



INVEST CAPITAL INVESTMENT BANK LIMITED

HALF YEARLY REPORT

DECEMBER 31, 2022

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Company Information

Board of Directors

Mrs. Ayesha Shehryar	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Muhammad Gasim	-Executive Director
Mrs. Fiza Zahid	-Director
Mr. Shahab Ud Din Khan	-Director
Mr. Ashar Saeed	-Director
Mr. Zahir Gamar	-Director

Audit Committee

Mr. Ashar Saeed	-Chairman
Mrs. Fiza Zahid	-Member
Mr. Zahir Gamar	-Member

Human Resource Committee

Mr. Muhammad Gasim	-Chairman
Mr. Muhammad Asif	-Member
Mr. Zahir Gamar	-Member

Company Secretary

Mr. M. Naim Ashraf

Auditors

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Legal Advisors

Ahmad & Gazi

National Tax Number

0656427-5

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
Meezan Bank Limited
JS Bank Limited

Registered Office

Flat No. 2, First Floor, Plot No. 38-C,
22nd Commercial Street, Phase II Ext.
DHA, Karachi.
Telephone: 021-35894022
Website: www.icibl.com

Head Office

131-A, Zahidjee House,
Scotch Corner, Upper Mall,
Lahore.
Tel: 042-35777285-86

Peshawar Office

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

Gujranwala Office

Al-Karam Center, Link Road,
WAPDA Town, Gujranwala.
Tel: 055-3730300

Directors' Report

On behalf of the Board of Directors of Invest Capital Investment Bank Limited ("the Company"), we are pleased to present to the members, the un-audited financial statements for the half year ending December 31, 2022.

The Review

The Company had earned a net profit of Rupees 37.79 million during the six months ending 31st December 2022 as compared to the profit of Rupees 68.54 million in the corresponding period of the last year. The earnings per share came to Rupees 0.13 as against Rupees 0.24 for the period ending 31st December 2021. The profit reduced by Rupees 30.75 million as compared to the corresponding period of last year. Last year's profit was high due to a huge recovery from non-performing musharakah portfolio. The gross revenue including other income for the period stood at Rupees 54.21 million as compared to Rupees 75.46 million of the corresponding period of the last year. The financial charges increased by Rupees 6.56 million and amounted to Rupees 8.81 million as against an amount of Rupees 2.25 million of the comparable period of last year. The financial charges increased due to long term borrowing for investment in financing business. The administrative and operating expenses also increased due to inflation by Rupees 3.02 million and clocked at Rupees 16.27 million as against Rupees 13.25 million of the corresponding period of the last year.

The total assets of the Company showed an increase of Rupees 92.67 million over the past six months and stood at Rupees 1,150.10 million as at 31st December 2022 as compared to Rupees 1,057.43 million as at June 30, 2022, whereas total liabilities other than equity were Rupees 640.48 million as at 31st December 2022 showed a rise of Rupees 56.05 million as compared to the Rupees 584.43 million as at June 30, 2022.

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

	----- Rupees in million -----	
	December 31, 2022	December 31, 2021
Gross Revenue	50.40	72.50
Other Income	3.81	2.96
Administration & Operating expenses	(16.27)	(13.25)
Financial charges (net of reversals)	(8.81)	(2.25)
Provision reversed / (charged)	7.73	22.55
Profit / (loss) for the period before taxation	36.86	82.51
Taxation – net	0.93	(13.97)
Profit / (loss) for the period after taxation	37.79	68.54
Earnings per Share	0.13	0.24

As per the plan, the management continued focus on resolution of the outstanding issues to keep the company functional. Following key areas were focused during the period as well:

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

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

Acknowledgments

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

For and on behalf of the Board

Lahore
February 27, 2023


Muhammad Asif
Chief Executive Officer


Ayesha Shehryar
Chairperson

ڈائریکٹرز کا جائزہ

ہم، 31 دسمبر 2022 کو ختم ہونے والی ششماہی پر انویسٹ کیپیٹل انویسٹمنٹ بینک لمیٹڈ (کسپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ مالیاتی گوشوارے ممبران کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

جائزہ

زیر غور ششماہی میں کسپنی نے 37.79 ملین روپے کا منافع حاصل کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کا منافع 68.54 ملین روپے تھا۔ 31 دسمبر 2021 کو آمدنی 0.24 روپے فی حصص تھی جو اب کم ہو کر 0.13 روپے فی حصص ہو گئی ہے۔ اس سال منافع میں 30.75 ملین روپے کی کمی رہی۔ گذشتہ سال غیر فعال مشارکہ پورٹفولیو سے بڑی ریکوری کی وجہ سے منافع زیادہ تھا۔ زیر غور ششماہی میں کسپنی کی مجموعی آمدنی بشمول دیگر آمدنی 54.21 ملین روپے رہی جبکہ اسکے مقابلے میں گذشتہ سال اسی مدت کی آمدنی 75.46 ملین روپے تھی۔ زیر غور ششماہی میں کسپنی کے مالیاتی اخراجات 6.56 ملین روپے بڑھ کر 8.81 ملین روپے رہے۔ جبکہ گزشتہ برس اسی عرصہ کے اخراجات 2.25 ملین روپے تھے۔ مالی اخراجات میں اضافہ کی وجہ سے سرمایہ کاری کے لیے متقاضی کا حصول ہے۔ کسپنی کے آپریٹنگ اور انتظامی اخراجات 3.02 ملین روپے کے اضافے کے ساتھ 16.27 ملین روپے رہے جبکہ گذشتہ سال اسی مدت کے آپریٹنگ اور انتظامی اخراجات 13.25 ملین روپے تھے۔

کسپنی کے کل اثاثہ جات 31 دسمبر 2022 کو 92.67 ملین روپے کے اضافے کے بعد 1,150.10 ملین روپے ہو گئے جبکہ 30 جون 2022 کو ان کی مالیت 1,057.43 ملین روپے تھی۔ اسی طرح کسپنی کی مالیاتی ذمہ داریاں 31 دسمبر 2022 کو 56.05 ملین روپے کے اضافے کے ساتھ 640.48 ملین روپے رہیں جبکہ 30 جون 2022 کو یہ رقم 584.43 ملین روپے تھی۔

کسپنی کے موجودہ اور گذشتہ نفع اور نقصان کا تقابلی جائزہ درج ذیل ہے:

----- روپے ملین میں -----

31 دسمبر		
2021	2022	
72.50	50.40	کل مالگداری (Revenues)
2.96	3.81	دیگر آمدنی
(13.25)	(16.27)	انتظامی اور آپریٹنگ اخراجات
(2.25)	(8.81)	مالی اخراجات (خالص)
22.55	7.73	پرڈیزن ریورسل / (چارج)
82.51	36.86	نفع / (نقصان) قبل از محصول
(13.97)	0.93	محصول - خالص
68.54	37.79	نفع / (نقصان) بعد از محصول
0.24	0.13	آمدنی فی حصص

منصوبے کے مطابق، انتظامیہ نے اپنی توجہ کمپنی کے غیر حل شدہ معاملات کے حل پر رکھی تاکہ کمپنی کو عملی (functional) رکھے۔ کمپنی کی اس ششماہی میں مندرجہ ذیل اہم نکات پر بھی توجہ مرکوز رہی:

- متعرض خواہوں کے ساتھ مترضوں کا تصفیہ / ادائیگی کا نیا جدول (مکمل)۔
- علیحدہ ہونے والے بروکریج ہاؤس سے متعلق اثاثہ حبات اور مالیاتی ذمہ داریوں کا تصفیہ یا منتقلی (مکمل)۔
- کارکردگی نا دکھانے والی لیسزز اور مترضوں کے پورٹ فولیو کی وصولیاتی
- انتظامی اور دیگر احسرا حبات میں بڑی کمی
- لیسزنگ کانیا کاروبار

ان مذکورہ بالا معاملات پر توجہ دینے کی وجہ سے کمپنی کو مالیاتی اور آپریٹشل مسائل پر متاثر پانے میں مدد ملی اور اس کی وجہ سے کمپنی کی مالیاتی صورتحال میں بہتری آئے گی۔ کمپنی کے منصوبوں اور اس کے مسائل کو کم کرنے کے اقدامات کے نتائج کی بنیاد پر پرامید ہے کہ اس کا کاروبار جاری رہے گا۔

اظہار تشکر

ہم سیکورٹی اینڈ اینٹی کوریپشن کمیشن آف پاکستان کی رہنمائی، کاہوں کی حسرت، متعرض خواہوں کے تعاون کا اور حصص یافتگان کے کمپنی کی انتظامیہ پر اعتماد اور بھروسہ کرنے پر ایک بار پھر شکر گزار ہیں۔ ہم تمام عملے کے ارکان کے کمپنی کی بہتری کے لیے کی جانے والی سخت محنت اور عزم کے بھی شکر گزار ہیں۔

مخائبہ دبرائے بورڈ آف ڈائریکٹرز

عائشہ شہریار
چئیر پرسن

محمد آصف
چئیر ایگزیکٹو آفیسر

لاہور

27 مئی 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Invest Capital Investment Bank Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Invest Capital Investment Bank Limited ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

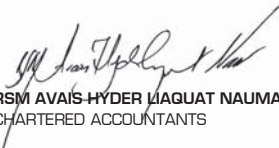
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 to the condensed interim financial statements, which indicate that the accumulated loss is Rs. 561.36 million (June 30, 2022: Rs. 599.15 million). This condition along with other matters as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Syed Ali Adnan Tirmizey.



RSM AVAIS-HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

PLACE: LAHORE

DATED: 27th February 2023

UDIN: RR202210193zX75xC18

Condensed Interim Statement of Financial Position (Un-audited)

As at December 31, 2022

	Note	Un-audited December 2022 Rupees	Audited June 2022 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	78,128	80,853
Intangible assets	6	965	164
Investment accounted for using equity method	7	131,860	129,861
Financial assets at fair value through other comprehensive income		23,205	24,372
Net investment in finance lease	8	155,137	174,706
Long term musharakah finances	9	-	-
Long term loans	10	237,826	162,266
Long term security deposits		2,330	2,330
		629,451	574,552
Current assets			
Short term musharakah finances		25,692	29,652
Short term finances	11	6,384	6,561
Ijarah rentals receivables		1,242	1,266
Current portion of non-current assets	12	409,037	388,360
Advances, deposits, prepayments and other receivables		33,897	20,776
Financial assets at fair value through profit or loss	13	22,082	24,418
Bank balances		22,320	11,847
		520,654	482,880
TOTAL ASSETS		1,150,105	1,057,432

	Note	Un-audited December 2022 Rupees	Audited June 2022 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital		4,850,000	4,850,000
485,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		2,848,669	2,848,669
Loan from directors		126,000	126,000
Capital reserves			
Capital reserve on amalgamation		(2,022,076)	(2,022,076)
Revenue reserves			
General reserve		102,976	102,976
Accumulated loss		(561,360)	(599,151)
Fair value reserve		15,414	16,581
		509,623	472,999
Non-current liabilities			
Loan from sponsor	14	-	16,392
Long term loan from directors		106,000	65,000
Security deposits from lessee		121,986	68,700
Redeemable capital	15	-	1,500
Liability related to outgoing group		17,820	19,440
		245,806	171,032
Current liabilities			
Current portion of non-current liabilities	16	49,216	45,681
Accrued and other liabilities		144,738	147,795
Profit / mark up payable		188,760	187,094
Unclaimed dividend		6,053	6,053
Provision for taxation - income tax		5,909	26,777
		394,676	413,401
TOTAL EQUITY AND LIABILITIES		1,150,105	1,057,432
CONTINGENCIES AND COMMITMENT			
	17	-	-

The annexed notes 1 to 20 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Muhammad Ikram
Chief Financial officer

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

For the Half Year Ended December 31, 2022

	Half year ended December		Quarter ended December	
	2022	2021	2022	2021
Rupees in thousand.....			
Income				
Income from leasing operations	19,012	25,684	9,868	14,446
Operating lease rentals	247	2,457	247	2,447
Profit on musharakah investments	1,300	40,203	-	328
Income from finances	26,631	5,449	13,140	4,080
Income on deposits with banks	1,965	1,809	1,008	1,143
Profit/(loss) from joint venture	1,999	(3,180)	1,999	(3,180)
Dividend income	960	532	702	532
Net gain on sale of marketable securities	1,274	994	90	36
Unrealized (loss) on financial assets at fair value - net	(2,988)	(1,447)	(1,617)	(367)
	50,400	72,501	25,437	19,465
Expenses				
Administrative and operating expenses	(16,266)	(13,255)	(8,290)	(8,126)
Financial charges	(8,806)	(2,255)	(4,275)	(919)
	(25,072)	(15,510)	(12,565)	(9,045)
Other income	25,328	56,991	12,872	10,420
	3,810	2,965	1,205	1,926
	29,138	59,956	14,077	12,346
Provision reversed / (charged) on non-performing loans and write-offs				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	566	5,398	536	3,503
Long term / short term musharakah finances	291	8,757	(1)	-
Other receivables	6,874	8,401	6,874	8,198
	7,731	22,556	7,409	11,701
Profit before taxation	36,869	82,512	21,486	24,047
Provision for taxation				
-For the period	(5,909)	(14,477)	(4,909)	(11,977)
-Prior year	6,831	508	6,831	508
Profit for the period	37,791	68,543	23,408	12,578
Earnings per share - Basic and Diluted	0.133	0.241	0.082	0.044

The annexed notes 1 to 20 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Muhammad Ikram
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year Ended December 31, 2022

	Half year ended December		Quarter ended December	
	2022	2021	2022	2021
Rupees in thousand.....			
Profit for the period	37,791	68,543	23,408	12,578
Other comprehensive (loss) / profit				
Items that will not be reclassified to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income	(1,167)	(466)	537	(59)
Total comprehensive Income for the period	<u>36,624</u>	<u>68,077</u>	<u>23,944</u>	<u>12,519</u>

The annexed notes 1 to 20 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Muhammad Ikram
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Half Year Ended December 31, 2022

	Un-audited December 2022 Rupees	Un-audited December 2021 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	36,869	82,512
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	2,667	1,291
Amortization of intangible assets	94	35
(Reversal) against:		
Finance lease receivable and rentals - net	(566)	(5,398)
Long term / short term musharakah finances	(291)	(8,757)
Other receivables	(6,874)	(8,401)
(Gain) on disposal of operating assets	(1,096)	-
Unrealised loss on financial assets at fair value	2,988	1,447
Income / (loss) from joint ventures	(1,999)	3,180
Dividend Income	(961)	(532)
Financial charges	8,806	2,255
Balances written back	-	(767)
	2,768	(15,647)
Cash flow from operating activities before working capital changes	39,637	66,865
Changes in working capital		
(Increase) / Decrease in current assets		
Short term musharakah finances	4,193	-
Short term finances	177	3,300
Ijarah rentals receivables	24	35
Advances, deposits, prepayments and other receivables	(10,285)	8,298
	(5,891)	11,633
Increase/(decrease) in current liabilities		
Accrued and other liabilities	(3,057)	2,053
Cash generated from operations	30,689	80,551
Financial charges paid	(7,140)	(4)
Income tax paid	(15,909)	(12,440)
Net cash generated from operations	7,640	68,107

	Un-audited December 2022 Rupees	Un-audited December 2021 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
(Additions) / deletion in:		
Property, plant and equipment	(46)	-
Intangible assets	(895)	-
Recovery of / (investment in) :		
Net investment in finance lease	42,568	(22,415)
Long term musharakah finances	59	59,910
Long term loans	(61,549)	(16,357)
Long term security deposits	-	(50)
Financial assets at fair value through profit or loss	(652)	(29,667)
Proceeds from disposal of operating assets	1,200	-
Dividend Received	960	522
Net cash (used in) investing activities	(18,355)	(8,057)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from / (Repayment of) :		
Long term loan from sponsors	(16,392)	(50,000)
Redeemable capital	(1,800)	(3,150)
Long term loan from directors	41,000	-
Liability related to outgoing group	(1,620)	(1,620)
Net cash generated from / (used in) financing activities	21,188	(54,770)
Net Increase in cash and cash equivalents (a+b+c)	10,473	5,280
Cash and cash equivalents at the beginning of the year	11,847	9,677
Cash and cash equivalents at the end of half year	22,320	14,957

The annexed notes 1 to 20 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Muhammad Ikram
Chief Financial officer

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

For the Half Year Ended December 31, 2022

Issued, subscribed and paid-up capital	Loan from directors	Capital Reserves	Revenue Reserve		Fair value reserve	Total
		Capital reserve on amalgamation	General reserve	Accumulated loss		

Rupees in thousand

Balance as at July 01, 2021 2,848,669 126,000 (2,022,076) 102,976 (694,425) 21,643 382,787

Total comprehensive income for the period

Profit for the period

Other comprehensive (loss)

Items that will not be reclassified subsequently to profit or loss

Changes in the fair value of equity investments at fair value through other comprehensive income

Equity portion of loan to directors
Loan from directors

-	-	-	-	68,543	-	68,543
-	-	-	-	-	(466)	(466)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	68,543	(466)	68,077
2,848,669	126,000	(2,022,076)	102,976	(625,882)	21,177	450,864

Balance as at December 31, 2021

Profit for the half year ended June 30, 2022

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

Transferred from Statutory reserve to General reserve

-	-	-	-	26,731	(4,596)	22,135
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,848,669	126,000	(2,022,076)	102,976	(599,151)	16,581	472,999

Balance as at July 01, 2022

Total comprehensive income for the period

Profit for the period

Other comprehensive (loss)

Items that will not be reclassified to profit or loss

Changes in the fair value of equity investments at fair value through other comprehensive income

-	-	-	-	37,791	-	37,791
-	-	-	-	-	(1,167)	(1,167)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,848,669	126,000	(2,022,076)	102,976	(561,360)	15,414	509,624

Balance as at December 31, 2022

The annexed notes 1 to 20 form an integral part of these financial statements.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Muhammad Ikram
Chief Financial officer

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

For the Half Year Ended December 31, 2022

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 Flat No. 2, First Floor, Plot No. 38-C, 22nd Commercial Street, Phase II Ext., DHA, Karachi in the province of Sindh. The branches of the company are located at Lahore, Peshawar 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.561.36 million (June 2022: Rs. 599.15 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 as at 30th June 2022.
 - 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 / financing business

The Company is mainly carrying out car leasing business at attractive rates and reasonable deposit margin. During the half year leases and finances amounting to Rs. 278.58 million (June 2022 : Rs. 441.34 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 all 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. Nil (June 2022: Rs. 0.14 million) have been settled / rescheduled.

(d) Disposal of non-core assets

The management was committed to dispose off non core assets, during the year 2018 the management had 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 half year is Rs. 172.73 million (June 2022: Rs. 434.01 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards the remaining 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

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34 - 'Interim Financial reporting' issued by the International Accounting Standards board (IASB) as notified under the companies act, 2017; and
- Provisions of and directives issued under 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).
- 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 shall prevail.

2.1.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.1.3 These condensed interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2022.

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

2.2.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.2.2 New standards and amendments to approved accounting standards that are effective in future periods

There are certain standards and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or expected to have any significant effect on the Company's

financial reporting. The new standards, amendments to IFRIC interpretations that are relevant to the operations of the company are disclosed in the published audited financial statements for the year ended June 30, 2022.

2.3 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 stated at fair value through other comprehensive income.
- Investment in joint venture at equity method.

2.4 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2022.

4. Accounting estimates and judgments

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2022.

- 4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2022.

Note	Un-audited December 2022	Audited June 2022
	—Rupees in thousand—	

5. PROPERTY AND EQUIPMENT

Operating assets	78,128	63,344
Advance for purchase of vehicle	-	17,509
	<u>78,128</u>	<u>80,853</u>

5.1 Operating assets

Book value at beginning of the period / year	63,344	65,799
Additions during the period / year	17,555	132
Disposals during the period / year	(104)	-
Depreciation charged during the period / year	(2,667)	(2,587)
	<u>78,128</u>	<u>63,344</u>

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
6. INTANGIBLE ASSETS			
Computer Software			
Cost		12,800	12,800
Addition		895	-
Accumulated amortisation		(12,730)	(12,636)
Written down value		<u>965</u>	<u>164</u>

6.1 Reconciliation of written down value :

Opening balance		164	234
Addition		895	-
Amortisation		(94)	(70)
Closing balance		<u>965</u>	<u>164</u>
Rate (%)		30%	30%

7. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

Investment in joint venture	7.1	<u>131,860</u>	<u>129,861</u>
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7.1 Investment in joint venture

This represents investment in a CNG filling station. Registered office of the Company is situated at G.T Road, Chughalpura, Peshawar. The latest available unaudited financial statements of joint venture as on December 31, 2022 have been used for the purpose of application of equity method.

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
- Centre Gas (Private) Limited	7.1.1	131,860	129,861
7.1.1 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%		34,536	34,536
Cumulative share of profit of joint venture		97,324	95,325
		<u>131,860</u>	<u>129,861</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 December 31, 2022 is Rs 227.54 million (June 2022: Rs. 223.54 million). Profit or loss is shared equally.

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
8. NET INVESTMENT IN FINANCE LEASE			
Contracts accounted for as finance lease under IFRS 16	8.1	389,326	419,721
Less : Current portion	12	<u>(234,189)</u>	<u>(245,015)</u>
		<u>155,137</u>	<u>174,706</u>

8.1 Net investment in finance lease

Following is a statement of lease receivables accounted for under IFRS 16:

	Un-audited December 2022			Audited June 2022		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees in thousand					
Minimum lease payments receivable	781,803	90,783	872,586	801,609	119,536	921,145
Residual value of leased assets	29,364	76,472	105,836	25,528	68,700	94,228
Lease contracts receivable	811,167	167,255	978,422	827,137	188,236	1,015,373
Unearned lease income	(21,055)	(12,118)	(33,173)	(25,682)	(13,530)	(39,212)
Income suspended	(132,514)	-	(132,514)	(132,465)	-	(132,465)
Provision for potential lease losses	(423,409)	-	(423,409)	(423,975)	-	(423,975)
	(576,978)	(12,118)	(589,096)	(582,122)	(13,530)	(595,652)
	234,189	155,137	389,326	245,015	174,706	419,721

8.1.1 These finances carry profit rates ranging from 13.15% to 25.17 % per annum (June 2022 12.90% to 25.17% 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. 528.06 million (June 2022: Rs. 524.01 million). Detail of non performing leases is as follows:

Category of classification	Un-audited December 2022			Audited June 2022		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand					
Loss	528,057	423,409	423,409	524,006	423,975	423,975

Note Un-audited December 2022 Audited June 2022
—Rupees in thousand—

9. LONG TERM MUSHARAKAH FINANCES

Secured

Considered doubtful

Companies (non-financial institutions)		22,407	22,506
Individuals		43,144	43,104
		65,551	65,610
Provision against doubtful balances		(15,956)	(16,015)
		49,595	49,595
Less: Current portion	12	(49,595)	(49,595)
		-	-

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 (June 2022: 16.00% to 30.00% per annum). These were receivable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
10. LONG TERM LOANS			
Secured			
Considered good	10.1	11,265	51,476
Customers	10.2	309,628	193,840
Vehicle Finance			
Considered doubtful	10.1	45,467	13,980
Customers	10.3	71,955	71,955
Outgoing group		528	528
Ex-employee		117,950	86,463
		(75,764)	(75,764)
Provision against doubtful balances		42,186	10,699
		363,079	256,015
Less: Current portion	12	(125,253)	(93,750)
		237,826	162,266

10.1 These carry mark-up at the rate ranging from 11.18% to 30.00% per annum (June 2022: from 11.18% to 30.00% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

10.2 These represent finance given under vehicle financing scheme. These finances are repayable within a period of three to four years and are secured against lien on vehicles financed, demand promissory notes and personal guarantees. Profit rates for the year ranges from 16.97% to 22.10% per annum. (June 2022: from 16.97 to 20.88%). These are receivable in monthly installments.

10.3 Rs. 24.58 million was receivable in 08 unequal quarterly installments commenced from December 31, 2016 and ended on September 30, 2018, and balance amount of Rs. 47.37 million was receivable in lump sum on December 31, 2018. Mark-up amounting to Rs 36.04 million was also outstanding. It was subject to mark up at the rate of six month KIBOR plus 2% per annum. Effective markup rate charged was 9.04% per annum till maturity December 31, 2018.

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
11. SHORT TERM FINANCES			
Secured			
Considered good		34	211
Considered doubtful			
Provision against doubtful balances		8,133	8,133
		(1,783)	(1,783)
		6,350	6,350
	11.1	6,384	6,561

11.1 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 35.00% per annum (June 2022: 15.29% to 35.00% per annum).

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
12. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in finance lease	8	234,189	245,015
Long term musharakah finances	9	49,595	49,595
Long term loans	10	125,253	93,750
		409,037	388,360

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			

13. Financial assets at fair value through profit or loss

Investments at fair value through profit or loss

Quoted securities	13.1	22,082	24,418
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13.1 Investments at fair value through profit or loss

Un-audited December 31, 2022	Audited June 30, 2022	Name of company	Un-audited December 31, 2022	Audited June 30, 2022
Number of shares			—Rupees in thousand—	
4,000	-	Lucky Cement Company Limited	1,786	-
25,000	25,000	Hub Power Company Limited	1,577	1,704
15,000	15,000	D.G Khan Cement Factory Limited	775	937
29,000	29,000	MCB Bank Limited	3,368	3,566
562,500	562,500	The Bank of Punjab	2,571	3,049
-	30,000	TRG Pakistan Limited	-	2,320
20,000	20,000	Bank Al-Habib Limited	1,106	1,161
7,000	5,000	Honda Atlas Cars Pakistan Limited	1,163	974
48,000	48,000	Habib Bank Limited	3,059	4,384
200,000	200,000	Pakistan Reinsurance Limited	1,372	1,750
20,000	20,000	Kot Addo Power Company Limited	533	551
176,127	176,127	Askari Bank Limited	3,540	3,070
10,000	5,000	Netsol Technologies Limited	858	499
27,000	27,000	Pakistan Electron Limited	350	429
56	56	Engro Corporation Limited	14	14
145	145	Pakistan Petroleum Limited	10	10
2,763	2,763	Taj Textile Mills Limited	-	-
1,146,591	1,165,591		22,082	24,418

13.2 These investments are valued on the basis of quoted prices in active market for identical instruments (Level 1 hierarchy).

	Un-audited December 2022	Audited June 2022
—Rupees in thousand—		

14. LOAN FROM SPONSOR

Loan from sponsor	-	16,392
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14.1 During the period the loan of Rs. 16.39 million has been prepaid. Effective markup rate charged during the year is 12.52% (June 2022: 7.88% to 12.52%) per annum.

	Note	Un-audited December 2022	Audited June 2022
—Rupees in thousand—			
15. REDEEMABLE CAPITAL			
Secured			
Term finance certificates	15.1 & 15.2	3,565	3,565
Less: Current portion	16	(3,565)	(3,565)
		<u>-</u>	<u>-</u>
Restructured			
Term finance certificates	15.3	3,300	5,100
Less: Current portion	16	(3,300)	(3,600)
		<u>-</u>	<u>1,500</u>

15.1 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.

15.2 As a result of Company's request to the TFC holders for restructuring / settlement of principal and markup during the year, four agreements have been executed with TFC holders. As per terms of the agreement, mark up of Rs. Nil (2022: 5.73 million) has been waived off. Company's request to the remaining TFC holders for restructuring / settlement of principal and markup is under their consideration.

15.3 This represents the amount repayable in installments as a result of settlement.

	Balance Rs (000)		Number of Installments		Payment Rests	Commencement Date	Ending Date
	Total	Balance	Total	Balance			
TFC I	3,300	50	11	11	Monthly	10-Oct-19	10-Nov-23

	Un-audited December 2022	Audited June 2022
—Rupees in thousand—		
16. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Security deposit from lessees	29,364	25,529
Liability related to outgoing group	3,240	3,240
Deferred liability	9,747	9,747
Redeemable capital	6,865	7,165
	<u>49,216</u>	<u>45,681</u>

17. CONTINGENCIES AND COMMITMENT

17.1 Contingencies

There are no material contingencies existing since the date of published audited financial statements for the year ended June 30, 2022.

	Un-audited December 2022	Audited June 2022
—Rupees in thousand—		
17.2 Commitment		
Under lease financing contracts committed but not executed	62,690	49,333

18. SEGMENT INFORMATION

	December 2022 (Un-audited)				December 2021 (Un-audited)			
	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	27,177	19,259	3,964	50,400	45,731	28,141	(1,371)	72,501
Interest (reversal) / expense - net	(5,154)	(3,652)	-	(8,806)	(1,396)	(859)	-	(2,255)
Depreciation and amortization	1,615	1,145	-	2,760	821	505	-	1,326
Provision reversed / (charged) / Impairment of assets	7,165	566	-	7,731	17,158	5,398	-	22,556
Reportable segment profit	30,803	17,318	3,964	52,085	62,314	33,185	(1,371)	94,128
Reportable segment assets	759,537	390,568	-	1,150,105	475,876	495,936	-	971,812
Reportable segment liabilities	(489,132)	(151,350)	-	(640,482)	(416,094)	(104,853)	-	(520,947)

	Note	Un-audited December 2022	Un-audited December 2021
—Rupees in thousand—			
Reconciliation of (loss) / profit			
Total profit from reportable segments		48,121	95,499
Profit from other operations		3,964	(1,371)
		52,085	94,128
Unallocated amounts:			
Other administrative and operating expenses		(19,026)	(14,581)
Other income		3,810	2,965
Profit before tax		36,869	82,512
Reconciliation of assets and liabilities			
Assets			
Total assets of reportable segments		1,150,105	971,812
Liabilities			
Total liabilities of reportable segments		(640,482)	(520,947)

19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27th February 2023 by the Board of Directors of the Company.

20. GENERAL

20.1 Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees.



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Muhammad Ikram
Chief Financial officer



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