

Half Yearly Report December 31, 2018



fcibank

FIRST CREDIT AND INVESTMENT BANK LTD.

Major Joint Venture Partners:





Vision

Be a preferred investment bank enhancing value for the stakeholders and contributing to the National goals.

Mission Statement

Contributing through innovative financing and investment in quality portfolio, advisory services delivered in an environment of trust and customer confidence supported by a team of professionals.



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BOARD OF DIRECTORS



Mr. Rehmat Ali Hasnie
Chairman



Mr. Muhammad Mohsin Ali
President & CEO



Mr. Muhammad Ikram Khan
Director



Mr. Asad Ullah Saleem
Director



Mr. Naveed Asghar Chaudhry
Director



Mr. Muhammad Naeemuddin
Director



Mr. Muhammad Iqbal Hussain
Director



Mr. Muhammad Ameen
Director



COMPANY INFORMATION

AUDIT COMMITTEE:

Mr. Muhammad Ameen Chairman
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Naeemuddin

HR AND REMUNERATION COMMITTEE:

Mr. Muhammad Naeemuddin Chairman
Mr. Muhammad Ikram Khan
Mr. Asad Ullah Saleem
Mr. Muhammad Iqbal Hussain
Mr. Muhammad Mohsin Ali

RISK MANAGEMENT COMMITTEE:

Mr. Muhammad Iqbal Hussain Chairman
Mr. Asad Ullah Saleem
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Mohsin Ali

COMPANY SECRETARY:

Mr. Muhammad Amin Khatri

AUDITORS:

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISOR:

Ahmed & Qazi

BANKERS:

National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Tameer Microfinance Bank Limited
Khushhali Bank Limited
U Microfinance Bank Limited
The First Microfinance Bank Limited

SHARE REGISTRAR:

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Website: www.fcibank.com.pk

DIRECTORS' REVIEW

On behalf of the Board of Directors, we have the privilege of presenting condensed interim financial statements (un-audited) of **First Credit and Investment Bank Limited**, reviewed by the auditors for the half year ended December 31, 2018.

Operating Results

Total income for the half year ended December 31, 2018 was Rs.55.15 million as compared to Rs. 55.59 million for the half year ended December 31, 2017. The Company recorded operating profit of Rs. 10.07 million during the first half ended December 31, 2018 as compared to operating profit of Rs. 10.60 million for the corresponding period of last year. Further, after taking effect of reversals of already made provisions against non performing investments, the Company's profit before tax increased by Rs. 2.18 million to Rs. 13.49 million during the first half of FY 2018-19 as against Rs. 11.31 million reported for the corresponding period of previous year. Similarly, the Company closed the first half of the current financial year by registering an increase of Rs. 2.00 million in its profit after tax to Rs. 8.78 million as against profit after tax of Rs. 6.78 million posted for the corresponding period of last year. As a result, shareholders equity net of deficit on remeasurement of available for sale investments is reported at Rs. 723.99 million as at December 31, 2018 against Rs.722.25 million reported as at June 30, 2018. Total balance sheet footing as at December 31, 2018 increased to Rs. 1,404.14 million from Rs.1,327.36 million as at June 30, 2018.

Credit Rating


JCR-VIS Credit Rating Company Limited vide its report dated December 28, 2018 has reaffirmed the medium to long-term rating of the Company at 'A-' (Single A Minus) and Short-term rating at 'A-2 (A-Two)'. The outlook is 'Stable'.

Future Outlook

We are diversifying our business focus into new avenues to increase revenue streams, which will be forthcoming with improvement in economic and business conditions of the country. Your Company will continue to improve its assets quality, its infrastructure, build capacity through training of existing personnel and engaging professionals, diversify products and services and updating policies and procedures to meet the requirements of the new challenges and opportunities.

Acknowledgement

The directors wish to express their appreciation to our stakeholders, valued customers and financial institutions for their continued trust and patronage. We are grateful to the regulatory authorities especially the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Pakistan Stock Exchange for their continued guidance and support. We also acknowledge hard work and dedication of the management and employees.


MUHAMMAD MOHSIN ALI
President and CEO
MUHAMMAD AMEEN
Director

Karachi:
February 26, 2019

ڈائریکٹرز جائزہ

ہم فرسٹ کریڈٹ اینڈ انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے پہلی ششماہی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی تفصیلات کا گوشوارہ ہمہ آڈیٹرز جائزہ رپورٹ بمطابق ۳۱ دسمبر ۲۰۱۸ پیش کرتے ہوئے طمانیت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

۳۱ دسمبر ۲۰۱۸ کو ختم ہونے والی پہلی ششماہی میں کمپنی کی کل آمدنی ۵۵.۱۵ ملین روپے رہی جو کہ پچھلے سال ۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والی اسی مدت میں ۵۵.۵۹ ملین روپے تھی۔ سال کے پہلے چھ ماہ کے اختتام پر کمپنی نے ۱۰.۰۷ ملین روپے کا آپریٹنگ منافع حاصل کیا جو پچھلے سال اسی عرصہ میں ۱۰.۶۰ ملین روپے تھا۔ مزید یہ کہ کچھ صارفین کے اکاؤنٹ میں بہتری کی وجہ سے نقصان کے خدشات جو پچھلے سالوں میں متعین کئے گئے تھے موجودہ ششماہی میں واپسی کی وجہ سے کمپنی نے سال ۱۹-۲۰۱۸ کے درمیان قبل از ٹیکس منافع ۲.۱۸ ملین روپے اضافہ کے بعد ۱۳.۴۹ ملین روپے ریکارڈ کیا جبکہ پچھلے سال اسی مدت میں ۱۱.۳۱ ملین روپے قبل از ٹیکس منافع ظاہر کیا گیا تھا اسی طرح رواں مالی سال کے پہلے چھ ماہ اختتام پر ۲.۰۰ ملین روپے اضافہ کیساتھ بعد از ٹیکس منافع ۸.۷۸ ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال کی پہلی سہ ماہی میں بعد از ٹیکس منافع ۶.۷۸ ملین روپے تھا۔ اسکے نتیجے میں شمیر ہولڈرز ایکویٹی بعد سرمایہ کاری کی مالی پیکش کے ۳۱ دسمبر ۲۰۱۸ کو ۲۳.۹۹ ملین روپے ہو گئی جبکہ ۳۰ جون ۲۰۱۸ کو شمیر ہولڈرز ایکویٹی ۲۲.۲۵ ملین روپے تھی۔ ۳۱ دسمبر ۲۰۱۸ کو کمپنی کے کل اثاثہ جات اضافہ کے بعد ۱۴.۳۰ ملین روپے ہو گئے جو کہ ۳۰ جون ۲۰۱۸ کو ۱۳.۳۶ ملین روپے تھے۔

کریڈٹ ریٹنگ:

JCR-VIS کریڈٹ ریٹنگ کی رپورٹ بتاریخ ۲۸ دسمبر ۲۰۱۸ کے مطابق کمپنی نے درمیانے سے طویل مدتی اینٹی سی ریٹنگ کو 'A' (سنگل A منفی) اور مختصر مدتی ریٹنگ کو 'A-2' پر برقرار رکھا ہے۔ ریٹنگ کا آڈٹ لگ مستحکم ہے۔

مستقبل کے امکانات:

ہم اپنے کاروبار میں توسیع کے لیے نہ صرف کاربند ہیں بلکہ موجودہ بنیادی کاروباری سرگرمیوں پر بھی ہماری پوری توجہ مرکوز ہے اور ہم ریگولیٹری فریم ورک میں رہتے ہوئے کاروبار میں تنوع پیدا کرنے کے لیے مستعد ہیں۔ ہماری عمودی اور افقی کی توسیع حکمت عملی سے آمدنی میں اضافہ ہوگا جس سے امید ہے کہ ملک کی اقتصادی اور کاروباری حالات بہتر ہونگے۔ آپ کی کمپنی اپنے اثاثوں کے معیار کو بحال کرنے، اور، موجودہ عملہ اور اہم پیشہ ورانہ عملہ کی خدمات حاصل کر کے ان کو ریٹنگ کے ذریعہ اپنے انفراسٹرکچر میں بہتری لانے، مختلف النوع پروڈکٹ اور خدمات کی بحالی کی مناسب کوششیں کر رہی ہے، اور نئے مواقع اور نئے چیلنجز کا سامنے کرنے کے لئے اپنی پالیسیاں اور طریقہ کار کو اپ ڈیٹ کر رہی ہے۔

اظہار تشکر:

ڈائریکٹرز اپنے اسٹیک ہولڈرز، قابل قدر صارفین اور مالیاتی اداروں کا ان کے مسلسل اعتماد اور سرپرستی کے لیے تشکر کا اظہار کرتے ہیں۔ ریگولیٹری اداروں خاص طور پر سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی مسلسل رہنمائی اور سپورٹ کے بھی شکر گزار ہیں۔ ہم انتظامیہ اور ملازمین کی محنت اور لگن سے کام کرنے کا اعتراف بھی کرتے ہیں۔



پریسڈنٹ وی ای او
محمد حسن علی



ڈائریکٹر
محمد امین

کراچی۔

۲۶ فروری ۲۰۱۹



AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of First Credit and Investment Bank Limited as at December 31, 2018 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 this 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.

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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We draw attention to the note 11 to the condensed interim financial statements, in which the management of the Investment Bank has described their assumptions and estimates affecting deferred tax assets.

Our conclusion is not modified in respect of these matters.

Other Matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Date: February 26, 2019

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2018

		December 31, 2018 (Un-audited)	June 30, 2018 (Audited) Restated
	Note	Rupees	
ASSETS			
Non-current Assets			
Fixed assets			
- Property and equipment	8	4,962,455	5,856,334
- Intangible assets		-	-
Long-term investments	9	34,994,882	39,977,939
Long-term loans and finances		412,705,911	351,899,754
Net investment in finance lease	10	1,832,670	647,265
Long-term security deposits		57,500	57,500
Deferred tax asset	11	71,121,041	72,957,425
Total non-current assets		525,674,459	471,396,217
Current Assets			
Short-term Investments	12	98,100,627	84,147,138
Short-term placements	13	445,000,000	430,000,000
Current portion of			
- Long-term investments	9	29,915,276	29,915,276
- Long-term loans and finances		48,425,101	29,435,328
- Net investment in finance lease	10	1,175,977	509,568
Accrued mark-up		58,850,419	59,296,138
Advances prepayments and other receivables		4,987,685	1,240,033
Advance taxation - net		13,480,025	12,346,934
Cash and bank balances		178,528,221	209,076,400
Total current assets		878,463,331	855,966,815
Total Assets		1,404,137,790	1,327,363,032
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital			
75,000,000 (June 30, 2018: 75,000,000) shares of Rs. 10 each		750,000,000	750,000,000
Issued, subscribed and paid-up share capital			
65,000,000 (June 30, 2018: 65,000,000) shares of Rs. 10 each		650,000,000	650,000,000
Statutory reserves		136,338,171	134,582,762
Accumulated loss		(44,468,210)	(51,489,845)
Deficit on remeasurment of investment-net	14	(17,883,780)	(10,842,766)
Total Shareholders' equity		723,986,181	722,250,151
LIABILITIES			
Non-current liabilities			
Deferred liability - staff gratuity		2,701,641	2,430,419
Long term loan		93,750,000	125,000,000
Security deposit against finance lease		752,000	333,400
Total non-current liabilities		97,203,641	127,763,819
Current liabilities			
Short term running finance facility	15	499,997,717	402,137,807
Current portion of long-term loan		62,500,000	62,500,000
Markup / Interest accrued	16	9,816,239	7,022,701
Accrued and other payables		10,634,012	5,688,554
Total current liabilities		582,947,968	477,349,062
Total liabilities		680,151,609	605,112,881
CONTINGENCIES AND COMMITMENTS			
	17	-	-
Total equity and liabilities		1,404,137,790	1,327,363,032

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

Muhammad Amin Khatri
Chief Financial OfficerMuhammad Mohsin Ali
President & CEOMuhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2018

	For the six months period ended December 31,		For the three months ended December 31,	
	2018	2017	2018	2017
	Rupees			
Note				
INCOME				
Income from term finances and fund placements	46,224,819	48,335,675	23,184,343	25,626,466
Income from investments	4,889,807	4,376,377	2,129,133	2,095,926
Fees and commission	3,840,458	1,124,213	3,020,804	1,074,018
Other income	190,855	1,750,731	25,380	33,717
	55,145,939	55,586,996	28,359,660	28,830,127
EXPENDITURES				
Finance cost				
Mark-up on bank loans	7,574,289	8,391,516	3,930,214	4,064,624
Mark-up on short term running finance	15,615,981	16,831,965	8,017,521	9,862,356
Others	34,581	35,643	20,376	2,300
	23,224,851	25,259,124	11,968,111	13,929,280
Administrative and operating expenses	21,848,261	19,724,974	11,126,502	10,538,234
	45,073,112	44,984,098	23,094,613	24,467,514
Operating income	10,072,827	10,602,898	5,265,047	4,362,613
(Provision) / Reversals				
Reversal of provision for non-performing investments	9.1 3,693,443	950,000	1,748,610	500,000
	13,766,270	11,552,898	7,013,657	4,862,613
Workers' welfare fund	(275,325)	(241,223)	(140,325)	(103,877)
Profit for the period before taxation	13,490,945	11,311,675	6,873,332	4,758,736
Taxation	18 (4,713,901)	(4,536,056)	(3,008,969)	(2,577,230)
	8,777,044	6,775,619	3,864,363	2,181,506
Profit for the period after taxation				
Earnings per share -basic and diluted	20 0.14	0.10	0.06	0.03

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2018

	For the six months period ended December 31,		For the three months period ended December 31,	
	2018	2017	2018	2017
	Rupees			
PROFIT FOR THE PERIOD AFTER TAXATION	8,777,044	6,775,619	3,864,363	2,181,506
<i>Other comprehensive income</i>				
Items that may be reclassified to statement of profit or loss subsequently:				
(Loss)/Gain on remeasurement of investment classified as 'available for sale'	(7,041,014)	(5,900,962)	(8,820,727)	(4,602,599)
Items that will not be reclassified to statement of profit or loss subsequently:				
Remeasurement of defined benefit obligations	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,736,030	874,657	(4,956,364)	(2,421,093)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up share capital	Reserve		Total	Deficit on remeasurement of investment classified as available for sale	Total shareholder's equity
		Capital	Revenue			
		Statutory Reserve	Accumulated loss			
Rupees						
Balance as at July 01, 2017 as previously reported	650,000,000	132,744,837	(58,797,060)	73,947,777	-	723,947,777
Transfer to deficit on remeasurement of investment	-	-	-	-	(8,020,695)	(8,020,695)
Balance as at July 01, 2017 - restated	650,000,000	132,744,837	(58,797,060)	73,947,777	(8,020,695)	715,927,082
Transactions with other than owners of equity:						
Net profit for the period	-	-	6,775,619	6,775,619	-	6,775,619
Other comprehensive income	-	-	-	-	(5,900,962)	-
Total comprehensive income	-	-	6,775,619	6,775,619	(5,900,962)	6,775,619
Transfer to statutory reserve	-	1,355,124	(1,355,124)	-	-	-
Balance as at December 31, 2017	650,000,000	134,099,961	(53,376,565)	80,723,396	(13,921,657)	722,702,701
Balance as at July 01, 2018	650,000,000	134,582,762	(51,489,845)	83,092,917	(10,842,766)	722,250,151
Transaction with other than owners of equity:						
Net profit for the period	-	-	8,777,044	8,777,044	-	8,777,044
Other comprehensive income	-	-	-	-	(7,041,014)	(7,041,014)
Total comprehensive income	-	-	8,777,044	8,777,044	(7,041,014)	1,736,030
Transfer to statutory reserve	-	1,755,409	(1,755,409)	-	-	-
Balance as at December 31, 2018	650,000,000	136,338,171	(44,468,210)	91,869,961	(17,883,780)	723,986,181

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
Note	Rupees	
Cash flows from operating activities		
Profit for the period before taxation	13,490,945	11,311,675
Adjustments for non-cash and other items:		
Depreciation	893,876	782,915
Amortisation	-	24,714
Gain on disposal of property and equipment	-	(230,396)
Gratuity	271,222	(3,821,585)
Realized gain on sale of investments	(774,082)	-
Dividend Income	(977,771)	(481,558)
Finance Cost	23,224,851	25,259,124
Reversal for non-performing investments	(3,693,443)	(950,000)
Unrealized loss on remeasurement of financial assets through profit or loss	-	-
	18,944,653	20,583,214
Operating cash flows before working capital changes	32,435,598	31,894,889
(Increase) / decrease in current assets		
Advances prepayments and other receivables	(3,747,652)	(985,428)
Accrued mark-up	445,719	(16,323,049)
	(3,301,933)	(17,308,477)
Increase / (decrease) in current liabilities		
Accrued and other payables	4,945,458	(4,213,100)
Security deposit against finance lease	418,600	-
	5,364,058	(4,213,100)
Cash generated from operations	34,497,723	10,373,312
Income tax paid	(3,750,091)	(2,358,359)
Dividend received	977,771	481,558
Markup paid	(20,431,313)	(21,953,945)
	(23,203,633)	(23,830,746)
Cash (used in)/generated from operating activities	11,294,090	(13,457,434)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(2,822,800)
Sale proceeds on disposal of property and equipment	-	230,396
Long-term investment - net	8,693,443	28,548,481
Short-term investments	(20,497,878)	358,364
Long-term loan and finances (payment) / received	(81,647,744)	(25,046,318)
Net cash (used in) / generated from investing activities	(93,452,179)	1,268,123
Cash flows from financing activities		
Long-term loans repaid	(31,250,000)	(31,250,000)
Net cash used in financing activities	(31,250,000)	(31,250,000)
Net decrease in cash and cash equivalents	(113,408,089)	(43,439,311)
Cash and cash equivalents at the beginning of the period	236,938,593	517,704,432
Cash and cash equivalents at the end of the period	19 123,530,504	474,265,121

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

Muhammad Amin Khatri
Chief Financial OfficerMuhammad Mohsin Ali
President & CEOMuhammad Ameen
Director



**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

1 STATUS AND NATURE OF BUSINESS

1.1 First Credit and Investment Bank Limited ("the Investment Bank") was incorporated in Pakistan on August 31, 1989 as a private company with its liability limited by shares under the name of 'First Credit and Discount Corporation (Private) Limited', converted in to a public company. Subsequently, the name of the Investment Bank was changed to First Credit and Investment Bank Limited. During the year ended June 30, 2009, the Investment Bank was listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) limited by way of issue of shares to general public. The registered office of the Investment Bank is situated at 2nd floor, Sidco Avenue Centre, Stratchen Road, R.A. Lines, Karachi, Pakistan. The Investment Bank is an associated undertaking of Water and Power Development Authority (WAPDA) and National Bank of Pakistan (NBP) which each holds 30.77% holding in the Investment Bank.

1.2 The Investment Bank is licensed to undertake business of investment finance services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules") issued by the Securities and Exchange Commission of Pakistan (SECP). The Investment Bank has changed its status from Deposit taking Investment Bank to Non-Deposit taking Investment Bank from July 01, 2018.

The JCR-VIS has re-affirmed the investment bank credit rating of 'A-' (A minus) for long & medium term and 'A-2' (A Two) for short term on December 28, 2018. The outlook of the rating is stable.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statement of the Investment Bank for the six months period ended December 31, 2018 are reviewed by the auditors and has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting Standards", provisions of and directives issued under the Companies Act 2017, the NBFC Rules 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the NBFC Regulations") and the other directives issued by the SECP. Wherever the requirements of the Act, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Act, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The Securities and Exchange Commission of Pakistan has deferred the applicability of IFRS-9, 'Financial Instruments: Recognition and measurement through S.R.O 229 (I)/2019 dated February 14, 2019 in partial modification of S.R.O 1007(I)/2017 dated october 4, 2017. As reporting period/year ending on or after June 30, 2019

This condensed interim financial statement does not include all the information required for full annual financial statements, and should be read in conjunction with the Investment Bank's annual financial statements for the year ended June 30, 2018.

These condensed interim financial statements are un-audited but have been subject to limited scope review by the auditors as required by the Code of Corporate Governance.

3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE BANK'S FINANCIAL POSITION AND PERFORMANCE

a) During the period the Investment Bank has granted further disbursement of loan and advances to the parties amounting to Rs 91.77 million.

4 ACCOUNTING POLICIES

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation are same as those applied by the Company in the annual financial statements for the year ended June 30, 2018.



5 EFFECT OF RESTATEMENT

5.1 Due to Change in accounting policy

The specific requirement of SECP through circular no. 19 dated August 13, 2003 has not been carried forward. Previously such circular has deferred the applicability of IAS-39 on the Investment Bank and instructed the Investment Bank to observe the State Bank of Pakistan's (SBP) BSD Circular Letter No.11 dated September 11, 2002 regarding the application of said IASs. In the light of such deferment the Investment Bank is following the requirement of SBP's BPRD Circular No. 02 of 2018 for the format of financial statement (C4) for disclosure and measurement financial instrument under IAS 39 along with requirement of NBFC rules and regulations, as a result of which surplus/ deficit on remeasurement on available for sale investment is not made of equity and is mentioned in the statement of financial position under total shareholders' equity. However, the State Bank of Pakistan vide BPRD Circular No. 02 of 2018 has revised their financial statements formats and accordingly as per such notification surplus/ deficit on remeasurement on available for sale investment.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	Previously reported	Re-statement	As-restated
		Rupees	
Effect on the financial statements for the year ended June 30, 2018			
Statement of Financial Position			
Deficit on remeasurement of investment classified as available for sale	10,842,766	(10,842,766)	-
Total shareholders' equity	-	(10,842,766)	(10,842,766)
	Previously reported	Re-statement	As-restated
		Rupees	
Effect on the financial statements for the year ended June 30, 2017			
Statement of Financial Position			
Deficit on remeasurement of investment classified as available for sale	8,020,695	(8,020,695)	-
Total shareholders' equity	-	(8,020,695)	(8,020,695)

6 FINANCIAL RISK MANAGEMENT

The Investment Bank's financial risk management objectives and policies are same as disclosed in the annual financial statements for the year ended June 30, 2018.

7 ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing this condensed interim financial statement, the significant judgments made by management in applying the Investment Bank's accounting policies and key sources of estimation are same as those applied by the Investment Bank in the annual financial statements for the year ended June 30, 2018.

**8 PROPERTY AND EQUIPMENT**

	For the six-months period ended December 31, 2018		For the year ended June 30, 2018	
	Un-audited		Audited	
	Additions (cost)	Disposal (book value)	Additions (cost)	Disposal (book value)
	Rupees			
Office Equipment			31,499	
Computer			124,000	
Vehicles	-	-	5,186,260	564,548
	-	-	5,341,759	564,548

	Note	December 31, 2018	June 30, 2018
		Un-audited	Audited
		Rupees	
9 LONG-TERM INVESTMENTS			
Held-to-maturity			
Term Finance Certificates (TFCs) and Sukuk - unquoted		202,870,167	204,770,167
TFCs - quoted		52,415,276	57,415,276
		255,285,443	262,185,443
Less: Provision against investments	9.1	(191,512,943)	(193,412,943)
		63,772,500	68,772,500
Available-for-sale			
TFCs - quoted		17,935,784	19,729,227
Less: Provision against investments	9.1	(17,935,784)	(19,729,227)
		-	-
Investment in shares - quoted		1,137,658	1,120,715
Total long-term investments		64,910,158	69,893,215
Less: Current portion of long-term investments		(29,915,276)	(29,915,276)
		34,994,882	39,977,939
9.1 Provision against investments			
Opening balance		213,142,170	215,692,170
Provision/(Reversed) during the period/year		(3,693,443)	(2,550,000)
Closing balance		209,448,727	213,142,170
10 NET INVESTMENT IN FINANCE LEASE			
Lease rental receivable		2,580,638	891,744
Residual value		752,000	333,400
Gross investment in finance lease		3,332,638	1,225,144
Less: Unearned finance lease income		(323,991)	(68,311)
		3,008,647	1,156,833
Less: Current maturity of net investment in finance lease		(1,175,977)	(509,568)
		1,832,670	647,265

11 Deferred tax asset

The management of the Investment Bank has prepared financial projections the said projections are based on certain key assumptions made for the estimation of the recovery against provision. The determination of future taxable profit and recoveries are most sensitive to certain key assumption. A significant change in the key assumption and estimate may have an effect on the recovery of deferred tax asset. The management believes that the Investment Bank will be able to achieve the recovery and profit projected in the financial projection and consequently the deferred tax asset accounted for in the financial statement will be fully realized in the future.



		December 31, 2018	June 30, 2018
		Un-audited	Audited
		Rupees	
12	SHORT-TERM INVESTMENTS	Note	
	Available for sale		
	Dewan Cement Limited -Pre- IPO TFCs	12.1	50,000,000
	(Provision)TFC-Dewan Cement Limited	12.1	(6,930,383)
			43,069,617
	Investment in shares - listed		33,458,646
	Mutual Funds		21,572,364
			98,100,627
			84,147,138

12.1 This investment has been calssified under loss category and accordingly made 100% provision after considering FSV of the collateral held as per NBFC and NE regulations.

			December 31, 2018	June 30, 2018
			Un-audited	Audited
			Rupees	
13	SHORT TERM PLACEMENTS	13.1	445,000,000	430,000,000

13.1 This represent placement with financial institutions under term deposits carrying markup rate of 9.5% to 12% per annum (June 30, 2018 : 8.6% to 10% per annum)

		December 31, 2018	June 30, 2018
		Un-audited	Audited
		Rupees	
14	DEFICIT ON REMEASUREMENT OF INVESTMENTS - net		
	Available-for-sale investments		
	Mutual Fund	(4,003,636)	(1,272,798)
	Shares long-term	(2,589,989)	(2,606,932)
	Shares short-term	(12,398,536)	(7,810,900)
	Related deferred tax (assets)	1,108,381	847,864
		(17,883,780)	(10,842,766)

15 SHORT TERM RUNNING FINANCE FACILITY

MCB Bank Limited	15.1	399,997,766	302,137,856
National Bank of Pakistan- an associated undertaking	15.2	99,999,951	99,999,951
		499,997,717	402,137,807

15.1 This represent short-term running finance obtained against TDR from MCB Bank Limited carrying markup rate of 3 months KIBOR plus 0.6% per annum (June 30, 2018: 3 months KIBOR plus 0.6% per annum).

15.2 This represent short-term running finance obtained with a limit of Rs.100 million (June 30, 2018: Rs.100.0 million) carrying markup @ 3 months KIBOR plus 1.00% per annum (June 30, 2018: 3 months KIBOR plus 1%) per annum.The loan is secured by first pari passu hypothecation charge against all present and future assets of the Investment Bank with 25% margin.



		December 31, 2018	June 30, 2018
		Un-audited	Audited
		Rupees	
16	Markup / Interest accrued		
	Secured		
	Loans and borrowings including running finances	8,256,101	5,462,564
	Unsecured		
	Long-term certificate of deposit	1,560,137	1,560,137
		9,816,238	7,022,701
17	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	There are no contingencies as at period end (June 30, 2018: Nil)		
	Commitments		
	-Standby letter of credit	17.1	37,926,563
	-Letter of credit exposure -Pioneer Cement Ltd.	17.2	14,433,488
	-Letter of credit exposure -Power Cement Ltd.	-	7,647,405
17.1	This represents the Investment Bank's share in standby letter of credit under agreement of participation dated December 13, 2010 with Allied Bank Limited. Under the said agreement, the Investment Bank irrevocably agrees and undertakes with Allied Bank Limited to take undivided share of 2.5% in standby letter of credit up to November 17, 2019.		
17.2	This represents the Investment Bank's participation in syndicated Term Finance L/C facility to the extend of Rs.100.0 million for import of plant and machinery. Initially the facility will be non-funded and FCIBL has recorded it as contingencies liability, subsequently upon requirement of L/C documents the payment will be made through the facility will become funded.		
18	TAXATION	December 31, 2018	December 31, 2017
		Rupees	
	Current	2,617,000	3,073,434
	Deferred - net	2,096,901	1,462,622
		4,713,901	4,536,056
19	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	178,528,221	336,286,247
	Short term placements	445,000,000	544,000,000
	Short term running finance facility	(499,997,717)	(406,021,126)
		123,530,504	474,265,121
20	EARNINGS PER SHARE (EPS)	December 31, 2018	December 31, 2017
		Rupees	
20.1	Basic EPS		
	Earnings for the period	8,777,044	6,775,619
	Weighted average number of shares outstanding	65,000,000	65,000,000
	Earnings per share - basic	0.14	0.10
20.2	Diluted EPS		
	There is no dilution effect on the basic earning per share as the Investment Bank has no convertible dilutive potential ordinary shares outstanding on December 31, 2018.		

**21 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertaking, key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with various related parties.

Nature of relationship with related party	Nature of transactions	December 31, 2018	December 31, 2017
		Rupees	
Associate Undertakings	Transactions for the six month period:		
	National Bank of Pakistan		
	Markup - paid on long term loan	7,574,289	8,391,516
	Markup - paid on short-term running finance	4,268,802	1,272,739
	Rent paid	2,049,203	1,860,168
	Taurus Securities Limited		
	Brokerage Expenses	15,600	-
Key management personal	Salaries, benefits and allowances	5,008,542	5,587,227
	Retirement benefits	382,988	373,191
	Return on long-term loans	-	21,659
Staff Retirement Plans	Contributions made to staff retirement fund	365,916	212,079
Nature of relationship with related party	Nature of balances	December 31, 2018	June 30, 2018
		Un-audited	Audited
		Rupees	
Associate Undertakings	Balances as at period-end/year - end		
	National Bank of Pakistan		
	Investment in shares at cost	3,858,395	3,858,395
	Long term loan	156,250,000	187,500,000
	Running finance facility	99,999,951	99,999,951
	NAFA Stock Fund	25,000,000	25,000,000
Key management personnel	Balances as at period-end / year - end	2,255,777	3,983,301

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of all financial instruments as at year end are based on the valuation methodology outlined

a) Finance and certificates of deposit

For all finances (including certificates of deposit) the fair values have been taken at carrying amounts as these are not considered materially different from their fair values based on the current yields / market rates and re-pricing profits of similar finance and deposit portfolios.

**b) Investments**

The fair values of quoted investments are based on quoted market prices. Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment, if any, which approximates their fair value in the absence of an active market.

The Investment Bank uses following fair value hierarchy that reflects significance of inputs used in making the measurements:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Decemeber 31, 2018 (Unaudited)			
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	171,957,866	-	-
Unlisted securities	-	11,357,224	-
	171,957,866	11,357,224	-
June 30, 2018 (Audited)			
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	99,613,512	-	-
Unlisted securities	-	11,357,224	-
	99,613,512	11,357,224	-

c) Other financial instruments

The fair values of all other financial instruments are considered to approximate their carrying amounts.

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information are authorized for issue on February 26, 2019 by the board of directors of the Investment Bank.

Muhammad Amin Khatri
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director