

QUARTERLY REPORT
SEPTEMBER 30, 2019



INVEST CAPITAL INVESTMENT BANK LIMITED





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Contents

Company Information	02
Director's Report	03
Director's Report (Urdu)	04-05
Condensed Interim Statement of Financial Position (Un-Audited)	06-07
Condensed Interim Statement of Profit or Loss (Un-Audited)	08
Condensed Interim Statement of Comprehensive Income (Un-Audited)	09
Condensed Interim Statement of Cash Flows (Un-Audited)	10-11
Condensed Interim Statement of Changes in Equity (Un-Audited)	12
Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-Audited)	13-16
Our Network	

Company Information

Board of Directors

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

Audit Committee

Brig. (Retd.) Wali Muhammad	-Chairman
Mr. Shahab Ud Din Khan	-Member
Ms. Fiza Zahid	-Member

Human Resource Committee

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

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

501, 5th Floor, Al-Fatima Chambers,
149-AM, Shambhu Nath Street,
Off Shahrah-e-Iraq, Saddar, Karachi.
Tel: 021-35654022
Website: www.icibl.com

Head Office

2-H, Jail Road, Gulberg II,
Lahore.
Tel: 042-35777285-86

National Tax Number

0656427-5

Directors' Review

The Board of Directors of Invest Capital Investment Bank Limited (the "Company"), is pleased to present the unaudited financial statements for the first quarter ended September 30, 2019.

The Review

During the period under review, the Company posted a net profit of Rupees 22.84 million as compared to a net profit of Rupees 10.07 million for the quarter ended September 2018. The earnings per share worked out to Rupees 0.080 (September 2018 Rupees 0.035). The increase in profit is mainly due to reversal of provisioning of leases and loans as a result of recoveries from NPLs. The gross revenue including other income for the period amounted to Rupees 37.10 million as compared to Rupees 12.09 million for corresponding period of the last year. The financial charges increased slightly due to increase in interest rates and stood at Rupees 5.30 million as against Rupees 4.69 million of the corresponding period of last year. The administrative and operating expenses however showed a decrease of Rupees 1.00 million and came down to Rupees 5.48 million from Rupees 6.48 million of the comparable period.

The total assets of the Company increased by Rupees 16.68 million and amounted to Rupees 966.78 million as at 30th September 2019 as compared to Rupees 950.10 million as at June 30, 2019. Similarly the total liabilities of the Company stood at Rupees 687.66 million as against Rupees 693.83 million of 30th June 2019.

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

	Rs. in million	
	September 30, 2019	September 30, 2018
Gross Revenue	36.20	9.88
Other Income	0.09	2.21
Administration & Operating expenses	(5.48)	(6.48)
Financial charges (net of reversals)	(5.30)	(4.69)
Profit / (loss) for the period before taxation	23.34	10.17
Taxation - net	(0.50)	(0.10)
Profit / (loss) for the period after taxation	22.84	10.07
Earnings per Share	0.080	0.035

The management continued focus on resolution of the outstanding issues. The following key areas remained in focus during the period under review:

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

The focus on the above mentioned areas has enabled the company to overcome the financial and operational problems and will further result in improvement of 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 Limited. The Company shall apply for revision in the rating after settlement / restructuring of the remaining liabilities.

Acknowledgments

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

For and on behalf of the Board



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director

Lahore

October 25, 2019

ڈائریکٹرز کا جائزہ

ہم 30 ستمبر 2019 کو ختم ہونے والے تین ماہ کے غیر آڈٹ شدہ گوشوارے انویسٹ کیپیٹل انویسٹمنٹ بینک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے ممبران کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

جائزہ

زیر غور 2019-20 کے پہلے تین ماہ میں کمپنی نے 22.84 ملین روپے کا منافع کمایا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں 10.07 ملین روپے کا منافع ہوا تھا۔ 30 ستمبر 2018 کو آمدنی 0.035 روپے فی حصص تھی جو اب بڑھ کر 0.080 روپے فی حصص ہو گئی ہے۔ منافع کی بنیادی وجہ معطل شدہ آمدنی کی واپسی ہے۔ مجموعی مالگداری (Revenues) بشمول دیگر آمدنی 37.10 ملین روپے رہی۔ جبکہ گذشتہ سال اسی مدت کے دوران یہ آمدنی 12.09 ملین روپے تھی۔ شرح سود میں اضافہ کی وجہ سے مالی اخراجات 0.61 ملین روپے بڑھ کر 5.30 ملین روپے ہو گئے۔ جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت کے دوران اسکی مالیت 4.69 ملین روپے تھی۔ انتظامی اور آپریٹنگ اخراجات میں 1.00 ملین روپے کی کمی دیکھی گئی جو اب 5.48 ملین روپے ہے جبکہ گذشتہ سال اسی مدت کے دوران یہ اخراجات 6.48 ملین روپے تھے۔

کمپنی کے کل اثاثہ جات 30 جون 2019 کے 950.10 ملین روپے کے مقابلے میں 30 ستمبر 2019 پر 16.68 ملین روپے کے اضافے کے ساتھ 966.78 ملین روپے رہے، جبکہ کل مالیاتی ذمہ داریوں کی مالیت 30 ستمبر 2019 کو 687.66 ملین روپے رہی جو کہ 30 جون 2019 کو 693.83 ملین روپے تھی۔

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

----- روپے ملین میں -----

30 ستمبر		
2018	2019	
9.88	36.20	کل مالگداری (Revenues)
2.21	0.09	دیگر آمدنی
(6.48)	(5.48)	انتظامی اور آپریٹنگ اخراجات
(4.69)	(5.30)	مالی اخراجات (خالص)
10.17	23.34	نفع/نقصان قبل از محصول
(0.10)	(0.50)	محصول - خالص
10.07	22.84	نفع/نقصان بعد از محصول
0.035	0.080	آمدنی فی حصص

انتظامیہ نے اپنی توجہ کمپنی کے غیر حل شدہ معاملات کے حل پر رکھی ہوئی ہے۔ اس مدت کے دوران بھی مندرجہ ذیل اہم نکات پر توجہ مرکوز رہی۔

- قرض خواہوں کے ساتھ قرضوں کا تصفیہ / ادائیگی کا نیا جدول (rescheduling)۔
- غیر اہم اثاثہ جات کی فروخت (تمام فروخت ہو گئے)
- علیحدہ ہونے والے بروکریج ہاؤس سے متعلق اثاثہ جات اور مالیاتی ذمہ داریوں کا تصفیہ یا منتقلی
- کارکردگی نا دکھانے والی لیزز اور قرضوں کے پورٹ فولیو کی وصولیابی
- نئی لیزنگ کا کاروبار

ان مذکورہ بالا معاملات پر توجہ دینے کی وجہ سے کمپنی کو مالیاتی اور آپریشنل مسائل پر قابو پانے میں مدد ملی اور اس کی وجہ سے کمپنی کی مالیاتی صورتحال میں بہتری آئے گی انتظامیہ کے منصوبوں اور اقدامات کے نتائج کو دیکھتے ہوئے انتظامیہ کو یقین ہے کہ اس کا کاروبار جاری رہے گا۔

کریڈٹ درجہ بندی (Rating)

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے کمپنی کو بینٹینی ریٹنگ ڈی (D) میں رکھا ہوا ہے۔ کمپنی اپنی بتایا مالیاتی ذمہ داریوں کے تصفیہ / سنے طور سے انتظام کے بعد اپنی درجہ بندی پر نظر ثانی کے لئے درخواست دے گی۔

انتہائی شکر

ہم سیکیورٹی اینڈ ایگریجیشن کمیشن آف پاکستان کی رہنمائی، صارفین کے اعتماد، قرض خواہوں کے تعاون اور حصص یافتگان کے کمپنی کی انتظامیہ پر بھروسہ کرنے پر انتہائی شکر گزار ہیں۔ ہم تمام عملے کے ارکان کے کمپنی کی بہتری کے لیے کی جانے والی سخت محنت اور عزم کے بھی شکر گزار ہیں۔

منجانب ورائے بورڈ آف ڈائریکٹرز

عائشہ شہریار

ڈائریکٹر

محمد آصف

چیف ایگزیکٹو آفیسر

لاہور

25 اکتوبر 2019

Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2019

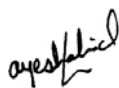
	Note	Un-audited September 2019 Rupees	Audited June 2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	3	70,889,454	71,629,065
Intangible assets		441,178	476,950
Investment accounted for using equity method		134,364,015	130,364,015
Financial assets at fair value through other comprehensive income		32,901,741	32,901,741
Net investment in finance lease	4	187,684,121	170,803,593
Long term musharakah finances	5	-	-
Long term loans	6	28,811,034	5,133,616
Long term security deposits		2,353,225	2,353,225
		457,444,768	413,662,205
Current assets			
Short term musharakah finances		43,269,683	59,919,683
Short term finances		6,679,875	6,679,875
Ijarah rentals receivables		1,430,027	1,430,339
Current portion of non-current assets	7	358,367,197	352,338,655
Advances, deposits, prepayments and other receivables		61,999,479	76,008,510
Financial assets at fair value through profit or loss		18,136,023	15,313,080
Bank balances		19,448,124	24,745,878
		509,330,408	536,436,020
TOTAL ASSETS		966,775,176	950,098,225

Note	Un-audited September 2019 Rupees	Audited June 2019 Rupees
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorized capital 485,000,000 ordinary shares of Rs. 10 each	<u>4,850,000,000</u>	<u>4,850,000,000</u>
Issued, subscribed and paid-up capital	2,848,668,960	2,848,668,960
Loan from directors	126,000,000	126,000,000
Capital reserve		
Capital reserve on amalgamation	(2,022,075,992)	(2,022,075,992)
Statutory reserve	102,976,444	102,976,444
Revenue reserve		
Accumulated loss	(801,565,173)	(824,405,592)
Fair value reserve	25,110,941	25,110,941
	279,115,180	256,274,761
Non-current liabilities		
Loan from sponsor	116,392,473	141,392,473
Security deposits from lessees	71,014,170	57,287,409
Redeemable capital	-	-
Deferred liability	-	-
Mark up on long term musharakah	-	-
	187,406,643	198,679,882
Current liabilities		
Current portion of non-current liabilities	69,130,635	72,860,910
Accrued and other liabilities	198,851,181	192,912,877
Profit / mark up payable	225,717,940	220,419,504
Unclaimed dividend	6,053,598	6,053,598
Provision for taxation - income tax	500,000	2,896,693
	500,253,354	495,143,582
TOTAL EQUITY AND LIABILITIES	966,775,176	950,098,225
CONTINGENCIES & COMMITMENT		
	-	-

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

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

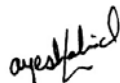
For the Quarter Ended September 30, 2019

	Un-audited September 2019 Rupees	Un-audited September 2018 Rupees
Income		
Income from leasing operations	7,252,479	6,006,419
Operating lease rentals	24,234	235,532
Profit on musharakah investments	23,349,998	-
Income from finances	765,448	121,689
Income on deposits with banks	626,379	520,762
Income from joint ventures	4,000,000	3,000,000
Dividend income	108,000	-
Net gain on sale of marketable securities	71,775	-
Unrealized (loss) on financial assets at fair value - net	-	-
	36,198,313	9,884,402
Expenses		
Administrative and operating expenses	(5,483,288)	(6,475,099)
Financial charges - net	(5,298,784)	(4,688,341)
	(10,782,072)	(11,163,440)
Other income	25,416,241	(1,279,038)
	901,872	2,205,369
	26,318,113	926,331
Provision reversed / (charged) on non-performing loans and write-offs		
Reversal / (provision) against:		
Finance lease receivable and rentals - net	(2,224,755)	3,996,497
Long term / short term musharakah finances	-	-
Long term / short term loans	(4,019,943)	5,534,623
Other receivables	3,267,004	-
Balances written off:		
Lease receivables	-	(288,570)
Other receivables	-	-
Musharaka finance receivable	-	-
	(2,977,694)	9,242,550
Profit before taxation	23,340,419	10,168,881
Provision for taxation	(500,000)	(100,000)
Profit for the quarter	22,840,419	10,068,881
Earnings per share - Basic and Diluted	0.080	0.035

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter Ended September 30, 2019

	Un-audited September 2019 Rupees	Un-audited September 2018 Rupees
Profit for the quarter	22,840,419	10,068,881
Other comprehensive income / (loss)		
Items that may be reclassified to profit or loss		
Un-realized profit on remeasurement of available for sale investments	-	-
Items that may not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-
Total comprehensive Income / (loss) for the quarter	22,840,419	10,068,881

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Quarter Ended September 30, 2019

	Un-audited September 2019 Rupees	Un-audited September 2018 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,340,419	10,168,881
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	745,111	1,919,322
Amortization of intangible assets	35,772	73,003
(Reversal) / provision against:		
Long term / short term musharakah finances	-	-
Long term / short term loans	4,019,943	(5,534,623)
Other receivables	(3,267,004)	-
Finance lease receivable and rentals - net	2,224,755	(3,996,497)
Balances written off		
lease receivables	-	288,570
Musharakah receivables	-	-
Other receivables	-	-
Loss / (gain) on disposal of operating assets	-	(1,950,000)
Unrealised loss on financial assets at fair value	-	-
Income from joint ventures	(4,000,000)	(3,000,000)
Gain on sale of long term investment	-	-
Financial charges - net	5,298,784	4,688,341
(Gain) on settlement of liabilities	-	-
Balances written back	-	-
	<u>5,057,361</u>	<u>(7,511,885)</u>
Cash flow from operating activities before working capital changes	<u>28,397,780</u>	<u>2,656,996</u>
Changes in working capital		
Decrease / (increase) in current assets		
Financial assets at fair value through profit or loss	(2,822,943)	(3,455,854)
Short term musharakah finances	16,650,000	-
Ijarah rentals receivables	312	12,168
Advances, deposits, prepayments and other receivables	17,491,733	(2,253,612)
	<u>31,319,102</u>	<u>(5,697,298)</u>
Increase in current liabilities		
Accrued and other liabilities	5,938,304	3,395,138
Cash generated from operations	<u>65,655,186</u>	<u>354,836</u>
Financial charges paid	(348)	(4,476)
Income tax paid	(215,699)	(426,709)
Dividend paid	-	-
Net cash generated from operations	<u>65,439,139</u>	<u>(76,349)</u>

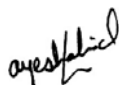
	Un-audited September 2019 Rupees	Un-audited September 2018 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Operating assets	-	(16,000)
Financial assets at fair value through other comprehensive income	-	-
Net investment in finance lease	(17,321,792)	7,255,123
Long term musharakah finances	-	-
Long term loans	(28,415,101)	7,303,520
Long term security deposits	-	-
Proceeds from disposal of operating assets	-	15,200,000
Net cash generated from investing activities	(45,736,893)	29,742,643

c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Loan from sponsors	(25,000,000)	-
Redeemable capital	-	(1,174,398)
Long term musharakah and murabaha borrowings	-	-
Net cash (used in) financing activities	(25,000,000)	(1,174,398)
Net increase / (decrease) in cash and cash equivalents	(5,297,754)	28,491,896
Cash and cash equivalents at the beginning of the year	24,745,878	10,161,122
Cash and cash equivalents at the end of the quarter	<u>19,448,124</u>	<u>38,653,018</u>

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

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

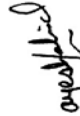
For the Quarter Ended September 30, 2019

	Issued, subscribed and paid-up capital	Loan from directors	Capital Reserves			Sub total	Revenue Reserve		Fair value reserve	Total
			Capital reserve on amalgamation	Statutory reserve	Equity portion of Shareholders loan from directors		Accumulated loss			
Balance as at July 01, 2018 (restated)	2,848,668,960	-	(2,022,075,992)	102,976,444	20,387,414	(1,895,712,134)	(708,039,709)	25,295,506	267,216,623	
Total comprehensive income for the period										
Profit / (loss) for the period										
Other comprehensive income										
Items that may not be reclassified to profit or loss										
Changes in the fair value of equity investments at fair value through other comprehensive income										
Other items										
Unrealized loss on available for sale investment reclassified to profit and loss account on disposal										
Transferred to statutory reserve										
Balance as at September 30, 2018 (restated)	2,848,668,960	-	(2,022,075,992)	102,976,444	20,387,414	(1,895,712,134)	(697,970,829)	25,295,506	277,265,504	
Balance as at July 01, 2019	2,848,668,960	126,000,000	(2,022,075,992)	102,976,444	-	(1,919,099,548)	(824,405,592)	25,110,941	256,274,761	
Total comprehensive income for the period										
Profit / (loss) for the period										
Other comprehensive income										
Items that may not be reclassified to profit or loss										
Changes in the fair value of equity investments at fair value through other comprehensive income										
Balance as at September 30, 2019	2,848,668,960	126,000,000	(2,022,075,992)	102,976,444	-	(1,919,099,548)	(801,565,173)	25,110,941	279,115,180	

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Director



M. Naim Ashraf
Chief Financial officer

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

For the Quarter Ended September 30, 2019

1. LEGAL STATUS AND OPERATIONS

- 1.1 Invest Capital Investment Bank Limited (‘the Company’) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Company is engaged in the business of leasing and investment finance activities as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 501, 5th Floor, Al-Fatima Chambers, 149-AM, Shambhu Nath Street, Off Shahrah-e-Iraq, Saddar, Karachi in the province of Sindh. The branches of the company are located at Lahore, Islamabad, Peshawar, Faisalabad and Gujranwala.
- 1.2 In 2009, the Company entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited. All the assets, liabilities and reserves of AZLCL and AZLM were vested with and assumed by the Company. The Honorable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).
- 1.3 The Company suffered financial and operational difficulties from 2009 to 2011. These financial and operational difficulties resulted as under:
- the Company suffered huge operating loss till 2011 and as at the statement of financial position date, the accumulated loss is Rs. 801.57 million (June 2019: Rs. 824.41 million).
 - the Company has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the annual audited financial statements as at 30th June 2019.
 - the Company has been facing difficulty in recovery of its leases and loans portfolio.

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

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

(a) Substantial reduction in administrative and other expenses

The management of the Company has curtailed its administrative and other operating expenses to minimum possible level over the years, without affecting the operational efficiency of the Company.

(b) Leasing business

The Company is mainly carrying out car leasing business at very attractive rates and reasonable deposit margin. During the first quarter leases / loans amounting to Rs. 113.66 million (June 2019 : Rs. 182.04 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 first quarter liabilities amounting to Rs. 0 million (June 2019: Rs. 10.09 million) have been settled / rescheduled, the percentage of liabilities settled to date is 96.94% (June 2019: 96.94%). Negotiations are in process for the settlement of the outstanding amount of Rs. 47.80 million against TFCs issued by the company.

(d) Disposal of non-core assets

The management was committed to dispose off non core assets, during the last year 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) Improved recovery of leases and loans portfolio

The Company has been putting all its efforts for recovery from leases and loans portfolio. Net recovery during the first quarter is Rs. 43.31 million (June 2019: Rs. 127.41 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations of the lenders.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting / Financial Reporting Standards (IASs / IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017. Wherever the requirements of the Companies Act, 2017, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IASs / IFRSs, requirements of the Companies Act, 2017, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost convention' except:

- Investments at fair value through statement of profit or loss and Investments are stated at fair value through other comprehensive income.
- Non-current assets held for sale are stated at lower of carrying amount and fair value less costs to sell.

2.3 Functional and presentation currency

These financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Rupee.

2.4 Accounting estimates and judgments

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are the same as disclosed in the published audited financial statements for the year ended 30th June 2019.

	Un-audited September 2019 Rupees	Audited June 2019 Rupees
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3. PROPERTY, PLANT AND EQUIPMENT

Operating assets	70,889,454	71,629,065
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3.1 Acquisitions and disposals of operating assets at cost

Three Months ended September 30 (Un-audited)			
2019		2018	
Additions	Disposals	Additions	Disposals
Land	-	-	13,250,000
Furniture and fixtures	-	-	-
Office equipment	5,500	16,000	-
Vehicles	-	-	-
5,500		16,000	13,250,000

	Note	Un-audited September 2019 Rupees	Audited June 2019 Rupees
4. NET INVESTMENT IN FINANCE LEASE			
Contracts accounted for as finance lease under IAS 17	4.1	386,442,404	364,251,074
Less : Current portion	7	(198,758,283)	(193,447,481)
		<u>187,684,121</u>	<u>170,803,593</u>

4.1 Net investment in finance lease

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

	September 2019			June 2019		
	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			Rupees		
Minimum lease payments receivable	808,414,691	160,908,707	969,323,398	797,964,031	139,293,780	937,257,811
Residual value of leased assets	11,583,635	57,040,009	68,623,644	15,313,910	57,040,009	72,353,919
Lease contracts receivable	819,998,326	217,948,716	1,037,947,042	813,277,941	196,333,789	1,009,611,730
Unearned lease income						
(including suspended income)	(164,020,844)	(24,972,526)	(188,993,370)	(162,189,981)	(22,884,162)	(185,074,143)
Provision for potential lease losses	(457,219,199)	(5,292,069)	(462,511,268)	(457,640,479)	(2,646,034)	(460,286,513)
	(621,240,043)	(30,264,595)	(651,504,638)	(619,830,460)	(25,530,196)	(645,360,656)
	198,758,283	187,684,121	386,442,404	193,447,481	170,803,593	364,251,074

4.1.1 These finances carry profit rates ranging from 12.04% to 22.00 % per annum (June 2019: 12.04% to 22.00% per annum). These agreements usually are for three to five years period and are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

4.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 569.92 million (June 2019: Rs. 570.35 million). Detail of non performing leases is as follows:

Category of classification	September 2019			June 2019		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Substandard	-	-	-	10,584,137	2,646,034	2,646,034
Doubtful	10,584,137	5,292,069	5,292,069	-	-	-
Loss	559,332,596	457,219,199	457,219,199	559,767,411	457,640,479	457,640,479
	569,916,733	462,511,268	462,511,268	570,351,548	460,286,513	460,286,513

	Note	Un-audited September 2019 Rupees	Audited June 2019 Rupees
5. LONG TERM MUSHARAKAH FINANCES			
Secured			
Considered doubtful			
Companies (non-financial institutions)		83,443,891	83,443,891
Individuals		43,263,928	43,263,928
		126,707,819	126,707,819
Provision against doubtful balances		(25,206,726)	(25,206,726)
		101,501,093	101,501,093
Less: Current portion	7	(101,501,093)	(101,501,093)
		-	-

5.1 These represent investments under musharakah basis for working capital and project financing. These are secured against mortgage of properties, demand promissory notes and personal guarantee of their sponsor directors. Profit rates ranges from 16.00% to 30.00% per annum (June 2019: 16.00% to 30.00% per annum). These are receivable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

	Note	Un-audited September 2019 Rupees	Audited June 2019 Rupees
6. LONG TERM LOANS			
Secured			
Considered good			
Customers		45,830,867	6,622,231
Considered doubtful			
Customers		9,065,638	19,859,173
Outgoing group		71,954,665	71,954,665
Ex-employee		528,523	528,523
Provision against doubtful balances		81,548,826	92,342,361
		<u>(40,460,838)</u>	<u>(36,440,895)</u>
		41,087,988	55,901,466
Less: Current portion	7	<u>(58,107,821)</u>	<u>(57,390,081)</u>
		28,811,034	5,133,616

7. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in finance lease	4	198,758,283	193,447,481
Long term musharakah finances	5	101,501,093	101,501,093
Long term loans	6	58,107,821	57,390,081
		<u>358,367,197</u>	<u>352,338,655</u>

8. CURRENT PORTION OF NON-CURRENT LIABILITIES

Security deposit from lessees		11,583,635	15,313,910
Deferred liability		9,747,000	9,747,000
Redeemable capital		47,800,000	47,800,000
		<u>69,130,635</u>	<u>72,860,910</u>

9. 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 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.

The balances due from and due to related parties have been disclosed in the relevant notes to the financial statements. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship and percentage shareholding	Transaction during the quarter and quarter end balances	September 2019 Rupees	September 2018 Rupees
Mr. Muhammad Zahid	Major shareholder 18.96% (June 2019 : 18.96%)	Mark up / interest on loan from sponsor	3,400,844	2,385,711
Centre Gas (Private) Limited	Joint venture	Amount received during the quarter	4,450,000	3,780,000
Key Management	Employees	Amount paid during the quarter	1,765,099	1,739,849
Al-Zamin Leasing Modaraba Staff Provident Fund	Provident fund	Contribution made during the quarter	138,389	135,156

10. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 25, 2019 by the Board of Directors of the Company.

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

M. Naim Ashraf
Chief Financial officer

Our Network

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