

Half Yearly Report
December 31, 2015



INVEST CAPITAL INVESTMENT BANK LIMITED



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INVEST CAPITAL INVESTMENT BANK LIMITED

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INVEST CAPITAL INVESTMENT BANK LIMITED

Company Information

Board of Directors

Ms. Ayesha Zahid	-Chairperson
Mr. Muhammad Asif	-Chief Executive
Mr. Shahab Ud Din Khan	-Director
Mr. Muhammad Qasim	-Director
Ms. Fiza Zahid	- Director
Mr. Shahbaz Haider Agha	-Director
Mr. Hasan Ahmed	-Director
Audit Committee	
Mr. Shahab Ud Din Khan	-Chairman
Mr. Hasan Ahmed	-Member
Ms. Fiza Zahid	-Member

Human Resource Committee

Mr. Muhammad Qasim	-Chairman
Mr. Muhammad Asif	-Member
Ms. Ayesha Zahid	-Member

Chief Financial Officer &

Company Secretary
Mr. M. Naim Ashraf

Auditors

Deloitte Yousuf Adil Saleem & Co.
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
State Bank of Pakistan

Registered Office

603-604, 6th Floor, Lakson Square
Building No. 3, Sarwar Shaheed
Road, Karachi.
Tel: 021-35661968
Fax: 021-35654022
Website: www.icibl.com

Head Office

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

National Tax Number

0656427-5

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INVEST CAPITAL INVESTMENT BANK LIMITED

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, 2015, 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, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

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, 2015 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 to the following matters:

- Note 1.3 to the condensed interim financial information indicates that the company has incurred loss of Rs. 0.12 million during the period. As at December 31, 2015, its accumulated loss is Rs. 743.70 million and the company's current liabilities exceed its current assets by Rs. 172.17 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.
- Note 1.4 to the condensed interim financial information indicates that the company has not complied with certain regulatory requirements of Non-Banking Finance companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance companies and Notified Entities Regulations, 2008 as detailed in the said note.

The condensed interim financial information of the company for the half year ended December 31, 2014 were reviewed by another firm of Chartered Accountants who expressed an unqualified conclusion in their report dated February 27, 2015.

Deloitte Yousuf Adil
Chartered Accountants
Engagement partner: Hamid Masood

Dated: 27 February 2016
Place: Faisalabad

Directors Review

I am pleased to present the un-audited financial statements for the Half Year ended December 31, 2015 to the members on behalf of the Board of Directors of Invest Capital Investment Bank Limited (the Company).

The Review

On the economic front the performance during the period under review was not satisfactory, mix trend of major indicators has been noticed. Exports have been witnessing declining trend since last year where as import bill has been showing increasing trend which has widened the trade deficit of the country. The current account balance of the country has shown a considerable improvement in recent months due to sharp reduction in oil prices and consistent increase in home remittances. During the period under review due to low inflation and improvement in foreign reserves, State Bank of Pakistan reduced the policy rate to 6% p.a. Due to political stability and improved security conditions Pakistans economic performance is moving in right direction.

During the period under review, the Company incurred a nominal loss of Rupees 0.12 million as compared to the profit of Rupees 27.30 million in the corresponding period of the last year with earnings per share of Rupees (0.00) (December 2014 Rupees 0.10). The Company showed loss basically due to reduction in Other income which mainly comprised of gain in settlement of liabilities. The gross revenue including other income for the period stood at Rupees 28.33 million as compared to Rupees 34.67 million in the corresponding period of the last year. The financial charges came down to Rupees 17.05 million from Rupees 22.98 million as at 31st December 2014 whereas waiver of financial charges also reduced from Rupees 47.20 million to Rupees 6.99 million. The administrative and operating expenses also decreased to Rupees 15.96 million from Rupees 21.96 million of the comparable half year.

Coming to the Balance Sheet side, the total assets of the Company stood at Rupees 1,286.58 million (December 31, 2014 Rupees 1,289.15 million). The equity stood at Rupees 182.17 million as at the period end. Total liabilities of the Company amounted to Rupees 1,189.95 million as at 31st December 2015.

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

	Rs. in million	
	December 31, 2015	December 31, 2014
Gross Revenue	27.35	28.04
Other Income	0.98	6.63
Administration & Operating expenses	15.96	21.96
Profit / (Loss) for the period before taxation	(1.41)	27.22
Taxation net	(1.29)	0.08
Profit / (Loss) for the period after taxation	0.12	27.30
Earnings per Share	0.00	0.10

During the period gross revenue has decreased slightly due to the maturity of leases. The new lease business can only be undertaken if ample funds are available to the Company.

The management remained focused to resolve the outstanding issues to make the company afloat. The following key areas continued to remain under focus 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 above mentioned measures have helped to a great extent to overcome the financial and operational problems and will further result in improvement of financial position of the Company. Considering managements plans and the results of the mitigating measures as enumerated above and discussed in detail in the Audited Financial Statements for the period ended June 30, 2015, 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 bank liabilities.

Acknowledgments

I am extremely grateful to our valued customers for their continued support and confidence, the Securities and Exchange Commission of Pakistan for their guidance, the lenders for their cooperation, and shareholders for their confidence and trust. I also thank all staff members for their sincere and dedicated services.

For and on behalf of the Board

Lahore
February 27, 2016


Muhammad Asif
Chief Executive Officer

Invest Capital Investment Bank Limited
Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2015

	Un-audited December 31, 2015	Audited June 30, 2015
Note --- Rupees in thousand ---		
ASSETS		
Non-current assets		
Property, plant and equipment		
Operating assets	5 156,892	153,987
Intangible assets	1,688	1,866
Long term investments	6 111,518	105,484
Net investment in Ijarah finance / assets under Ijarah arrangements	7 39,136	56,522
Long term loans	8 71,955	75,226
Long term security deposits	2,614	2,614
Deferred tax asset	150,000	150,000
	527,863	545,829
Current assets		
Short term investments	34,743	26,769
Short term musharakah finances	70,492	70,492
Short term finances	6,888	6,700
Ijarah rentals receivables	1,387	1,863
Current portion of non-current assets	386,289	411,025
Advances, deposits, prepayments and other receivables	43,445	37,877
Cash and bank balances	16,393	2,027
Assets classified as held for sale	99,356	110,251
	852,773	867,264
TOTAL ASSETS	1,186,576	1,212,833
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital		
485,000,000 (June 30, 2015 : 485,000,000) ordinary shares of Rs. 10 each	4,850,000	4,850,000
Issued, subscribed and paid-up capital		
Capital reserves	2,848,669	2,848,669
Capital reserve on amalgamation	(2,022,076)	(2,022,076)
Statutory reserve	93,205	93,205
Unrealized gain on remeasurement of available for sale investments	6,065	7,005
Revenue reserve		
Accumulated loss	(743,695)	(743,574)
	162,168	183,229
Non-current liabilities		
Subordinated loan from directors	126,000	126,000
Security deposits from lessees	30,978	40,308
Long term certificates of musharakah	1,402	1,402
Long term certificates of investments	352	1,402
Long term musharakah and murabaha borrowings	4,990	12,044
Deferred liability		
Mark up on long term musharakah	9,747	9,747
	173,469	190,903
Current liabilities		
Current portion of non-current liabilities		
Short term certificates of musharakah	11 7,880	188,068
Short term certificates of investments	9,000	11,400
Loan from sponsor	197,542	197,542
Accrued and other liabilities	154,041	146,532
Profit / mark up payable	188,683	180,037
Liabilities directly associated with assets held for sale of discontinued operation	107,902	107,902
	830,939	838,791
TOTAL EQUITY AND LIABILITIES	1,186,576	1,212,833
CONTINGENCIES		
	12 -	-

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


Muhammad Asif
Chief Executive Officer


Ayesha Zahid
Director

Invest Capital Investment Bank Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended December 31, 2015

	Half year ended December 31		Quarter ended December 31	
	2015	2014	2015	2014
--- Rupees in thousand ---				
Income				
Income from leasing operations	7,005	10,725	3,734	4,388
Operating lease rentals	12,268	4,433	439	2,838
Profit / (loss) on musharakah investments	18	(403)	1	(200)
Income from finances	3,611	5,238	1,304	2,824
Income on deposits with banks	128	329	123	126
Income from joint ventures	7,264	1,040	5,134	1,040
Dividend income	984	81	(308)	53
Net gain on sale of marketable securities	3,387	5,304	1,278	2,898
Unrealized (loss) / gain on investment in marketable securities - net	(7,317)	1,268	(7,317)	1,268
	27,348	28,035	4,388	15,255
Expenses				
Administrative and operating expenses	(15,963)	(21,959)	(8,951)	(11,006)
Financial charges - net	(17,046)	(22,984)	(8,438)	(16,555)
	(33,009)	(44,943)	(17,389)	(27,563)
	(5,661)	(16,908)	(13,001)	(12,308)
Waiver of financial charges	6,985	47,204	6,985	-
	1,324	30,296	(6,016)	(12,308)
Other income	980	6,633	243	2,247
	2,304	36,929	(5,773)	(10,061)
Provision (charged) / reversed on non-performing loans and write-offs				
Reversal / (provision) against:				
Finance lease receivable and rentals - net	1,397	(8,339)	1,071	(5,443)
Long term / short term musharakah finances	84	78	44	52
Long term / short term loans	75	804	-	526
Other receivables	15	(141)	15	348
Balances written off:				
Lease receivables	(5,236)	(2,113)	-	-
Other receivables	(60)	-	-	-
	(3,715)	(9,711)	1,130	(4,517)
(Loss) / profit before taxation	(1,411)	27,218	(4,643)	(14,578)
Provision for taxation				
- For the period	(240)	(764)	(190)	(664)
- Prior period's	1,530	841	1,530	-
(Loss) / profit for the period	(121)	27,295	(3,303)	(15,242)
Earnings per share - Basic and Diluted (Rupees)				
	(0.00)	0.10	(0.01)	(0.05)

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


Muhammad Asif
Chief Executive Officer


Ayesha Zahid
Director

Invest Capital Investment Bank Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended December 31, 2015

	Half yearly ended December 31		Quarter ended December 31	
	2015	2014	2015	2014
	--- Rupees in thousand ---			
(Loss) / profit for the period	(121)	27,295	(3,303)	(15,242)
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to profit or loss				
Unrealized (loss) / gain on remeasurement of available for sale investments	(940)	1,785	(940)	1,785
Other Items				
Un-realized (gain) on available for sale investment reclassified to profit and loss account on disposal	-	(2,637)	-	(2,637)
	(940)	(852)	(940)	(852)
Total comprehensive (loss) / income for the period	(1,061)	26,443	(4,243)	(16,094)

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


Muhammad Asif
 Chief Executive Officer


Ayesha Zahid
 Director

Invest Capital Investment Bank Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the half year ended December 31, 2015

	Half year ended Dec 31,	
	2015	2014
	--- Rupees in thousand ---	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(1,411)	27,218
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	5,055	3,729
Amortization of intangible assets	298	426
Depreciation on assets leased out	-	160
(Reversal) / provision against:		
Long term / short term musharakah finances	(84)	(77)
Long term / short term loans	(75)	(804)
Other receivables	(15)	141
Finance lease receivable and rentals - net	(1,397)	8,339
Balances written off		
Lease receivables	5,236	2,113
Other receivables	50	-
(Gain) on disposal of operating assets	(10)	(688)
Unrealised loss / (gain) on investments in marketable securities	7,317	(1,288)
Financial charges - net	10,061	(24,220)
Gain on settlement of liabilities	(206)	(4,373)
	26,230	(16,542)
Cash flow from operating activities before working capital changes	24,819	10,676
Changes in working capital		
(Increase) / decrease in current assets		
Short term investments	(15,291)	(1,446)
Short term musharakah finances	-	15
Short term finances	12	1,312
Ijarah rentals receivables	476	91
Advances, deposits, prepayments and other receivables	(3,932)	117
Assets classified as held for sale - net	10,895	763
	(7,840)	852
(Decrease) / increase in current liabilities		
Short term certificates of musharakah	(5,400)	(5,945)
Short term certificates of investments	(2,400)	(1,600)
Accrued and other liabilities	13,509	9,241
	5,709	1,696
Cash generated from operations	22,688	13,224
Financial charges paid	(1,415)	(3,297)
Income tax paid	(333)	(349)
	(1,748)	(3,646)
Net cash generated from operations	20,940	9,578


Muhammad Asif
 Chief Executive Officer


Ayesha Zahid
 Director

Half year ended Dec 31,
2015 2014
— Rupees in thousand —

b) CASH FLOWS FROM INVESTING ACTIVITIES

Additions in operating assets	(1,971)	-
Recovery of / (investment in):		
Long term investments	(6,963)	3,083
Net investment in Ijarah finance / assets under Ijarah arrangements	20,254	42,100
Long term musharakah finances	-	77
Long term loans	7,650	(11,922)
Long term security deposits	-	(336)
Disposal of operating assets	20	873
Net cash generated from investing activities	18,990	33,875

c) CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of:		
Redeemable capital	(69)	(1,596)
Long term certificates of musharakah	-	(8,374)
Long term certificates of investments	(1,050)	(4,650)
Long term musharakah and murabaha borrowings	(14,413)	(19,594)
Long term loan	(10,032)	(20,064)
Net cash (used in) financing activities	(25,564)	(54,280)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	14,366	(10,827)
Cash and cash equivalents at the beginning of the period	2,027	10,933
Cash and cash equivalents at the end of the period	16,393	106

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


Muhammad Asif
Chief Executive Officer


Ayesha Zahid
Director

Invest Capital Investment Bank Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended December 31, 2015

Issued, subscribed and paid-up capital	Capital Reserves				Revenue Reserve	Total
	Capital reserve on amalgamation	Statutory reserve	Gain on remeasurement of available for sale investments	Sub total	Accumulated loss	

Rupees in Thousand

Balance as at July 01, 2014 - as previously reported	2,848,669	(2,022,076)	-	11,908	(2,010,168)	(656,525)	181,976
Effect of rectification of error							
Transferred to statutory reserve	-	-	91,973	-	91,973	(91,973)	-
Balance as at July 01, 2014 - as restated	2,848,669	(2,022,076)	91,973	11,908	(1,918,195)	(748,498)	181,976

Total comprehensive income for the period

Profit for the period	-	-	-	-	-	27,295	27,295
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Unrealized gain on remeasurement of available for sale investments	-	-	-	1,785	1,785	-	1,785
Other items							
Un-realized (gain) on available for sale investments reclassified to profit and loss account on disposal	-	-	-	(2,637)	(2,637)	-	(2,637)
Transferred to statutory reserve	-	-	5,459	-	5,459	(5,459)	-
Balance as at December 31, 2014	2,848,669	(2,022,076)	97,432	11,056	(1,913,588)	(726,662)	208,419

Balance as at July 01, 2015

Balance as at July 01, 2015	2,848,669	(2,022,076)	93,205	7,005	(1,921,866)	(743,574)	183,229
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(121)	(121)
Other comprehensive loss							
Items that may be reclassified subsequently to profit or loss							
Unrealized loss on remeasurement of available for sale investments	-	-	-	(940)	(940)	-	(940)
-	-	-	-	(940)	(940)	(121)	(1,061)
Balance as at December 31, 2015	2,848,669	(2,022,076)	93,205	6,065	(1,922,806)	(743,695)	182,168

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


Muhammad Asif
Chief Executive Officer


Ayesha Zahid
Director

Invest Capital Investment Bank Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended December 31, 2015

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. 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 all the stock exchanges of Pakistan. 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 has incurred loss of Rs. 0.12 million (December 31, 2014 : Profit of Rs 27.30 million) during the period. As at the balance sheet date, the accumulated loss is Rs.743.70 million (June 30, 2015: Rs. 743.57 million) and the current liabilities of the Company exceed its current assets by Rs. 172.17 million (June 30, 2015: Rs. 171.70 million).
 - The Company has been unable to comply with certain prudential regulations as stipulated under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) (Refer Note 1.4).
 - the Company has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the financial statements.
 - the Company has been facing difficulty in recovery of its leases and loans portfolio.
 - the leasing and investment finance services licenses of the Company expired on December 08, 2010 and February 29, 2011 respectively and renewal is pending.
 - The Company is defending a suit for winding up of the Company filed by a creditor of the Company having a stake of 2.19% (June 30, 2015: 2.06%) of the total liabilities as at December 31, 2015 amounting to Rs. 22.19 million (June 30, 2015 : 21.18 million).

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 significantly curtailed its administrative and other operating expenses which is resulting in improvement in the operating results and equity position of the Company.

(b) Commencement of new leasing business

The Company recommenced leasing business from September 2011 after a considerable gap. Leasing business is resulting in income thereby improving the operational results and equity position of the Company. The quantum of leasing business will enhance after settlement of liabilities and recovery of leases and loans portfolios as discussed in para (c) and (f) below.

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

Management has made considerable progress in settlement / rescheduling of outstanding loans with various banks / financial institutions through transfer of the Company's lease / loan portfolio and immovable properties / shares / other assets with waiver of mark-up. During the period liabilities amounting to Rs. 0.28 million (2014: Rs. 93.00 million) have been settled / rescheduled, the percentage of liabilities settled to date is 93.36% (June 30, 2015: 93.34%).

(d) Disposal of non-core assets

The management is committed to dispose off non core assets. During the period the management has disposed off 8 DHA Golf Club seats having book value of Rs.10.89 million. The Company has earned a capital gain of Rs.0.455 million on this disposal. Disposal of non core assets will result in improvement in liquidity and equity 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 as explained in detail in Note 18 to the published audited financial statements for the year ended June 30, 2015. This transaction on completion will result in net saving of approximately Rs. 74.88 million for the Company and, therefore, will result in improvement in the equity position of the Company.

(f) Improved recovery of leases and loans portfolio

Recovery from leases and loans portfolio has been substantially improved in relation to the previous financial years. Net recovery during the period is Rs. 58.45 million (2014: Rs. 60.91 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

The above mentioned plans / efforts have helped to overcome the financial and operational problems to a great extent and will result in further improvement to financial and operational position of the Company. Considering management's plans and the results of the mitigating actions as discussed in paras (a) to (f) above, management is confident that the Company will be able to continue as a going concern.

- 1.4 As at December 31, 2015, the Company could not meet the regulatory requirements of NBFC Rules, 2003 and Non-Banking Finance Companies and NBFC Regulations, 2008 mentioned as under:

- SRO 1160 (I)/2015 dated November 25, 2015 issued by SECP : The aggregate minimum equity requirement as per NBFC Regulations, 2008 for leasing and investment finance companies has been set at Rs.1,250 million. The aggregate equity of the Company as at December 31, 2015 is Rs. 308.17 million (June 30, 2015: Rs. 309.23 million) inclusive of subordinated loan of Rs.126 million (June 30, 2015: Rs. 126 million).
- Regulation 14(4)(g): An NBFC shall invest at least 15% of the funds raised through deposits, excluding the deposits held by financial institutions, in Government securities, or instruments or investments as notified by the Commission.

- Regulation 17 (1): Total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFCs equity.

- Regulation 17 (2): Total outstanding exposure (fund and non-fundbased) of an NBFC to any group shall not exceed 25% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the NBFCs equity.

The Company's request to SECP to allow relaxation from above mentioned requirements is under consideration of SECP.

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 Companies Ordinance, 1984. In case the requirements of IAS 34 differ with the requirements of the Companies Ordinance, 1984, the provisions of or the directives issued under the Companies Ordinance, 1984 have been followed.

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 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, 2015.

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 Application of new and revised International Financial Reporting Standards

2.3.1 Standards, amendments to published approved accounting standards and interpretations becoming effective in current period:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and 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, 2015.

2.3.2 Standards, amendments to published approved accounting standards and interpretations becoming effective in future periods:

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2016 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and 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, 2015.

2.4 Functional and presentation

This condensed interim financial information is 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

The accounting policies and methods of computation followed in the preparation of this 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, 2015.

4. ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

4.1 The preparation of this condensed interim financial information 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 this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2015.

4.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2015.

Un-audited December 31, 2015	Audited June 30, 2015
--- Rupees in thousand ---	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets	150,892	153,987
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Half year ended December 31 (Un-audited)			
2015		2014	
Additions	Disposals	Additions	Disposals
--- Rupees in thousand ---			

5.1 Acquisitions and disposals of operating assets at cost

Furniture and fixtures	-	-	32
Office equipment	-	-	151
Vehicles	1,971	(10)	1,113
	<u>1,971</u>	<u>(10)</u>	<u>1,296</u>

6. LONG TERM INVESTMENTS

	Un-audited December 31, 2015	Audited June 30, 2015	
Investment in joint ventures	6.1	94,525	87,261
Available for sale investments			
- At fair value		16,640	17,580
- At cost		353	653
		<u>111,518</u>	<u>105,494</u>

6.1 Investment in joint ventures

This represents investment in CNG filling stations. The latest available unaudited financial statements as on December 31, 2015 have been used for the purpose of application of equity method.

	Un-audited December 31, 2015	Audited June 30, 2015	
Centre Gas (Private) Limited	6.1.1	76,621	68,982
Ameen Enterprises	6.1.2	17,904	18,279
		<u>94,525</u>	<u>87,261</u>

6.1.1 Centre Gas (Private) Limited

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

Cost of investment	34,536	34,536
Cumulative share of profit of joint venture	<u>42,085</u>	<u>34,446</u>
	<u>76,621</u>	<u>68,982</u>

6.1.2 Ameen Enterprises

The movement in the Company's share of net assets of Ameen Enterprises (AE) is as under:

Opening capital	18,279	19,140
Share of (loss) of joint venture for the period / year	<u>(375)</u>	<u>(861)</u>
	<u>17,904</u>	<u>18,279</u>

	Un-audited December 31, 2015	Audited June 30, 2015
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7. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS

Contracts accounted for as finance lease under IAS 17	7.1	281,929	319,692
Less : Current portion	9	<u>(242,793)</u>	<u>(263,170)</u>
		<u>39,136</u>	<u>56,522</u>

7.1 Net Investment in Ijarah finance

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

	As at December 31, 2015 (Unaudited)			As at June 30, 2015 (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	803,905	31,911	835,816	823,766	42,638	866,404
Residual value of leased assets	47,855	30,878	78,733	52,305	40,308	92,613
Lease contracts receivable	851,760	62,809	914,569	876,071	82,946	959,017
Unearned lease income (including suspended income)	(148,697)	(8,992)	(157,689)	(153,059)	(10,838)	(163,897)
Provision for potential lease losses	(459,270)	(14,761)	(474,031)	(459,842)	(15,586)	(475,428)
	<u>(608,967)</u>	<u>(23,753)</u>	<u>(632,720)</u>	<u>(612,901)</u>	<u>(26,424)</u>	<u>(639,325)</u>
	<u>242,793</u>	<u>39,136</u>	<u>281,929</u>	<u>263,170</u>	<u>56,522</u>	<u>319,692</u>

7.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 606.91 million (June 30, 2015: Rs. 602.05 million). Detail of non performing leases is as follows:

Category of classification	As at December 31, 2015 (Unaudited)			As at June 30, 2015 (Audited)		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees in thousand			Rupees in thousand		
Other assets especially mentioned	2,758	-	-	-	-	-
Substandard	7,494	1,873	1,873	806	201	201
Doubtful	21,864	10,821	10,821	23,752	11,752	11,752
Loss	574,785	481,337	481,337	577,996	483,475	483,475
	<u>606,909</u>	<u>474,031</u>	<u>474,031</u>	<u>602,054</u>	<u>475,428</u>	<u>475,428</u>

7.3 Ijarah rentals receivable

The rentals receivable for Ijarah contracts accounted for under IFAS 2 are as under:

	Un-audited December 31, 2015	Audited June 30, 2015
	Rupees in thousand	
Ijarah rentals receivable	89,741	82,485
Less : Provision against Ijarah rentals receivable	<u>(88,354)</u>	<u>(80,622)</u>
	<u>1,387</u>	<u>1,863</u>

8. LONG TERM LOANS

Considered good		412	7,836
Customers			
Outgoing group		71,955	71,955
		<u>72,367</u>	<u>79,791</u>
Considered doubtful		45,129	45,430
Customers			
Ex-employee		529	529
		<u>45,658</u>	<u>45,959</u>
Provision against doubtful balances		(32,507)	(32,582)
		<u>13,151</u>	<u>13,377</u>
Less: Current portion	9	85,518	93,168
		<u>(13,563)</u>	<u>(17,942)</u>
		<u>71,955</u>	<u>76,226</u>

9. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in lease finance / assets under Ijarah arrangements	7	242,793	263,170
Long term musharakah finances		129,913	129,913
Long term loans	8	<u>13,563</u>	<u>17,942</u>
		<u>386,269</u>	<u>411,025</u>

	Un-audited December 31, 2015	Audited June 30, 2015
Note --- Rupees in thousand ---		
10. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS		
Secured		
Musharakah borrowings		
From commercial banks	12,172	17,811
Murabaha borrowings		
From commercial banks	-	8,627
From financial institutions	15,684	15,831
	15,684	24,458
	27,856	42,269
Less: Current portion	(22,866)	(30,225)
	4,990	12,044

	Un-audited December 31, 2015	Audited June 30, 2015
Note --- Rupees in thousand ---		
11. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Security deposit from lessees	47,855	52,306
Long term certificates of musharakah	1,615	1,615
Long term certificates of investments	2,100	2,100
Long term musharakah and murabaha borrowings	22,866	30,225
Long term loans	-	10,032
Redeemable capital	91,455	91,730
	165,891	188,008

	Un-audited December 31, 2015	Audited June 30, 2015
Note --- Rupees in thousand ---		
12. CONTINGENCIES		
Liability for alternative corporate tax not acknowledged in view of petition filed by the Company. The Company is claiming exemption from charge of alternative corporate tax.	9,728	9,728
Demand of income tax not acknowledged in view of pending appeal.	1,142	1,142

13. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transaction	Half year ended	
		December 31, 2015	December 31, 2014
--- Rupees in thousand ---			
Major shareholder	Mark up / interest on loan from sponsor	7,274	10,055
Joint venture	Amount received during the period	4,640	5,782
Provident fund	Contribution made during the period	324	392
Key management	Compensation	3,395	4,513

14. SEGMENT INFORMATION

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

Leasing / jarah activities	December 31, 2015 (Un-audited)			December 31, 2014 (Un-audited)			
	Investment/ financing activities	Other operations	Total	Leasing / jarah activities	Investment/ financing activities	Other operations	Total
Rupees in thousands							
Revenue from external customers	19,273	663	7,302	27,348	15,158	11,508	28,036
Interest expense-net	(9,717)	(344)	-	(10,061)	13,768	10,452	24,220
Depreciation and amortization	(5,170)	(183)	-	(5,353)	(2,454)	(1,662)	(4,316)
Impairment of assets	(3,839)	124	-	(3,715)	(10,452)	741	(9,711)
Reportable segment profit	547	279	7,302	8,219	18,020	20,839	38,228
Reportable segment assets	283,317	796,609	104,651	1,186,576	376,407	700,055	212,686
Reportable segment liabilities	(79,287)	(817,239)	(107,902)	(1,004,408)	(100,304)	(867,228)	(113,197)

		Un-audited December 31, 2015	Audited June 30, 2015
--- Rupees in thousands ---			
Reconciliation of profit / (loss)			
Profit from reportable segments		828	36,859
Profit from other operations		7,392	1,369
		8,218	38,228
Unallocated amounts:			
Other administrative and operating expenses		(10,610)	(17,543)
Other income		980	6,633
(Loss) / profit before taxation		(1,411)	27,218

		Un-audited December 31, 2015	Audited June 30, 2015
--- Rupees in thousands ---			
Reconciliation of assets and liabilities			
Assets			
Assets of reportable segments		1,081,825	1,114,839
Assets of other operations		104,651	97,994
Total assets		1,186,576	1,212,833
Liabilities			
Liabilities of reportable segments		896,506	921,702
Liabilities of other operations		107,902	107,902
Total liabilities		1,004,408	1,029,604

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27 February 2016 by the Board of Directors of the Company.


Muhammad Asif
Chief Executive Officer


Ayesha Zahid
Director

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INVEST CAPITAL INVESTMENT BANK LIMITED



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