection of Rs 126 million through subordinated loan and indirect injection of Rs. 24 million by sale proceeds of ICML. SECP has also allowed deposit taking with certain conditions.
- 1.4 SECP has also approved the appointment of the following persons as chief executive officer and directors of the Company in place of the existing chief executive and directors, who resigned on 7th July 2011 from their respective positions in terms of clause 3 of the Memorandum of Understanding dated June 27, 2011 signed between the two groups.

S.No.	Name	Designation
1	Mr Naveed Amin	Chief Executive Officer
2	Mr Ahmed Kamran	Director
2	Mr Basheer A. Chowdry	Director
4	Mr Shaukat Ali	Director
5	Mr Muhammad Qasim	Director
6	Mr Muhammad Asif	Director
7	Ms Ayesha Zahid	Director
8	Ms Fiza Zahid	Director

The equity of the Company is below the minimum equity requirement as per NBFC Regulations, 2008 as at 30 September 2010 which needs to be enhanced to Rs. 850 million by 30 June 2011 whereas the net Shareholders equity of the Company as at 30 September 2010 was Rs. 77.137 million. Further, the leasing and investment finance services' licenses of the Company expired on December 08, 2010 and February 29, 2011 respectively which have not yet been renewed.

The following strenuous efforts are being taken by the management to address the operational, cash flows and liquidity concerns of the Company:

- Reduction in operating costs. Resultantly, the operating costs is expected to be reduced from an average of Rs. 51 million per month in the year ended 30 June 2010 to approximately Rs. 17 million per month in the subsequent months.
- Intensification of recovery process against loan and advances losses and rental income and it is expected that it will improve liquidity of the Company.
- Increased emphasis on handling advisory and non-funded business which will provide additional earnings without adding to the operating costs and will generate substantial liquidity for the Company.
- The management started negotiations with its lending financial institutions for restructuring or settlement of the outstanding of about Rs. 1,100 million in various modes like privately placed TFCs, Murabahah Financing, Running Finance, Term Lending etc. The lenders are requested to waive off any mark-up since October 2010 and accept any one or more of the three options provided to them for settlement of their outstanding amounts.

Based on the negotiations with the syndicates and individual lenders, which are in very advance stages and in some cases, agreements have also been signed, it seems that majority of the lenders have opted for full and final settlement of the entire outstanding principal amount against transfer of certain leased assets, musharakah assets and immovable properties.

- Two Directors of the company have injected the amount of Rs. 126 million on 11th July, 2011 through the subordinated loan, which certainly helped the company to meet its liabilities.
- The SECP has been requested to allow relaxation of the prudential requirements for minimum equity, per party exposure and other relevant limits for a period of four years in view of the above mentioned situation and renewal of leasing and investment finance services' licenses.

These matters are under consideration of the SECP.

The Board of Directors of the Company, are confident that, for the reasons explained above, presentation of these financial statements on a going concern basis is appropriate and justifiable.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2010.

### 2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional and presentation currency and rounded off to the nearest thousand rupee.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the financial statements for the year ended 30 June 2010.

**4. TRANSFER OF ASSETS AND LIABILITIES TO SUBSIDIARY**

In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company had to separate its brokerage business from the other business activities. The requirement for compliance with aforesaid regulation was extended till 30 June 2010 by SECP vide S.R.O 886 dated 13 October 2009.

**5. PROPERTY AND EQUIPMENTS**

	<b>Three months period ended</b>			
	<b>30 September 2010</b>			
	<i>Owned</i>		<i>Leased</i>	
<b>Additions</b>	<b>Disposals</b>	<b>Additions</b>	<b>Disposals</b>	
------(Rupees in '000)-----				
<b>Owned</b>				
Land and building	-	-	-	-
Office renovation	-	-	-	-
Furniture and fixtures	-	131	-	-
Office equipments	766	-	-	-
Vehicles	-	1,935	-	-
	<u>766</u>	<u>2,066</u>	<u>-</u>	<u>-</u>

**6. INTANGIBLES**

Computer software	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>
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**7. LONG TERM INVESTMENTS**

	<b>30 September</b>	<b>30 June</b>
	<b>2010</b>	<b>2010</b>
	<b>(Rupees in '000)</b>	
Investment in subsidiary - at cost	116,850	116,850
Investment in related parties-at cost	7.1	82,863
Available for sale investments:		
- Ordinary shares of listed and unlisted companies	30,356	30,786
- Mutual Funds	12,796	10,588
- Term Finance Certificates	5,771	6,825
	<u>248,636</u>	<u>247,912</u>

	<b>30 September 2010</b>	30 June 2010
	<b>(Rupees in '000)</b>	
<b>7.1 INVESTMENT IN RELATED PARTIES</b>		
<b>Joint ventures</b>		
CNG / Diesel filling stations		
- Centre Gas (Private) Limited	34,536	34,536
- UMA Enterprises	27,705	27,705
- Ameen Enterprises	20,622	20,622
	<u><b>82,863</b></u>	<u><b>82,863</b></u>
<b>8. IJARAH FINANCE</b>		
Ijarah contracts commencing upto 30 June 2008		
- accounted for as finance leases	<b>1,158,866</b>	1,358,715
Ijarah contracts commencing 1 July 2008		
- accounted for under IFAS 2	<u><b>294,880</b></u>	<u>317,340</u>
	<b>1,453,746</b>	1,676,055
Current portion of net investment in Ijarah finance	<u><b>(993,408)</b></u>	<u>(1,051,708)</u>
	<u><b>460,338</b></u>	<u><b>624,347</b></u>

**8.1 Net investment in Ijarah finance**

	<u>30-Sep-10</u>			<u>30-Jun-10</u>		
	Due within one year year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
Minimum lease payments receivable	1,186,095	147,414	1,333,509	1,169,540	271,622	1,441,162
Residual value of leased assets	315,838	83,593	399,431	343,414	154,532	497,946
Lease contracts receivable	<u>1,501,933</u>	<u>231,007</u>	<u>1,732,940</u>	1,512,954	426,154	1,939,108
Unearned lease income (including suspended income)	(204,687)	(34,803)	(239,490)	(204,363)	(56,953)	(261,316)
Provision for potential lease losses	(303,838)	(30,746)	(334,584)	(256,883)	(62,194)	(319,077)
	(508,525)	(65,549)	(574,074)	(461,246)	(119,147)	(580,393)
	<u><b>993,408</b></u>	<u><b>165,458</b></u>	<u><b>1,158,866</b></u>	<u>1,051,708</u>	<u>307,007</u>	<u>1,358,715</u>

	<b>30 September 2010</b>	30 June 2010
	<b>(Rupees in '000)</b>	
<b>9. LONG TERM MUSHARAKAH - secured</b>		
Companies	119,369	120,690
Individuals	111,711	114,603
	<u><b>231,080</b></u>	<u>235,293</u>
Receivable within one year shown under current assets	<u><b>(117,525)</b></u>	<u>(125,684)</u>
	<b>113,555</b>	109,609
Provision against impaired balances	<u><b>(34,170)</b></u>	<u>(31,496)</u>
	<u><b>79,385</b></u>	<u><b>78,113</b></u>

	30 September 2010	30 June 2010
	(Rupees in '000)	
<b>10. LONG TERM DEPOSITS - considered good</b>		
Long term deposits	19,784	19,964
Current maturity	-	-
	<u>19,784</u>	<u>19,964</u>
<b>11. SHORT-TERM INVESTMENTS</b>		
<b>Investments at fair value through profit or loss</b>		
<b>Quoted securities</b>		
- Term finance certificates	-	-
- Ordinary shares	532	30,118
- Preference shares	635	611
- Mutual Funds	65,518	67,274
<b>Available-for-sale</b>		
Government securities	-	182,561
<b>Quoted securities</b>		
- Term finance certificates	84	84
- Units of closed ended mutual funds	8,854	10,700
- Ordinary shares	6,020	1,185
<b>Un - Quoted securities</b>		
Dawood Family Takaful Limited	1,000	1,000
	<u>82,643</u>	<u>293,533</u>
<b>12. SHORT TERM MUSHARAKAH AND MURABAHAH</b>		
Musharakah - secured		
- Considered good	9,427	37,500
- Impaired balance	152,562	152,562
	<u>161,989</u>	<u>190,062</u>
Provision against impaired balances	(58,443)	(58,457)
	<u>103,546</u>	<u>131,605</u>
<b>13. CASH AND BANK BALANCES</b>		
Balance with banks in:		
<i>Current accounts</i>		
- State Bank of Pakistan	361	922
- Local currency	5,176	16,776
	<u>5,537</u>	<u>17,698</u>
Term Deposit accounts	-	19,000
Deposit accounts - local currency	40,997	38,088
	<u>40,997</u>	<u>57,088</u>
	46,534	74,786
<i>Cash in hand</i>		
- Local currency	872	532
	<u>47,406</u>	<u>75,318</u>

	30 September 2010	30 June 2010
	(Rupees in'000')	
<b>14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
284,866,865 (30 June 2010: 284,866,865)		
Ordinary shares of Rs. 10 /-each issued for cash	<u>2,848,669</u>	<u>2,848,669</u>
<b>15. LONG TERM CERTIFICATES OF MUSHARAKAH -unsecured</b>		
Certificates of musharakah - associated undertaking	6,580	6,580
- others	<u>191,460</u>	<u>202,950</u>
	198,040	209,530
Payable within one year shown under current liabilities	<u>(20,985)</u>	<u>(119,005)</u>
	<u>177,055</u>	<u>90,525</u>
<b>16. CERTIFICATES OF INVESTMENT AND DEPOSIT</b>		
<b>Long-term</b>		
For one year or more	8,135	7,235
Payable within one year shown under current liabilities	<u>(790)</u>	<u>(790)</u>
	<u>7,345</u>	<u>6,445</u>
<b>17. LONG TERM MUSHARAKAH AND MURABAHAH -secured</b>		
<b>Musharakah</b>		
Commercial Banks	33,333	33,333
Other	-	-
	<u>33,333</u>	<u>33,333</u>
<b>Murabahah</b>		
Commercial Banks	160,146	169,907
Other financial institutions	<u>66,943</u>	<u>69,216</u>
	227,089	239,123
Payable within one year shown under current maturity	<u>260,422</u>	<u>272,456</u>
	<u>(145,000)</u>	<u>(145,000)</u>
	<u>115,422</u>	<u>127,456</u>
<b>18. MUSHARAKAH TERM FINANCE CERTIFICATES (privately placed)</b>		
Commercial banks	287,500	294,687
Other financial institutions	254,167	260,521
Other	<u>41,666</u>	<u>42,708</u>
	583,333	597,916
Current maturity	<u>(175,000)</u>	<u>(175,000)</u>
	408,333	422,916
Total initial transaction cost	<u>7,400</u>	<u>7,400</u>
Amortization to date	<u>(4,738)</u>	<u>(4,497)</u>
	2,662	2,903
	<u>405,671</u>	<u>420,013</u>

	<b>30 September 2010</b>	30 June 2010
	(Rupees in'000')	
<b>19. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES (TFCs)</b>		
Balance as on 1 July	<b>128,380</b>	128,380
Paid during the period	-	-
	<u><b>128,380</b></u>	<u>128,380</u>
Current maturity	-	<u>(128,380)</u>
	<u><b>128,380</b></u>	-
Total initial transaction cost	-	<u>10,384</u>
Amortization to date	-	<u>(10,384)</u>
	<u><b>128,380</b></u>	<u>-</u>
<b>20. CURRENT MATURITY OF LONG TERM LIABILITIES</b>		
Security deposit from lessees	<b>286,717</b>	342,904
Certificates of musharakah	<b>20,985</b>	119,005
Liabilities under finance lease arrangements	<b>8,158</b>	8,386
Long term musharakah	<b>145,000</b>	145,000
Term Finance Certificates	-	128,380
Musharakah Term Finance Certificates (Private)	<b>175,000</b>	175,000
Long term loan	<b>162,020</b>	200,809
Certificates of investment and deposit	<b>790</b>	790
	<u><b>798,670</b></u>	<u>1,120,274</u>
<b>21. SHORT TERM CERTIFICATES OF MUSHARAKAH - unsecured</b>		
Financial institutions		
- associated undertakings	<b>2,500</b>	2,500
- others	<b>166,465</b>	184,465
Public and private companies	<b>8,500</b>	8,500
Individuals		
- key management personnel	-	375
- others	<b>120,465</b>	156,430
Others		
- associated undertakings	<b>380</b>	1,380
- others	<b>247,702</b>	294,450
	<u><b>546,012</b></u>	<u>648,100</u>
<b>22. SHORT TERM BORROWINGS</b>		
Payable under repurchase transactions		
-Secured	<b>41,768</b>	182,803
-Clean borrowings	<b>410,000</b>	460,000
	<u><b>451,768</b></u>	<u>642,803</u>
Bank finance facilities		
-Secured	<b>695,899</b>	745,850
-Un secured	<b>3,000</b>	3,800
	<u><b>698,899</b></u>	<u>749,650</u>
	<u><b>1,150,667</b></u>	<u>1,392,453</u>



	<b>30 September 2010</b>	30 June 2010
	(Rupees in'000')	
<b>23. SHORT TERM MUSHARAKAH</b>		
Leasing Companies and Modarabas	<u>5,000</u>	<u>5,000</u>
	<u><b>5,000</b></u>	<u><b>5,000</b></u>
<b>24. LOAN FROM A DIRECTOR - unsecured</b>		
Opening balance	<b>168,022</b>	194,445
Expense/(income) on amortisation	<b>29,521</b>	26,035
Paid during the year	<u>-</u>	<u>(52,458)</u>
	<u><b>197,543</b></u>	<u><b>168,022</b></u>

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

There has been no change in the contingencies as stated in the annual financial statements for the year ended 30 June 2010.

### 25.2 Commitments

Lease financing contracts committed but not executed at the balance sheet date amounted to NIL (30 June 2010: Rs. .0664 million).

## 26. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, subsidiary, associated companies with or without common directors, retirement benefit fund, directors, other key management personnel and their close family members. Contributions to the retirement benefit plans are made as per the terms of employment / actuarial advise. Remuneration of key management personnel are in accordance with their terms of employment. Loans to the employees are in accordance with their terms of employment. Other transactions with related parties are entered into at agreed rates.

Details of transactions and balances at period end with related parties, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	<b>30-Sep 2010</b>	30-Sep 2009
<i>Transactions during the period</i>		
Brokerage and advisory income earned from related parties	<u>-</u>	<u>208</u>
Contribution to staff retirement fund	<u><b>1,029</b></u>	<u>1,630</u>
Key management compensation	<u><b>7,513</b></u>	<u>22,951</u>
Dividend received for Investment in shares of Centre Gas (Pvt) Ltd	<u>-</u>	<u>2,593</u>
Drawing from Investment in UMA Enterprises	<u>-</u>	<u>5,692</u>
Paid to Al-Zamin Modaraba management Company	<u>-</u>	<u>34,211</u>
Repayment of loan from director	<u>-</u>	<u>52,458</u>

	<b>30-Sep 2010</b>	30-Jun 2010
<i>Balances</i>		
Loans to executives	<u>2,713</u>	<u>20,234</u>
Certificate of Musharakah borrowing from financial institution under common directorship	<u>2,500</u>	<u>2,500</u>
Certificates of Musharakah borrowing from trust under common directorship / trusteeship	<u>6,960</u>	<u>6,960</u>
Investment in shares of Invest Capital Markets Limited	<u>150,000</u>	<u>150,000</u>
Investment in shares of Centre Gas (Private) Limited	<u>32,111</u>	<u>34,536</u>
Investment in UMA Enterprises	<u>25,605</u>	<u>27,705</u>
Investment in Ameen Enterprises	<u>20,457</u>	<u>20,622</u>
Certificate of Musharakah borrowing from UMA Enterprises	<u>-</u>	<u>1,000</u>
Loan from a director	<u>197,543</u>	<u>168,022</u>
Receivable from Ameen Enterprises	<u>3,969</u>	<u>4,369</u>
Net liability to defined benefit plans	<u>315</u>	<u>12,662</u>

## 27. CORRESPONDING FIGURES

Comparative information has been re-classified or re-arranged in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period.

## 28. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 14th October 2011.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

**Consolidated Condensed Interim Balance Sheet  
As at 30 September 2010 (Un-audited)**



**Al-Zaamin Invest Bank.**

	Note	30 September 2010	30 June 2010
<b>(Rupees in '000')</b>			
<b>Non-current assets</b>			
Property, plant and equipments	5	452,450	463,408
Intangible assets	6	34,703	35,389
Long term investments	7	127,296	128,543
Net investment in finance leases	8	460,338	624,347
Long term musharakah - secured	9	79,385	78,113
Long term loans - considered good		21,905	22,210
Long term deposits - unsecured and considered good	10	33,021	34,864
		<b>1,209,098</b>	<b>1,386,874</b>
<b>Current assets</b>			
Short-term investments	11	82,643	293,533
Short term musharakah and murabahah	12	103,546	131,605
Short term finances - secured		55,418	55,167
Trade debtors - unsecured		1,135,539	1,193,880
Assets acquired in satisfaction of finances provided		49,500	49,500
Operating lease rentals receivables		9,146	9,563
Current maturity of non-current assets		1,171,328	1,250,031
Receivable under reverse repurchase transaction		-	9,000
Advances, deposits, prepayments and other receivables		234,299	134,606
Stock in trade		728	728
Cash and bank balances	13	53,698	75,318
Assets held for sale		483,533	483,533
		<b>3,379,378</b>	<b>3,686,464</b>
<b>TOTAL ASSETS</b>		<b>4,588,476</b>	<b>5,073,338</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital		4,850,000	4,850,000
485,000,000 (30 June 2010: 485,000,000) ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up capital	14	2,848,669	2,848,669
Capital reserve on amalgamation		(2,022,076)	(2,022,076)
Surplus / (deficit) on revaluation of available-for-sale investment		263	(1,798)
Accumulated profit / (loss)		(779,646)	(612,320)
		47,210	212,475
Surplus on revaluation of assets		18,828	18,986
<b>Non-current liabilities</b>			
Liability against assets subject to finance lease		8,365	9,992
Deferred liability for staff gratuity		4,416	12,662
Security deposits from lessees		233,023	276,137
Long term certificates of musharakah	15	177,055	90,525
Certificates of investment and deposit	16	7,345	6,445
Long term musharakah and murabahah borrowings	17	115,422	127,456
Musharakah Term Finance Certificates	18	405,671	420,013
Redeemable Capital-Term Finance Certificates	19	128,380	-
Deferred liabilities		2,731	2,575
		<b>1,082,408</b>	<b>945,805</b>
<b>Current liabilities</b>			
Current portion of long term liabilities	20	798,670	1,120,274
Short term certificates of musharakah	21	546,012	648,100
Short term certificates of investment and deposit		117,920	118,520
Short term borrowings	22	1,150,667	1,423,950
Short term Musharakah	23	5,000	5,000
Loan from a Director - unsecured	24	197,543	168,022
Creditors, accrued and other liabilities		624,218	412,206
		<b>3,440,030</b>	<b>3,896,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,588,476</b>	<b>5,073,338</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

	<b>Three months period ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Rupees in '000')</b>	
<b>Income</b>		
Brokerage, commission & fees	<b>25,848</b>	41,468
Income from leasing operations	<b>19,892</b>	49,152
Operating lease rentals	<b>32,674</b>	34,001
Profit on musharakah investments	<b>8,867</b>	27,290
Income from Investment and placement	<b>114</b>	3,571
Income from finances	<b>3,210</b>	3,187
Income on deposits with banks	<b>3,721</b>	978
Net (loss) / gain on sale of marketable securities	<b>2,310</b>	(3,726)
Unrealised gain on investment in marketable securities - net	<b>(2,496)</b>	15,546
Dividend income	<b>4,517</b>	468
(Loss) / income from Diesel / CNG filling stations - net	<b>-</b>	(1,136)
	<b><u>98,657</u></b>	<u>170,799</u>
<b>Expenses</b>		
Financial charges	<b>(134,965)</b>	(127,599)
Administration and operating expenses	<b>(114,040)</b>	(155,397)
	<b><u>(249,005)</u></b>	<u>(282,996)</u>
	<b><u>(150,348)</u></b>	<u>(112,197)</u>
Other income	<b><u>2,064</u></b>	<u>18,226</u>
	<b><u>(148,284)</u></b>	<u>(93,971)</u>
<b>Impairment loss</b>		
Provision for impairment in the value of investment	<b>-</b>	(9,783)
Provision against doubtful finance lease receivable and lease rentals-net	<b>(15,506)</b>	-
Provision against long term / short term musharakah investment	<b>(2,660)</b>	-
Provision against long term loan/short term loan	<b>205</b>	-
Doubtful lease receivables written off	<b>-</b>	(33)
Other receivables written off	<b>-</b>	(178)
	<b><u>(17,961)</u></b>	<u>(9,994)</u>
	<b><u>(166,245)</u></b>	<u>(103,965)</u>
<b>(Loss) / profit before taxation</b>		
Provision for taxation	<b><u>(1,081)</u></b>	<u>(10,121)</u>
<b>(Loss) / profit after taxation</b>	<b><u>(167,326)</u></b>	<u>(114,086)</u>
(Loss) / Earnings per share		
- basic	<b><u>(0.60)</u></b>	<u>(0.42)</u>
-diluted	<b><u>(0.59)</u></b>	<u>(0.42)</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

**Consolidated Condensed Interim Cash Flow**  
For three months period ended 30 September 2010 (Un-audited)



	Three months period ended	
	2010	2009
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(166,245)	(103,965)
<b>Adjustments for non cash charges and other items:</b>		
Depreciation of property and equipment	30,612	17,546
Amortization of intangibles	745	150
Amortization of deferred revenue	(368)	(173)
Allowances for potential lease losses and term finances	7,082	9,783
Provision against musharakah investment	202	-
Provision against operating lease rentals receivables	24,246	-
Other receivable written-off	-	178
Doubtful receivables written-off	-	33
Financial charges - net	134,965	127,599
Dividend Income	(4,517)	(468)
Net gain/(loss) on sale of marketable securities	36	9,086
Loss / (gain) on disposal of fixed assets	(956)	307
Unrealised loss on remeasurment of investments carried at fair value through profit or loss	2,702	(13,842)
Impairment in the value of investments classified as available-for-sale	-	9,783
	<b>194,749</b>	<b>159,982</b>
<b>Cash flow from operating activities before working capital changes</b>	<b>28,504</b>	<b>56,017</b>
<b>(Increase) / decrease in current assets</b>		
Net investment in lease finance / Ijarah finances	185,028	364,987
Lease rentals receivable	(33,392)	(5,437)
Stock in trade	-	165
Musharakah and murabahah receivables	47,472	13,003
Short term/long term finances-net	5,878	-
Advances, prepayments & other receivable	(93,299)	1,161
Trade Debtors	58,341	(114,028)
	<b>170,028</b>	<b>259,851</b>
<b>Increase / (decrease) in current liabilities</b>		
Security deposit from lessees	(99,300)	(148,403)
Trade creditors, accrued and other liabilities	64,708	169,569
	<b>(34,592)</b>	<b>21,165</b>
<b>Cash flow from operating activities after working capital changes</b>	<b>163,940</b>	<b>337,033</b>
Financial charges paid	(77,286)	(119,382)
Gratuity paid	(3,520)	(148)
Income tax paid	(576)	(3,855)
	<b>(81,382)</b>	<b>(123,385)</b>
<b>Net cash flow from operating activities</b>	<b>82,558</b>	<b>213,648</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,175)	(19,600)
Purchase of investments-net of proceeds on sale	217,610	463,127
Proceeds from disposal of assets in own use	8,459	4,420
Dividend received	1,603	2,137
Long term security deposits and advances	1,976	(6,642)
Short-term / long-term finances - net	-	26,791
Long term loan	6,623	3,920
<b>Net cash flow from investing activities</b>	<b>235,096</b>	<b>474,153</b>

**Consolidated Condensed Interim Cash Flow**  
For three months period ended 30 September 2010 (Un-audited)



**CASH FLOWS FROM FINANCING ACTIVITIES**

Redeemable capital raised - net of initial transaction cost	-	(45,000)
Musharakah Term Finance Certificates	(11,680)	-
Liabilities against assets subject to finance lease	(1,628)	(5,278)
Long term certificates of musharakah	(10,590)	(56,185)
Long term musharakah and murabahah	-	(45,112)
Short-term musharakah borrowings and bank finances	(12,034)	(60,435)
Short term certificates of musharakah	(102,088)	36,840
Borrowing repaid	(21,026)	(123,372)
Certificates of investment and deposits issued / (redeemed)	(600)	51,400
Receivables under reverse repurchase transactions	9,000	(281,703)
Short term finance	(23,868)	(63,081)
Long-term loans	(18,563)	(14,813)
Borrowings	(232,803)	(88,114)
<b>Net cash flow from financing activities</b>	<b>(425,880)</b>	<b>(694,853)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(108,226)</b>	<b>(7,052)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>161,924</b>	<b>248,332</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>53,698</b>	<b>241,280</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

**Consolidated Condensed Interim Changes in Equity**  
For three months period ended 30 September 2010 (Un-audited)

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Deficit) / surplus on revaluation of available for sale investment	Accumulated profit / (loss)	Share deposit money	Rupees in '000 Total
Balance as at 30 June 2009	2,727,669	(2,022,076)	4,207	148,123	121,000	978,923
Loss for the period (July 09-Sept 09)	-	-	26,687	(113,144)	-	(86,457)
Balance as at 30 September 2009	2,727,669	(2,022,076)	30,894	34,979	121,000	892,466
Balance as at 01 July 2010	2,848,669	(2,022,076)	(1,798)	(612,320)	-	212,475
Loss for the period (July 10-Sept 10)	-	-	-	(167,326)	-	(167,326)
Impairment in the value of investment classified as available-for-sale taken to profit and loss account (recognised income)	-	-	2,061	-	-	2,061
Adjustment of incremental depreciation on revaluation of fixed assets	-	-	-	-	-	-
Total recognised income for the year	-	-	2,061	(167,326)	-	(165,265)
<b>Balance as at 30 September 2010</b>	<b>2,848,669</b>	<b>(2,022,076)</b>	<b>263</b>	<b>(779,646)</b>	<b>-</b>	<b>47,210</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer

## 1. LEGAL STATUS AND OPERATIONS

- 1.2 Invest Capital Investment Bank Limited ('the Company') was formed after the amalgamation of Asset Investment Bank Limited ('AIBL') with Invest Capital and Securities (Private) Limited ('ICSL') through the order of Lahore High Court, Rawalpindi Bench dated 27 March 2007 for the sanction of the arrangement of amalgamation. Pursuant to the same order the name of AIBL was changed to Invest Capital Investment Bank Limited.

In the year 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 ("InvestBank"). The scheme of arrangement was under Sections 284 to 288 read with section 503 (1) (c) of the Companies Ordinance, 1984. The scheme was effective from 30 June 2009 (close of business). Accordingly on 30 June 2009 (close of business) all the assets and liabilities and obligations of the AZLCL and AZLM were vested with and assumed by the Company. The Company in consideration issued its 117,857,040 shares to the share holders of AZLCL at a swap ratio of 24 shares of Rs. 10 each of the Company for 10 shares of Rs. 10 each of AZLCL and also issued its 80,267,460 shares to the certificate holders of AZLM at a swap ratio of 26 shares of Rs. 10 each of the Company for 10 certificates of Rs. 10 each of AZLM. The Securities and Exchange Commission of Pakistan approved the above merger, while the Competition Commission of Pakistan also issued the no objection certificate to this matter. The Honourable High Court of Sindh approved the amalgamation by way of merger through order dated 8 December 2009.

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non Banking Finance Company. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Karachi.

- 1.3 In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company has separated its brokerage business from the other business activities and transferred its brokerage business to Invest Capital Markets Limited (a wholly owned subsidiary of the Company).

On July 06, 2011 SECP in its formal approval vide letter # SC/NBFC-1/ICIBL/2011/394 conveyed its "No Objection" to the below mentioned arrangement proposed by the major share holder of the Company vide his letter dated June 1, 2011.

- i. Sale and transfer of 26 % Shares of the Company held by the outgoing group.
- ii. Sale of Invest Capital Markets Limited ("ICML"), a wholly owned subsidiary of the Company along with transfer of all brokerage related assets and liabilities appearing on the books of the company on the transaction date to the outgoing group.
- iii. Injection of fresh liquidity into the Company comprising of direct injection of Rs 126 million through subordinated loan and indirect injection of Rs. 24 million by sale proceeds of ICML.  
SECP has also allowed deposit taking with certain conditions.

- 1.4 SECP has also approved the appointment of the following persons as chief executive officer and directors of the Company in place of the existing chief executive and directors, who resigned on 7th July 2011 from their respective positions in terms of clause 3 of the Memorandum of Understanding dated June 27, 2011 signed between the two groups.

S.No.	Name	Designation
1	Mr Naveed Amin	Chief Executive Officer
2	Mr Ahmed Kamran	Director
2	Mr Basheer A. Chowdry	Director
4	Mr Shaukat Ali	Director
5	Mr Muhammad Qasim	Director
6	Mr Muhammad Asif	Director
7	Ms Ayesha Zahid	Director
8	Ms Fiza Zahid	Director

The equity of the Company is below the minimum equity requirement as per NBFC Regulations, 2008 as at 30 September 2010 which needs to be enhanced to Rs. 850 million by 30 June 2011 whereas the net Shareholders equity of the Company as at 30 September 2010 was Rs. 77.137 million. Further, the leasing and investment finance services' licenses of the Company expired on December 08, 2010 and February 29, 2011 respectively which have not yet been renewed.

The following strenuous efforts are being taken by the management to address the operational, cash flows and liquidity concerns of the Company:

- Reduction in operating costs. Resultantly, the operating costs is expected to be reduced from an average of Rs. 51 million per month in the year ended 30 June 2010 to approximately Rs. 17 million per month in the subsequent months.
- Intensification of recovery process against loan and advances losses and rental income and it is expected that it will improve liquidity of the Company.
- Increased emphasis on handling advisory and non-funded business which will provide additional earnings without adding to the operating costs and will generate substantial liquidity for the Company.
- The management started negotiations with its lending financial institutions for restructuring or settlement of the outstanding of about Rs. 1,100 million in various modes like privately placed TFCs, Murabahah Financing, Running Finance, Term Lending etc. The lenders are requested to waive off any mark-up since October 2010 and accept any one or more of the three options provided to them for settlement of their outstanding amounts.

Based on the negotiations with the syndicates and individual lenders, which are in very advance stages and in some cases, agreements have also been signed, it seems that majority of the lenders have opted for full and final settlement of the entire outstanding principal amount against transfer of certain leased assets, musharakah assets and immovable properties.

- Two Directors of the company have injected the amount of Rs. 126 million on 11th July, 2011 through the subordinated loan, which certainly helped the company to meet its liabilities.
- The SECP has been requested to allow relaxation of the prudential requirements for minimum equity, per party exposure and other relevant limits for a period of four years in view of the above mentioned situation and renewal of leasing and investment finance services' licenses.

These matters are under consideration of the SECP.

The Board of Directors of the Company, are confident that, for the reasons explained above, presentation of these financial statements on a going concern basis is appropriate and justifiable.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2010.

### 2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional and presentation currency and rounded off to the nearest thousand rupee.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the financial statements for the year ended 30 June 2010.

### 4. BASIS OF CONSOLIDATION

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investment in subsidiary held by the holding company is eliminated against the shareholders' equity in the consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

### 5. PROPERTY AND EQUIPMENTS

**Three months period ended  
30 September 2010**

	<i>Owned</i>		<i>Leased</i>	
	<b>Additions</b>	<b>Disposals</b>	<b>Additions</b>	<b>Disposals</b>

-----**(Rupees in '000)**-----

***Owned***

Land and building	-	-	-	-
Office renovation	-	-	-	-
Furniture and fixtures	-	131	-	-
Office equipments	825	-	-	-
Vehicles	-	1,935	-	-
	<u>825</u>	<u>2,066</u>	<u>-</u>	<u>-</u>

### 6. INTANGIBLES

Computer software	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>
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### 7. LONG TERM INVESTMENTS

		<b>30 September 2010</b>	30 June 2010
		<b>(Rupees in '000)</b>	
Investment in related parties	7.1	78,373	80,344
Available for sale investments:			
- Ordinary shares of listed and unlisted companies		30,356	30,786
- Mutual Funds		12,796	10,588
- Term Finance Certificates		5,771	6,825
		<u><b>127,296</b></u>	<u><b>128,543</b></u>



7.1 INVESTMENT IN RELATED PARTIES	30 September 2010	30 June 2010
	(Rupees in '000)	
<b>Joint ventures</b>		
CNG / Diesel filling stations		
- Centre Gas (Private) Limited	32,111	32,111
- UMA Enterprises	25,605	26,775
- Ameen Enterprises	20,457	21,458
- ICML	200	-
	<u>78,373</u>	<u>80,344</u>
<b>8. IJARAH FINANCE</b>		
Ijarah contracts commencing upto 30 June 2008		
- accounted for as finance leases	<b>1,158,866</b>	1,358,715
Ijarah contracts commencing 1 July 2008		
- accounted for under IFAS 2	<u>294,880</u>	317,340
	<b>1,453,746</b>	1,676,055
Current portion of net investment in Ijarah finance	<u>(993,408)</u>	(1,051,708)
	<u>460,338</u>	<u>624,347</u>

**8.1 Net investment in Ijarah finance**

	30-Sep-10			30-Jun-10		
	Due within one year year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
Minimum lease payments receivable	1,186,095	147,414	1,333,509	1,169,540	271,622	1,441,162
Residual value of leased assets	315,838	83,593	399,431	343,414	154,532	497,946
Lease contracts receivable	1,501,933	231,007	1,732,940	1,512,954	426,154	1,939,108
Unearned lease income (including suspended income)	(204,687)	(34,803)	(239,490)	(204,363)	(56,953)	(261,316)
Provision for potential lease losses	(303,838)	(30,746)	(334,584)	(256,883)	(62,194)	(319,077)
	(508,525)	(65,549)	(574,074)	(461,246)	(119,147)	(580,393)
	<u>993,408</u>	<u>165,458</u>	<u>1,158,866</u>	<u>1,051,708</u>	<u>307,007</u>	<u>1,358,715</u>

**9. LONG TERM MUSHARAKAH - secured**

	30 September 2010	30 June 2010
	(Rupees in '000)	
Companies	119,369	120,690
Individuals	<u>111,711</u>	<u>114,603</u>
	<b>231,080</b>	235,293
Receivable within one year shown under current assets	<u>(117,525)</u>	(125,684)
	<b>113,555</b>	109,609
Provision against impaired balances	<u>(34,170)</u>	(31,496)
	<u>79,385</u>	<u>78,113</u>

	30 September, 2010	30 June 2010
	(Rupees in'000')	
<b>10. LONG TERM DEPOSITS - considered good</b>		
Long term deposits	<u>33,021</u>	<u>34,864</u>
	<u>33,021</u>	<u>34,864</u>
<b>11. SHORT-TERM INVESTMENTS</b>		
<b>Investments at fair value through profit or loss</b>		
<b>Quoted securities</b>		
- Term finance certificates	-	-
- Ordinary shares	532	30,118
- Preference shares	635	611
- Mutual Funds	65,518	67,274
<b>Available-for-sale</b>		
Government securities	-	182,561
<b>Quoted securities</b>		
- Term finance certificates	84	84
- Units of closed ended mutual funds	8,854	10,700
- Ordinary shares	6,020	1,185
<b>Un - Quoted securities</b>		
Dawood Family Takaful Limited	1,000	1,000
	<u>82,643</u>	<u>293,533</u>
<b>12. SHORT TERM MUSHARAKAH AND MURABAHAH</b>		
Musharakah - secured		
- Considered good	9,427	37,500
- Impaired balance	152,562	152,562
	<u>161,989</u>	<u>190,062</u>
Provision against impaired balances	(58,443)	(58,457)
	<u>103,546</u>	<u>131,605</u>
<b>13. CASH AND BANK BALANCES</b>		
Balance with banks in:		
<i>Current accounts</i>		
- State Bank of Pakistan	361	922
- Local currency	5,176	16,776
	<u>5,537</u>	<u>17,698</u>
Term Deposit accounts	-	19,000
Deposit accounts - local currency	47,289	38,088
	<u>47,289</u>	<u>57,088</u>
	<u>52,826</u>	<u>74,786</u>
<i>Cash in hand</i>		
- Local currency	872	532
	<u>53,698</u>	<u>75,318</u>



	30 September 2010	30 June 2010
	(Rupees in'000')	
<b>14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
284,866,865 (30 June 2010: 284,866,865)		
Ordinary shares of Rs. 10 /-each issued for cash	<u>2,848,669</u>	<u>2,848,669</u>
<b>15. LONG TERM CERTIFICATES OF MUSHARAKAH -unsecured</b>		
Certificates of musharakah - associated undertaking	6,580	6,580
- others	<u>191,460</u>	<u>202,950</u>
	198,040	209,530
Payable within one year shown under current liabilities	<u>(20,985)</u>	<u>(119,005)</u>
	<u>177,055</u>	<u>90,525</u>
<b>16. CERTIFICATES OF INVESTMENT AND DEPOSIT</b>		
<b>Long-term</b>		
For one year or more	8,135	7,235
Payable within one year shown under current liabilities	<u>(790)</u>	<u>(790)</u>
	<u>7,345</u>	<u>6,445</u>
<b>17. LONG TERM MUSHARAKAH AND MURABAHAH -secured</b>		
<b>Musharakah</b>		
Commercial Banks	33,333	33,333
Other	-	-
	<u>33,333</u>	<u>33,333</u>
<b>Murabahah</b>		
Commercial Banks	<u>160,146</u>	<u>169,907</u>
Other financial institutions	<u>66,943</u>	<u>69,216</u>
	227,089	239,123
	260,422	272,456
Payable within one year shown under current maturity	<u>(145,000)</u>	<u>(145,000)</u>
	<u>115,422</u>	<u>127,456</u>
<b>18. MUSHARAKAH TERM FINANCE CERTIFICATES (privately placed)</b>		
Commercial banks	287,500	294,687
Other financial institutions	254,167	260,521
Other	<u>41,666</u>	<u>42,708</u>
	583,333	597,916
Current maturity	<u>(175,000)</u>	<u>(175,000)</u>
	408,333	422,916
Total initial transaction cost	<u>7,400</u>	<u>7,400</u>
Amortization to date	<u>(4,738)</u>	<u>(4,497)</u>
	2,662	2,903
	<u>405,671</u>	<u>420,013</u>

	30 September 2010	30 June 2010
	(Rupees in'000)	
<b>19. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES (TFCs)</b>		
Balance as on 1 July	128,380	128,380
Paid during the period	-	-
	<u>128,380</u>	<u>128,380</u>
Current maturity	-	(128,380)
	<u>128,380</u>	-
Total initial transaction cost	-	10,384
Amortization to date	-	(10,384)
	-	-
	<u><u>128,380</u></u>	<u><u>-</u></u>
<b>20. CURRENT MATURITY OF LONG TERM LIABILITIES</b>		
Security deposit from lessees	286,717	342,904
Certificates of musharakah	20,985	119,005
Liabilities under finance lease arrangements	8,158	8,386
Long term musharakah	145,000	145,000
Term Finance Certificates	-	128,380
Musharakah Term Finance Certificates (private)	175,000	175,000
Long term loan	162,020	200,809
Certificates of investment and deposit	790	790
	<u>798,670</u>	<u>1,120,274</u>
<b>21. SHORT TERM CERTIFICATES OF MUSHARAKAH - unsecured</b>		
Financial institutions		
- associated undertakings	2,500	2,500
-others	166,465	184,465
Public and private companies	8,500	8,500
Individuals		
- key management personnel	-	375
- others	120,465	156,430
Others		
- associated undertakings	380	1,380
- others	247,702	294,450
	<u>546,012</u>	<u>648,100</u>
<b>22. SHORT TERM BORROWINGS</b>		
Payable under repurchase transactions		
-Secured	41,768	214,300
-Clean borrowings	410,000	460,000
	<u>451,768</u>	<u>674,300</u>

	<b>30 September 2010</b>	30 June 2010
	(Rupees in'000')	
Bank finance facilities		
-Secured	<b>695,899</b>	745,850
-Un secured	<b>3,000</b>	3,800
	<b><u>698,899</u></b>	<u>749,650</u>
	<b><u>1,150,667</u></b>	<u>1,423,950</u>
<b>23. SHORT TERM MUSHARAKAH</b>		
Financial institutions	-	-
Leasing Companies and Modarabas	<b>5,000</b>	5,000
	<b><u>5,000</u></b>	<u>5,000</u>
<b>24. LOAN FROM A DIRECTOR - unsecured</b>		
Opening balance	<b>168,022</b>	194,445
Expense/(income) on amortisation	<b>29,521</b>	26,035
Paid during the year	-	(52,458)
	<b><u>197,543</u></b>	<u>168,022</u>
<b>25. CONTINGENCIES AND COMMITMENTS</b>		
<b>25.1 Contingencies</b>		
There has been no change in the contingencies as stated in the annual financial statements for the year ended 30 June 2010.		
<b>25.2 Commitments</b>		
Lease financing contracts committed but not executed at the balance sheet date amounted to NIL (2010: Rs. .0664 million).		
<b>26. RELATED PARTY TRANSACTIONS</b>		
Related parties comprise of major shareholders, subsidiary, associated companies with or without common directors, retirement benefit fund, directors, other key management personnel and their close family members. Contributions to the retirement benefit plans are made as per the terms of employment / actuarial advise. Remuneration of key management personnel are in accordance with their terms of employment. Loans to the employees are in accordance with their terms of employment. Other transactions with related parties are entered into at agreed rates.		
Details of transactions and balances at period end with related parties, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:		



	<b>30-Sep 2010</b>	30-Sep 2009
<i>Transactions during the period</i>		
Brokerage and advisory income earned from related parties	<u>-</u>	<u>208</u>
Contribution to staff retirement fund	<u>1,029</u>	<u>1,630</u>
Key management compensation	<u>7,513</u>	<u>22,951</u>
Dividend received for Investment in shares of Centre Gas (Pvt) Ltd	<u>-</u>	<u>2,593</u>
Drawing from Investment in UMA Enterprises	<u>-</u>	<u>5,692</u>
Paid to Al-Zamin Modaraba management Company	<u>-</u>	<u>34,211</u>
Repayment of loan from director	<u>-</u>	<u>52,458</u>
	<b>30-Sep 2010</b>	30-Jun 2010
<i>Balances</i>		
Loans to executives	<u>2,713</u>	<u>20,234</u>
Certificate of Musharakah borrowing from financial institution under common directorship	<u>2,500</u>	<u>2,500</u>
Certificates of Musharakah borrowing from trust under common directorship / trusteeship	<u>6,960</u>	<u>6,960</u>
Investment in shares of Invest Capital Markets Limited	<u>150,000</u>	<u>150,000</u>
Investment in shares of Centre Gas (Private) Limited	<u>32,111</u>	<u>34,536</u>
Investment in UMA Enterprises	<u>25,605</u>	<u>27,705</u>
Investment in Ameen Enterprises	<u>20,457</u>	<u>20,622</u>
Certificate of Musharakah borrowing from UMA Enterprises	<u>-</u>	<u>1,000</u>
Loan from a director	<u>197,543</u>	<u>168,022</u>
Receivable from Ameen Enterprises	<u>3,969</u>	<u>4,369</u>
Net liability to defined benefit plans	<u>315</u>	<u>12,662</u>

**27 CORRESPONDING FIGURES**

Comparative information has been re-classified or re-arranged in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period.

**28 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 14th October 2011.

**Shaukat Ali**  
Director

**Naveed Amin**  
Chief Executive Officer



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