Half Yearly Report

December 31, 2017

Invest Capital Investment Bank Limited

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Directors' Review

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, 2017.

The Review

During the half year under review, the Company earned a profit of Rupees 17.56 million as compared to the loss of Rupees 3.23 million in the corresponding period of the last year. The earnings per share came to Rupees 0.06 as against Rupees (0.01) for the period ending 31st December 2016. The profit is primarily due to reversal of provisioning of non-performing leases and loans. The gross revenue including other income for the period amounted to Rupees 51.42 million as compared to Rupees 28.45 million of the corresponding period of the last year. The financial charges amounted to Rupees 14.15 million as against an amount of Rupees 15.72 million of the comparable period. However, the waiver of markup increased from Rupees 2.86 million of the corresponding period to Rupees 19.14 million. The administrative and operating expenses stood at Rupees 16.47 as against Rupees 15.79 million of the corresponding period of the last year.

The total assets of the Company showed a decrease of Rs. 57.09 million and stood at Rupees 1,013.71 million as at 31st December 2017 as compared to Rupees 1,070.80 million as at June 30, 2017. Whereas, the total liabilities of the Company also reduced by Rupees 70.51 million and stood at Rupees 760.69 million as at 31st December 2017.

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

	Rs. in million	
	December 31, 2017	December 31, 2016
Gross Revenue	**40.95**	25.96
Other Income	**10.46**	2.49
Administration & Operating expenses	**(16.47)**	(15.79)
Financial charges (net of reversals)	**4.99**	(12.86)
Profit /(loss) for the period before taxation	**18.00**	(3.01)
Taxation - net	**(0.44)**	(0.22)
Profit /(loss) for the period after taxation	**17.56**	(3.23)
Earnings per Share	**0.060**	(0.010)

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
- Disposal of non-core assets
- Disposal / transfer of brokerage related assets and liabilities
- Recovery of non-performing leases and loans portfolio
- Substantial reduction in administrative and other expenses
- New leasing business

The focus on the above mentioned areas has enabled the company to overcome the financial and operational problems and 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.

Credit Rating

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

Acknowledgments

We are very thankful to the Securities and Exchange Commission of Pakistan for their guidance, the customers for their support, the lenders for their cooperation, and shareholders for their confidence and trust in the management of the Company. I am 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 of Directors

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

Lahore
February 27, 2018

ڈائریکٹرز کا جائزہ

ڈائریکٹرز کا جائزہ:

ہم 31 دسمبر 2017 کو ختم ہونے والی ششماہی پر انوسٹ کیپیٹل انوسٹمنٹ بینک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ مالیاتی گوشوارے ممبران کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

جائزہ

زیرِ غور ششماہی میں کمپنی نے 17.56 ملین روپے کا منافع حاصل کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کا خسارہ 3.23 ملین روپے تھا۔ 31 دسمبر 2016 کو آمدنی (0.01) روپے فی حصص تھی جو اب بڑھ کر 0.06 روپے فی حصص ہوگئی ہے۔ مجموعی آمدنی بشمول دیگر آمدنی 51.42 ملین روپے رہی جس کی بنیادی وجہ پرووژن کی ریورسل ہے۔ زیرِ غور ششماہی میں کمپنی نے 51.42 ملین روپے کی آمدنی حاصل کی جبکہ اس کے مقابلہ میں گزشتہ سال اسی مدت کی آمدنی 28.45 ملین روپے تھی۔ زیرِ غور ششماہی میں کمپنی کے مالیاتی اخراجات 14.15 ملین رہے جبکہ گذشتہ سال اسی مدت کے اخراجات 15.72 ملین تھے تاہم مارک اپ کی چھوٹ 2.86 ملین سے بڑھ کر 19.14 ملین روپے ہوگئی۔ زیرِ غور ششماہی میں کمپنی کے آپریٹنگ اور انتظامی اخراجات 16.47 ملین روپے رہے جبکہ گذشتہ سال اسی مدت کے آپریٹنگ اور انتظامی اخراجات 15.79 ملین روپے تھے۔

کمپنی کے کل اثاثہ جات 31 دسمبر 2017 کو 57.09 ملین روپے کی کمی کے ساتھ 1,013.71 ملین روپے رہے جبکہ 30 جون 2017 ان کی مالیت 1,070.80 ملین روپے تھی۔ اسی طرح کمپنی کی مالیاتی ذمہ داریاں بھی 1 دسمبر 2017 کو 70.51 ملین روپے سے کم ہوکر 760.69 ملین روپے ہوگئی ہیں۔

کمپنی کے حالیہ اور سابقہ مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

----------------------روپے ملین میں----------------------

مالیاتی سرخیاں	31 دسمبر 2017	31 دسمبر 2016
مجموعی آمدنی	**40.95**	25.96
دیگر آمدنی	**10.46**	2.49
آپریٹنگ اور انتظامی اخراجات	**(16.47)**	(15.79)
مالیاتی چارجز (کل)	**4.99**	(12.86)
ٹیکس سے پہلے نفع/(نقصان)	**18.00**	(3.01)
ٹیکس	**(0.44)**	(0.22)
ٹیکس کے بعد نفع/(نقصان)	**17.56**	(3.23)
آمدنی/(نقصان) فی شیئر۔ بنیادی	**0.060**	(0.010)

منصوبہ کے مطابق انتظامیہ نے کمپنی کو جاری رکھنے کے لئے مندرجہ ذیل باتوں پر اپنی توجہ مرکوز رکھی۔

- قرض داروں کے ساتھ تصفیہ۔
- غیر اہم اثاثہ جات کو فروخت کرنا۔
- بروکریج کاروبار سے متعلق اثاجات اور ذمہ داریوں کو ختم کرنا۔
- نان پرفورمنگ لیزز اور لون کی وصولی۔
- انتظامی اور دوسرے اخراجات کو کم کرنا۔
- نیا لیزز کا کاروبار کرنا۔

اوپر بیان کی گئ باتوں پرعمل کر کے کمپنی اپنی بہت سی مالی اور انتظامی مشکلات پر قابو پانے میں کامیاب ہو پائی ہے اور اس کی مالی حالت بہتر ہوئی ہے. بزنس پلان اور کئے گئے اقدامات کو مدِ نظر رکھتے ہوئ انتظامیہ پر اعتماد ہے کہ انشاءاللہ یہ کمپنی ایک چلتی ہوئی کمپنی کے طور پر کام کرتی رہے گی۔

کریڈٹ ریٹنگ:

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کمپنی کی درجہ بندی کو گذشتہ سالوں سے " D " کیٹیگری میں رکھا ہوا ہے۔انتظامیہ پر اعتماد ہے کہ جیسے ہی قرضہ جات کی ادائیگی یا تصفیہ ہوجائے گا تو یہ نئی درجہ بندی کے لئے درخواست کی جائے گی۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز رہنمائی کے لئے سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا شکر گزار ہے۔بورڈ اپنے تمام ڈیپازٹرز، قرض دینے والے اداروں، کلائنٹس اور شیئر ہولڈرز کا ان کی مسلسل معاونت اور بھروسہ جو انہوں نے کمپنی کو اپنی ذمہ داریوں کو انجام دینے کے لئے کیا, شکریہ ادا کرتا ہے۔بورڈ عملہ کے اراکین کو داد و تحسین پیش کرتا ہے جنہوں نے مشکل وقت کے دوران اپنی کارگردگی کو برقرار رکھا اور کمپنی کی حیات نو میں ٹھوس جدوجہد کی۔

بورڈ آف ڈائریکٹرز کے توسط و جانب سے

محمد آصف
چیف ایگزیکٹو آفیسر

عائشہ شہریار
ڈائریکٹر

لاہور

27 فروری 2018

Auditors' Report on Review of Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Invest Capital Investment Bank Limited ("the company") as at December 31, 2017, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

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 information 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 information as at December 31, 2017 and for the six months then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

Without qualifying our conclusion, we draw attention towards note 1.3 to the condensed interim financial information which indicates that the accumulated loss is Rs. 703.21 million (June 30, 2017: Rs. 720.77 million) and the current liabilities of the company exceed its current assets by Rs. 82.51 million. These conditions 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.

Deloitte Yousuf Adil
Chartered Accountants
Engagement partner: Hamid Masood

Dated: February 27, 2018
Place: Faisalabad

Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2017

	Note	Un-audited December 31, 2017	Audited June 30, 2017
		— Rupees in thousand —	
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	5	**121,212**	134,499
Intangible assets		**827**	973
Long term investments	6	**112,950**	116,100
Net investment in Ijarah finance / assets under Ijarah arrangements	7	**112,837**	96,061
Long term loans	8	**1,782**	52,735
Long term security deposits		**2,278**	2,278
Deferred tax asset		**150,000**	150,000
		501,886	552,647
Current assets			
Short term investments		-	17,165
Short term musharakah finances		**66,157**	66,157
Short term finances		**6,680**	6,680
Ijarah rentals receivables	7.3	**1,479**	1,479
Current portion of non-current assets	9	**380,366**	345,372
Advances, deposits, prepayments and other receivables		**16,417**	33,682
Bank balances		**7,820**	14,714
Assets classified as held for sale		**32,900**	32,900
		511,819	518,149
TOTAL ASSETS		**1,013,705**	1,070,796

	Note	Un-audited December 31, 2017	Audited June 30, 2017
		— Rupees in thousand —	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
485,000,000			
ordinary shares of Rs. 10 each		**4,850,000**	4,850,000
Issued, subscribed and paid-up capital			
284,866,896 ordinary shares of Rs. 10 each		**2,848,669**	2,848,669
Capital reserves			
Capital reserve on amalgamation		**(2,022,076)**	(2,022,076)
Statutory reserve		**101,256**	101,256
Unrealized gain on remeasurement			
of available for sale investments		**7,980**	12,125
Equity Portion of Subordinated Loan from directors		**20,387**	20,387
Revenue reserve			
Accumulated (loss)		**(703,205)**	(720,768)
		253,011	239,594
Non-current liabilities			
Subordinated loan from directors		**115,407**	112,013
Loan from sponsor	10	**-**	197,542
Security deposits from lessees		**48,148**	43,159
Long term murabaha borrowings	11	**391**	2,740
Deferred liability			
Mark up on long term musharakah	12	**2,437**	4,874
		166,383	360,327
Current liabilities			
Current portion of non-current liabilities	13	**227,082**	94,028
Accrued and other liabilities		**132,411**	133,634
Profit / mark up payable		**201,918**	210,312
Liabilities directly associated with assets			
held for sale of discontinued operation		**32,900**	32,900
		594,311	470,875
TOTAL EQUITY AND LIABILITIES		**1,013,705**	1,070,796
CONTINGENCIES		**-**	-

The annexed notes form an integral part of this condensed interim financial information.

Muhammad Asif	**Ayesha Shehryar**	**M. Naim Ashraf**
Chief Executive Officer	Director	Chief Financial officer

Condensed Interim Profit and Loss Account (Un-audited)

For the half year ended December 31, 2017

	Half year ended December 31		Quarter ended December 31	
	2017	2016	**2017**	2016
	— Rupees in thousand —			
Income				
Income from leasing operations	**9,087**	8,611	**4,943**	4,107
Operating lease rentals	**347**	1,914	-	1,914
Profit on musharakah investments	**22,202**	71	**17,192**	71
Income from finances	**1,230**	275	**118**	218
Income on deposits with banks	**462**	106	**72**	103
Income from joint ventures	**4,959**	5,573	**2,209**	1,573
Dividend income	**160**	1,991	**85**	1,913
Net gain on sale of marketable securities	**2,507**	8,831	**3,401**	6,985
Unrealized (loss) on investment in marketable securities - net	-	(1,416)	-	(582)
	40,954	25,956	**28,020**	16,302
Expenses				
Administrative and operating expenses	**(16,474)**	(15,785)	**(8,409)**	(10,829)
Financial charges	**(14,152)**	(15,720)	**(7,993)**	(9,146)
	(30,626)	(31,505)	**(16,402)**	(19,975)
	10,328	(5,549)	**11,618**	(3,673)
Waiver of financial charges	**19,142**	2,857	**19,142**	2,857
	29,470	(2,692)	**30,760**	(816)
Other income	**10,463**	2,490	**10,232**	1,867
	39,933	(202)	**40,992**	1,051
Provision (charged) / reversed on non-performing loans and write-offs				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	**1,922**	1,043	**1,609**	(516)
Long term / short term musharakah finances	**20,709**	-	**20,709**	-
Long term / short term loans	**(1,116)**	882	**(623)**	831
Other receivables	-	(572)	-	(572)
Balances written off:				
Lease receivables	**(347)**	(4,162)	-	(4,162)
Musharaka finance receivable	**(39,328)**	-	**(38,820)**	-
Other receivables	**(3,775)**	-	**(3,775)**	-
	(21,935)	(2,809)	**(20,900)**	(4,419)
Profit / (loss) before taxation	**17,998**	(3,011)	**20,092**	(3,368)
Provision for taxation				
- For the period	**(401)**	(135)	**(326)**	(85)
- Prior period's	**(34)**	(81)	**(34)**	(81)
Profit / (loss) for the period	**17,563**	(3,227)	**19,731**	(3,534)
Earnings / (loss) per share - Basic and Diluted (Rupees)	0.06	(0.01)	0.07	(0.01)

The annexed notes form an integral part of this condensed interim financial information.

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2017

	Half year ended December 31		Quarter ended December 31	
	2017	2016	**2017**	2016
	— Rupees in thousand —			
Profit / (loss) for the period	**17,563**	(3,227)	**19,731**	(3,534)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain on remeasurement of available for sale investments	**281**	6,348	**281**	6,348
Other Items				
Un-realized gain on available for sale investment reclassified to profit and loss account on disposal	**(4,426)**	-	**(4,426)**	-
	(4,145)	6,348	**(4,145)**	6,348
Total comprehensive income for the period	**13,418**	3,121	**15,586**	2,814

The annexed notes form an integral part of this condensed interim financial information.

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended December 31, 2017

	Half year ended Dec 31, 2017	2016
	— Rupees in thousand —	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**17,998**	(3,011)
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	**4,378**	4,839
Amortization of intangible assets	**146**	209
(Reversal) / provision against:		
Long term / short term musharakah finances	**(20,709)**	-
Long term / short term loans	**1,116**	(882)
Other receivables	-	572
Finance lease receivable and rentals - net	**(1,922)**	(1,043)
Balances written off		
Lease receivables	**347**	4,162
Musharakah receivables	**39,328**	-
Other receivables	**3,775**	-
Loss on disposal of operating assets	**1,834**	-
Unrealised loss on investments in marketable securities	-	1,416
Fair value adjustment - subordinated loan from directors	**3,394**	2,923
Financial charges - net	**(8,384)**	9,940
Gain on settlement of liabilities	**(10,000)**	(1,500)
	13,303	20,636
Cash flow from operating activities before working capital changes	**31,301**	17,625
Changes in working capital		
Decrease / (increase) in current assets		
Short term investments	**13,390**	(22,814)
Advances, deposits, prepayments and other receivables	**9,167**	9,195
Assets classified as held for sale - net	-	40,000
	22,557	26,381
(Decrease) in current liabilities		
Short term certificates of musharakah	-	(2,200)
Accrued and other liabilities	**(8,365)**	(19,571)
	(8,365)	(21,771)
Cash generated from operations	**45,493**	22,235
Financial charges paid	**(3,404)**	(253)
Income tax paid	**(419)**	(358)
	(3,823)	(611)
Net cash generated from operations	**41,670**	21,624

	Half year ended Dec 31, 2017	2016
	— Rupees in thousand —	
b) CASH FLOWS FROM INVESTING ACTIVITIES		
(Investment in) / recovery of :		
Long term investments	**(995)**	(5,574)
Net investment in Ijarah finance / assets under Ijarah	**(18,469)**	1,367
Long term musharakah finances	**27,600**	235
Long term loans	**724**	366
Disposal of operating assets	**7,075**	-
Net cash generated from / (used in) investing activities	**15,935**	(3,606)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Loan from Sponsors	**(52,150)**	-
Redeemable capital	**(10,000)**	(1,055)
Long term certificates of musharakah	-	(702)
Long term certificates of investments	-	(1,050)
Long term musharakah and murabaha borrowings	**(2,349)**	(7,112)
Net cash (used in) financing activities	**(64,499)**	(9,919)
Net Increase in cash and cash equivalents (a+b+c)	**(6,894)**	8,099
Cash and cash equivalents at the beginning of the period	**14,714**	3,219
Cash and cash equivalents at the end of the period	**7,820**	11,318

The annexed notes form an integral part of this condensed interim financial information.

Muhammad Asif	**Ayesha Shehryar**	**M. Naim Ashraf**
Chief Executive Officer	Director	Chief Financial officer

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

For the half year ended December 31, 2017

		Capital Reserves					Revenue Reserve	
	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	Statutory reserve	(Loss) / gain on remeasurem ent of available for sale investment	Equity portion of Sub ordinate Loan from sponsors	Sub total	Accumulated (loss)	Total
	Rupees in thousand							
Balance as at July 01, 2016	2,848,669	(2,022,076)	101,256	6,673	20,387	(1,893,759)	(711,368)	243,541
Total comprehensive income								
(Loss) for the half year ended December 31, 2016	-	-	-	-	-	-	(3,227)	(3,227)
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized gain on remeasurement of available for sale investments	-	-	-	6,348	-	6,348	-	6,348
	-	-	-	6,348	-	6,348	(3,227)	3,121
Balance as at December 31, 2016	2,848,669	(2,022,076)	101,256	13,021	20,387	(1,887,411)	(714,595)	246,662
Total comprehensive (loss)								
(Loss) for the half year ended June 30, 2017	-	-	-	-	-	-	(6,173)	(6,173)
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized (loss) on remeasurement of available for sale investments	-	-	-	(896)	-	(896)	-	(896)
	-	-	-	(896)	-	(896)	(6,173)	(7,069)
Balance as at July 01, 2017	2,848,669	(2,022,076)	101,256	12,125	20,387	(1,888,308)	(720,768)	239,593
Total comprehensive (loss)								
Profit for the half year ended December 31, 2017	-	-	-	-	-	-	17,563	17,563
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized gain on remeasurement of available for sale investments	-	-	-	281	-	281	-	281
Items that will not be reclassified subsequently to profit or loss								
Other items								
Un-realized gain on available for sale investments reclassified to profit and loss account on disposal	-	-	-	(4,426)	-	(4,426)	-	(4,426)
	-	-	-	(4,145)	-	(4,145)	17,563	13,418
Balance as at December 31, 2017	**2,848,669**	**(2,022,076)**	**101,256**	**7,980**	**20,387**	**(1,892,453)**	**(703,205)**	**253,011**

The annexed notes form an integral part of this condensed interim financial information.

Muhammad Asif	Ayesha Shehryar	M. Naim Ashraf
Chief Executive Officer	Director	Chief Financial officer

1. LEGAL STATUS AND OPERATIONS

1.1 Invest Capital Investment Bank Limited ('the Company') is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Repealed Ordinance). 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. The registered office of the Company is situated at A-603, 604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, Karachi in the province of Sindh.

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

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

- the Company suffered huge operating loss till 2011 and as at the balance sheet date, the accumulated loss is Rs. 703.21 million (2017: Rs. 720.77 million) and the current liabilities of the Company exceed its current assets by Rs. 82.51 million.

- the Company has been unable to comply with the terms of certain loan agreements.

- the Company has been facing difficulty in recovery of its leases and loans portfolio.

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

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

(a) Substantial reduction in administrative and other expenses

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

(b) Leasing business

The Company is mainly carrying out car leasing business at a very attractive IRR and reasonable deposit margin. During the period leases amounting to Rs. 61.87 million (2017 : Rs. 91.71 million) have been disbursed. Management is hopeful that leasing business will contribute in improving the operating results and equity position of the Company.

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

The Management has settled the outstanding loans with various banks / financial institutions through cash payment / transfer of the Company's lease / loan portfolios and immovable properties / shares / other assets with waiver of mark-up. During the period liabilities amounting to Rs. 20 million (2017: Rs. 13.07 million) have been settled / rescheduled, the percentage of liabilities settled to date is 96.68% (2017: 95.53%). Negotiations are in process for the settlement of the outstanding amount of Rs. 57.89 million against TFCs issued by ICIBL.

(d) Disposal of non-core assets

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

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

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group This transaction on completion will result in net saving of Rs. 24.00 million for the Company and, therefore, will result in improvement in financial performance and equity position of the Company.

(f) **Improved recovery of leases and loans portfolio**

The Company is putting its efforts for recovery from leases and loans portfolio. Net recovery during the period is Rs. 72.92 million (2017: Rs. 80.45 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial reporting' and provisions of and directives issued under the Repealed Companies ordinance, 1984. In case the requirements of IAS 34 differ with the requirements of the Repealed Companies ordinance, 1984, the provisions of or the directives issued under the Repealed Companies ordinance, 1984 have been followed.

The Companies Ordinance, 1984 has been repealed after enactment of the Companies Act 2017. However the Securities and Exchange Commision of Pakistan vide circular No 23 of 2017 dated October 04, 2017 allowed that Companies whose financial year and other interim period closes on or before December 31, 2017 shall prepare financial statements in accordance with the provisions of the Repealed Companies Ordinance, 1984.

2.1.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Repealed Companies Ordinance, 1984.

2.1.3 This condensed interim financial information does not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the 'historical cost convention' except investments in joint ventures which have been accounted for using equity method, assets classified as held for sale which are stated at the lower of carrying amount and fair value less costs to sell, and available for sale investments which are stated at fair value.

2.3 Functional and presentation currency

These condensed interim financial information 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 followed in the preparation of these condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2017.

4. ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2017.

4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2017.

	Note	Un-audited December 31, 2017	Audited June 30, 2017
		— Rupees in thousand —	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets		**121,212**	134,499

5.1 Operating assets

Book value at beginning of the period / year		**134,499**	145,756
Addition during the period / year		-	71
Disposal during the period / year		**(8,909)**	(1,625)
Depreciation charged during the period / year		**(4,378)**	(9,703)
		121,212	134,499

6. LONG TERM INVESTMENTS

Investment in joint venture	6.1	**98,360**	93,400
Available for sale investments			
- At fair value		**14,590**	22,700
		112,950	116,100

6.1 Investment in joint venture

This represents investment in CNG filling station Centre Gas (Private) Limited. The latest available unaudited financial statements as on December 31, 2017 have been used for the purpose of application of equity method.

	Note	Un-audited December 31, 2017	Audited June 30, 2017
		— Rupees in thousand —	
The movement in the Company's share of net assets of Centre Gas (Private) Limited (CGL) is as under:			
Cost of investment		**34,536**	34,536
Cumulative share of profit of joint venture		**63,824**	58,865
		98,360	93,400

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

Contracts accounted for as finance lease under IAS 17	7.1	**308,082**	277,825
Less : Current portion	9	**(195,245)**	(181,765)
		112,837	96,061

7.1 Net investment in Ijarah finance

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

	As at December 31,2017 (Unaudited)			As at June 30,2017 (Audited)		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees in thousand			Rupees in thousand		
Minimum lease payments receivable	**809,317**	**72,819**	**882,136**	802,271	58,962	861,233
Residual value of leased assets	**11,792**	**48,148**	**59,940**	6,567	43,159	49,727
Lease contracts receivable	**821,109**	**120,967**	**942,076**	808,838	102,121	910,960
Unearned lease income (including suspended income)	**(156,025)**	**(8,130)**	**(164,155)**	(155,313)	(6,061)	(161,374)
Provision for potential lease losses	**(469,839)**	**-**	**(469,839)**	(471,761)	-	(471,761)
	(625,864)	**(8,130)**	**(633,994)**	(627,074)	(6,061)	(633,135)
	195,245	**112,837**	**308,082**	181,765	96,061	277,825

7.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 580.67 million (June 30, 2017: Rs. 583.86 million). Detail of non performing leases is as follows:

	As at December 31,2017 (Unaudited)			As at June 30,2017 (Audited)		
Category of classification	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand			Rupees in thousand		
Doubtful	-	-	-	10	5	5
Loss	**580,679**	**469,839**	**469,839**	583,851	471,756	471,756
	580,679	**469,839**	**469,839**	583,860	471,761	471,761

	Note	Un-audited December 31, 2017	Audited June 30, 2017
		— Rupees in thousand —	
7.3 Ijarah rentals receivable			
Ijarah rentals receivable		**58,284**	58,631
Less : Provision against Ijarah rentals receivable		**(56,805)**	(57,152)
		1,479	1,479
8. LONG TERM LOANS			
Considered good			
Customers		**2,725**	3,034
Outgoing group		**-**	71,955
		2,725	74,989
Considered doubtful			
Customers		**31,691**	32,106
Outgoing group		**71,955**	-
Ex-employee		**529**	529
		104,175	32,635
Provision against doubtful balances		**(21,498)**	(20,382)
		82,677	12,253
		85,402	87,242
Less: Current portion	9	**(83,620)**	(34,506)
		1,782	52,735
9. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance / assets under Ijarah arrangements	7	**195,245**	181,765
Long term musharakah finances		**101,501**	129,101
Long term loans	8	**83,620**	34,506
		380,366	345,372

	Un-audited December 31, 2017	Audited June 30, 2017
	— Rupees in thousand —	

10. LOAN FROM SPONSOR

Loan from sponsor	**145,392**	197,542
Less: Current portion	**(145,392)**	-
	-	197,542

10.1 During the period the loan of Rs. 52.15 million has been paid and the remaining amount of Rs. 145.39 million is payable in full in November 2018.

	Un-audited December 31, 2017	Audited June 30, 2017
	— Rupees in thousand —	

11. LONG TERM MURABAHA BORROWINGS

Secured		
Murabaha borrowings		
From financial institutions	**5,089**	7,438
Less: Current portion	**(4,698)**	(4,698)
	391	2,740

12. DEFERRED LIABILITY

Mark up on long term musharakah	**9,747**	9,747
Less: Current portion	**(7,310)**	(4,874)
	2,437	4,874

13. CURRENT PORTION OF NON-CURRENT LIABILITIES

Loan from sponsor	**145,392**	-
Security deposit from lessees	**11,792**	6,567
Long term murabaha borrowings	**4,698**	4,698
Redeemable capital	**57,890**	77,890
Deferred liability		
Mark up on long term musharakah	**7,310**	4,874
	227,082	94,028

14. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, joint venture, provident fund, directors, other key management personnel and their close family members. Contributions to the provident fund, loans to the employees and remuneration of key management personnel are made / paid in accordance with the terms of their employment. Other transactions with related parties are entered into at agreed rates.

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

		Half year ended	
		December 31, 2017	December 31, 2016
		— Rupees in thousand —	
Nature of relationship	**Nature of transaction**		
Major shareholder	Mark up / interest on loan from sponsor	**5,357**	6,184
Joint venture	Amount received during the period	**3,740**	4,676
Provident fund	Contribution made during the period	**307**	324
Key management	Compensation	**3,717**	4,353

15 SEGMENT INFORMATION

Information about reportable segment revenue, profit or loss, assets and liabilities

	December 31, 2017 (Un-audited)				December 31, 2016 (Un-audited)			
	Leasing / Ijarah activities	Investment / financing activities	Other operations	Total	Leasing / Ijarah activities	Investment / financing activities	Other operations	Total
	Rupees in thousands							
Revenue from external customers	**9,434**	**26,099**	**5,421**	**40,954**	10,525	9,753	5,678	25,956
Interest expense-net	**1,325**	**3,665**	-	**4,990**	(6,677)	(6,186)	-	(12,863)
Depreciation and amortization	**(1,201)**	**(3,323)**	-	**(4,524)**	(2,620)	(2,428)	-	(5,048)
Provision (charged) / reversed / impairment of assets	**1,575**	**(23,510)**	-	**(21,935)**	(3,119)	311	-	(2,808)
Reportable segment profit	**11,133**	**2,931**	**5,421**	**19,485**	(1,891)	1,450	5,678	5,237
Reportable segment assets	**309,561**	**671,244**	**32,900**	**1,013,705**	267,362	749,409	77,317	1,094,088
Reportable segment liabilities	**(60,374)**	**(667,420)**	**(32,900)**	**(760,694)**	(50,278)	(764,248)	(32,900)	(847,426)

	Un-audited December 31, 2017	31,2016
	— Rupees in thousand —	
Reconciliation of profit / (loss)		
Profit / Loss from reportable segments	**14,064**	(441)
Profit from other operations	**5,421**	5,678
	19,485	5,237
Unallocated amounts:		
Other administrative and operating expenses	**(11,950)**	(10,738)
Other income	**10,463**	2,490
Profit / (loss) before taxation	**17,998**	(3,011)
Reconciliation of assets and liabilities		
Assets		
Assets of reportable segments	**980,805**	1,016,771
Assets of other operations	**32,900**	77,317
Total assets	**1,013,705**	1,094,088
Liabilities		
Liabilities of reportable segments	**(727,794)**	(814,526)
Liabilities of other operations	**(32,900)**	(32,900)
Total liabilities	**(760,694)**	(847,426)

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27th February 2018 by the Board of Directors of the Company.

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

M. Naim Ashraf
Chief Financial officer

Company Information

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

Chief Financial Officer &
Company Secretary
Mr. M. Naim Ashraf

Auditors
Deloitte Yousuf Adil
Chartered Accountants

Legal Advisors
Ahmad & Qazi

Share Registrar
Corptec Associates (Private) Limited
503-E, Johar Town, Lahore.
Tel: 042-35170336-7
Fax: 042-35170338
E-mail: mimran.csbm@gmail.com

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

Registered Office
603-604, 6th Floor, Lakson Square
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Tel: 021-35654022
Fax: 021-35654022
Website: www.icibl.com

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

National Tax Number
0656427-5

Our Network

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Fax: 042-35777286

Islamabad
Office No. 02, Ground Floor,
Rahim Plaza,
Main Muree Road, Saddar,
Rawalpindi Cantt.
Tel: 0301-8651067

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

Faislalabad
20-Bilal Road, Civil Lines,
Faisalabad.
Tel: 041- 4689131

Gujranwala
50-H, Trust Plaza, G.T Road,
Gujranwala.
Tel: 055-3730308, 3730300
Fax: 055-3731108

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