

Half Yearly Report
December 31,
2019



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.



C O N T E N T S

Board of Directors.....	01
Company Information.....	02
Directors' Review Report to the Members	03
Independent Auditor's Review Report to the Members.....	05
Condensed Interim Statement of Financial Position.....	06
Condensed Interim Statement of Profit or Loss	07
Condensed Interim Statement of Comprehensive Income.....	08
Condensed Interim Statement of Changes in Equity.....	09
Condensed Interim Statement of Cash Flows.....	10
Notes to the Condensed Interim Financial Information.....	11



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:

Crowe Hussain Chaudhury & Co.
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:

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400
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Stratchen Road, Karachi - 74200, Pakistan.
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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, 2019.

Operating Results

Total income for the half year ended December 31, 2019 increased by 22.8% to Rs.67.74 million as compared to Rs. 55.15 million for the half year ended December 31, 2018. The Company recorded significant increase of 61.72% in operating profit to Rs. 16.29 million during the first half ended December 31, 2019 as compared to operating profit of Rs. 10.07 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. 4.92 million (i.e. 36.48%) to Rs. 18.41 million during the first half of FY 2019-20 as against Rs. 13.49 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. 4.06 million in its profit after tax to Rs. 12.84 million as against profit after tax of Rs. 8.78 million posted for the corresponding period of last year. Shareholders equity net of deficit on remeasurement of available for sale investments is reported at Rs. 722.02 million as at December 31, 2019 against Rs. 718.59 million reported as at June 30, 2019. Total balance sheet footing as at December 31, 2019 almost maintained at Rs. 1,331.90 million from Rs, 1,385.30 million as at June 30, 2019.

Credit Rating

JCR-VIS Credit Rating Company Limited vide its report dated December 31, 2019 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 of the rating 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, infrastructure, build capacity through training of existing personnel and engaging professionals to diversify products and services, 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 22, 2020

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 بمعہ آڈیٹرز جائزہ رپورٹ بمطابق ۳۱ دسمبر ۲۰۱۹ء پیش کرتے ہوئے طمانیت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والی پہلی ششماہی میں کمپنی کی کل آمدنی %۰۸.۲۲ اضافے کے بعد ۶۷.۷۲ ملین روپے رہی جو کہ پچھلے سال ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی اسی مدت میں ۵۵.۱۵ ملین روپے تھی۔ کمپنی نے پہلی ششماہی کے اختتام پر %۲۰.۷۶ نمایاں اضافے کے ساتھ ۱۶.۲۹ ملین روپے آپریٹنگ منافع حاصل کیا جو پچھلے سال اسی عرصہ میں ۱۰.۰۷ ملین روپے تھا۔ مزید یہ کہ کچھ صارفین کے اکاؤنٹ میں نقصان کے خدشات کو ملحوظ خاطر لاتے ہوئے رقم مختص کی گئی تھی ان اکاؤنٹ میں بہتری کی وجہ سے وہ رقم واپس شامل کر لی گئی ہے جس کی وجہ سے کمپنی نے سال ۲۰۱۹-۲۰۲۰ کی موجودہ پہلی ششماہی میں قبل از ٹیکس منافع ۴.۹۲ ملین روپے (%۳۶.۲۸ یعنی) اضافے کے بعد ۱۸.۴۱ ملین روپے ریکارڈ کیا جبکہ پچھلے سال اسی مدت میں ۱۳.۴۹ ملین روپے قبل از ٹیکس منافع ظاہر کیا گیا تھا اسی طرح رواں مالی سال کے پہلے چھ ماہ کے اختتام پر ۴.۰۶ ملین روپے اضافے کے ساتھ بعد از ٹیکس منافع ۱۲.۸۴ ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال اسی مدت میں بعد از ٹیکس منافع ۸.۷۸ ملین روپے تھا۔ اسکے نتیجے میں شیئر ہولڈرز ایکٹیو سرمایہ کاری کی موجودہ مالیت کے مطابق اکاؤنٹ میں لینے کے بعد ۲۲.۰۲ ملین روپے ہو گئے جبکہ ۳۰ جون ۲۰۱۹ء کو شیئر ہولڈرز ایکٹیو ۱۸.۵۹ ملین روپے تھے۔ ۳۱ دسمبر ۲۰۱۹ء کو کمپنی کے کل اثاثہ جات ۱,۳۳۱.۹ ملین روپے ہو گئے جو کہ ۳۰ جون ۲۰۱۹ء کو ۱,۳۸۵.۳۰ ملین روپے تھے۔

کریڈٹ ریٹنگ:


JCR-VIS کریڈٹ ریٹنگ کی رپورٹ بتاریخ ۳۱ دسمبر ۲۰۱۹ء کے مطابق کمپنی نے درمیانے سے طویل مدتی ریٹنگ کو 'A' (سنگل A منفی) اور مختصر مدتی ریٹنگ کو 'A-2' پر برقرار رکھا ہے۔ ریٹنگ کا آؤٹ لک مستحکم ہے۔

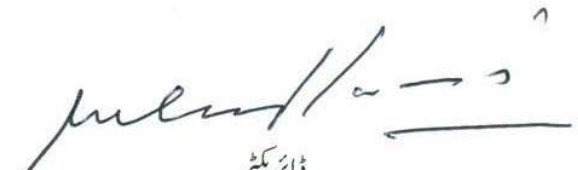
مستقبل کے امکانات:

ہماری تمام کاروباری سرگرمیاں آمدنی کے نئے ذرائع کو متعارف کرانے پر مرکوز ہیں جو ملک کے اقتصادی و کاروباری حالات میں بہتری کے ساتھ آگے بڑھیں گے۔ آپ کی کمپنی اپنے اثاثوں کے معیار کو بہتر کرنے، اور، موجودہ عملہ اور اہم پیشروانہ عملہ کی خدمات حاصل کر کے ان کو ریٹنگ کے ذریعہ اپنے انفراسٹرکچر میں بہتری لانے، مختلف النوع پروڈکٹس کو بروئے کار لانے کی مناسب کوشش کر رہی ہے، اور نئے مواقع اور نئے چیلنجز کا سامنا کرنے کے لئے اپنی پالیسیاں اور طریقہ کار کو اپ ڈیٹ کر رہی ہے۔

اظہار تشکر:

ڈائریکٹرز اپنے اسٹیٹ 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 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی رہنمائی اور حوصلہ افزائی کے بھی شکر گزار ہیں۔ ہم انتظامیہ اور ملازمین کی محنت اور لگن سے کام کرنے کے معترف ہیں۔


چیرمین اینڈ سی ای او


ڈائریکٹر

کراچی۔

۲۲ فروری، ۲۰۲۰



**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 (the Investment Bank), as at December 31, 2019 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 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

The financial statements of the Investment Bank for the year and period ended June 30, 2019 and December 31, 2018 were audited and reviewed respectively by another firm of Chartered Accountants, whose report dated September 28, 2019 and February 26, 2019 expressed an unqualified opinion and conclusion on such statements.

The engagement partner on the audit resulting in this independent auditor's report is Najeeb Mochhala.

Crowe Hussain Chaudhury

CroweHussainChaudhury & Co.
Karachi.

Dated: February 22, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		December 31. 2019 (Un-audited)	June 30. 2019 (Audited)
	Note	Rupees	
ASSETS			
Non-current Assets			
Fixed assets			
- Property and equipment	6	4,905,473	4,499,961
Long-term investments	7	24,881,116	29,459,941
Long-term loans and finances		430,318,106	524,108,593
Net investment in finance lease	8	1,177,109	1,605,985
Long-term security deposits		57,500	57,500
Deferred tax asset	9	71,991,334	74,058,906
		533,330,638	633,790,886
Current Assets			
Short-term investments	10	366,077,011	93,194,576
Short-term placements	11	140,000,000	420,000,000
Current portion of			
- Long-term investments	7	19,957,638	19,957,638
- Long-term loans and finances		152,381,209	106,109,067
- Net investment in finance lease	8	793,392	922,451
Accrued mark-up		56,538,540	61,068,478
Advances prepayments and other receivables		3,734,486	911,613
Advance taxation - net		11,474,807	13,083,054
Cash and bank balances		47,616,107	36,263,045
		798,573,190	751,509,922
		1,331,903,828	1,385,300,808
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital			
75,000,000 (June 30, 2019: 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, 2019: 65,000,000) shares of Rs. 10 each		650,000,000	650,000,000
Accumulated profit		86,170,082	92,830,246
Deficit on remeasurement of investment-net	12	(14,148,520)	(24,237,749)
Total shareholders' equity		722,021,562	718,592,497
LIABILITIES			
Non-current liabilities			
Deferred liability - staff gratuity		3,692,016	3,082,177
Long term loan		31,250,000	62,500,000
Security deposit against finance lease		752,000	752,000
		35,694,016	66,334,177
CURRENT LIABILITIES			
Short term running finance facility	13	225,879,220	475,978,135
Short-term repo borrowing		242,607,500	-
Current portion of long-term loan		78,125,000	78,125,000
Unpaid dividend		7,371,397	-
Markup / interest accrued	14	14,192,422	16,699,841
Accrued and other payables		6,012,711	29,571,158
		574,188,250	600,374,134
CONTINGENCIES AND COMMITMENTS	15	-	-
		1,331,903,828	1,385,300,808

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Rupees					
INCOME					
Income from finance and fund placements		64,150,916	46,224,819	29,549,392	23,184,343
Income from investments		3,121,272	4,889,807	1,841,274	2,129,133
Fees and commission		158,097	3,840,458	85,560	3,020,804
Other income		313,955	190,855	156,407	25,380
		67,744,240	55,145,939	31,632,633	28,359,660
LESS: EXPENDITURES					
Finance cost:					
- Mark-up on bank loans		8,620,168	7,574,289	4,171,460	3,930,214
- Mark-up on short-term running finance		15,626,351	15,615,981	4,467,411	8,017,521
- Mark-up on repo borrowing		1,084,755	-	1,084,755	-
- Others		16,405	34,581	15,705	20,376
		25,347,679	23,224,851	9,739,331	11,968,111
Administrative and operating expenses		26,108,488	21,848,261	13,697,407	11,126,502
		51,456,167	45,073,112	23,436,738	23,094,613
Operating income		16,288,073	10,072,827	8,195,895	5,265,047
(Provision) / Reversals					
Reversal of provision for non-performing investments	7.1	2,500,000	3,693,443	1,300,000	1,748,610
		18,788,073	13,766,270	9,495,895	7,013,657
Workers welfare fund		(375,761)	(275,325)	(189,917)	(140,325)
PROFIT FOR THE PERIOD BEFORE TAXATION		18,412,312	13,490,945	9,305,978	6,873,332
Taxation	16	(5,572,476)	(4,713,901)	(2,898,714)	(3,008,969)
PROFIT FOR THE PERIOD AFTER TAXATION		12,839,836	8,777,044	6,407,264	3,864,363
Earnings per share - basic and diluted	18	0.20	0.14	0.10	0.06

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees			
PROFIT FOR THE PERIOD AFTER TAXATION	12,839,836	8,777,044	6,407,265	3,864,363
<i>Other comprehensive income</i>				
<i>Items that may be reclassified to statement of profit or loss subsequently:</i>				
Unrealized gain / (loss) on re-measurement of fair value through other comprehensive income investment	10,089,229	(7,041,014)	13,151,137	(8,820,727)
<i>Items that will not be reclassified to statement of profit or loss subsequently:</i>				
Remeasurement of defined benefit obligations	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22,929,065	1,736,030	19,558,402	(4,956,364)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	Reserves		Total	Deficit on remeasurement of investment classified as fair value through other comprehensive income	Total shareholders' equity
		Capital	Revenue			
	Statutory reserve	Accumulated (loss) / profit				
Rupees						
Balance as at July 01, 2018 as previously reported	650,000,000	134,582,762	(51,489,845)	83,092,917	(10,842,766)	722,250,151
Transfer to deficit on remeasurement of investment	-	-	-	-	-	-
Balance as at July 01, 2018 - restated	650,000,000	134,582,762	(51,489,845)	83,092,917	(10,842,766)	722,250,151
Transactions 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
Balance as at July 01, 2019	650,000,000	-	92,830,246	92,830,246	(24,237,749)	718,592,497
Transactions with other than owners of equity:						
Net profit for the period	-	-	12,839,836	12,839,836	-	12,839,836
Other comprehensive income	-	-	-	-	10,089,229	10,089,229
Total comprehensive income	-	-	12,839,836	12,839,836	10,089,229	22,929,065
Final Dividend for the fiscal year 2018-19			(19,500,000)	(19,500,000)	-	(19,500,000)
Balance as at December 31, 2019	650,000,000	-	86,170,082	86,170,082	(14,148,520)	722,021,562

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	December 31, 2019	December 31, 2018
	Rupees	
Cash flows from operating activities		
Profit for the period before taxation	18,412,312	13,490,945
Adjustments for non-cash and other items:		
Depreciation	929,888	893,876
Gratuity expense	609,839	271,222
Realized gain on sale of investments	-	(774,082)
Dividend income	(1,032,818)	(977,771)
Finance cost	25,347,679	23,224,851
Reversal of provision for non-performing investments	(2,500,000)	(3,693,443)
	23,354,588	18,944,653
Operating cash flows before working capital changes	41,766,900	32,435,598
(Increase) / decrease in current assets		
Advances prepayments and other receivables	(2,822,873)	(3,747,652)
Accrued mark-up	4,529,938	445,719
	1,707,065	(3,301,933)
Increase / (decrease) in current liabilities		
Accrued and other payables	(23,558,447)	4,945,458
Security deposit against finance lease	-	418,600
	(23,558,447)	5,364,058
Cash generated from operations	19,915,518	34,497,723
Income tax paid	(1,896,657)	(3,750,091)
Dividend received	1,032,818	977,771
Markup paid	(27,855,098)	(20,431,313)
	(28,718,937)	(23,203,633)
Cash (used in) / generated from operating activities	(8,803,419)	11,294,090
Cash flows from investing activities		
Acquisition of property and equipment	(1,335,400)	-
Long-term investments - net	17,168,054	8,693,443
Short-term investments	(272,882,435)	(20,497,878)
Long-term loan and finances (payment) / received	48,076,280	(81,647,744)
	(208,973,501)	(93,452,179)
Net cash (used in) / generated from investing activities		
Cash flows from financing activities		
Long-term loan repaid	(31,250,000)	(31,250,000)
Cash dividend paid	(12,128,603)	-
	(43,378,603)	(31,250,000)
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(261,155,523)	(113,408,089)
Cash and cash equivalents at the beginning of the period	(19,715,090)	236,938,593
Cash and cash equivalents at the end of the period	17 (280,870,613)	123,530,504

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

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% shareholding 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 is holding the status of Non Deposit Taking with effect from July 01, 2018.

The JCR-VIS has assigned the Investment Bank a credit rating of 'A-' long & medium term and 'A-2' short term on December 31, 2019. The outlook of the rating is stable.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Investment Bank for the six months period ended December 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard -34 "Interim Financial Reporting Standard", provisions of the directives issued under the Companies Act, 2017, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies Notified Entities Regulations, 2008 (the NBFC Regulations), and the other directives issued by the SECP. Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

This condensed interim financial information 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, 2019.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements for the year ended June 30, 2019.

4 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, 2019.

**5 ACCOUNTING ESTIMATES AND JUDGMENTS**

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, 2019.

6 PROPERTY AND EQUIPMENT

	(Un-Audited)		(Audited)	
	December 31, 2019		June 30, 2019	
	Additions (cost)	Disposal (book value)	Additions (cost)	Disposal (book value)
	------(Rupees)-----			
Office Equipment	-	-	96,806	-
Computer	-	-	317,035	-
Vehicles	1,335,400	-	-	-
	1,335,400	-	413,841	-

(Un-Audited) (Audited)
December 31, June 30,
2019 2019
------(Rupees)-----
Note

7 LONG-TERM INVESTMENTS**At amortised cost**

Term finance certificates/Sukuk - listed		42,415,276	47,415,276
Term finance certificates/Sukuk - unlisted		198,170,167	200,670,167
		240,585,443	248,085,443
Provision against investments	7.1	(196,770,581)	(199,270,581)
		43,814,862	48,814,862

At fair value through other comprehensive income

TFCs - quoted		17,666,618	17,666,617
Provision against investments	7.1	(17,666,618)	(17,666,617)
		-	-
Investment in shares - quoted		1,023,892	602,717
Total long-term investments		44,838,754	49,417,579
Current portion of long-term investments		(19,957,638)	(19,957,638)
		24,881,116	29,459,941

7.1 Provision against investments

Opening balance		216,937,199	213,142,170
(Reversal)/provision during the period/year		(2,500,000)	3,795,029
Closing balance		214,437,199	216,937,199

8 NET INVESTMENT IN FINANCE LEASE

Lease rental receivable		1,349,028	1,992,698
Residual value		752,000	752,000
Gross investment in finance lease		2,101,028	2,744,698
Unearned finance lease income		(130,527)	(216,262)
		1,970,501	2,528,436
Current maturity of net investment in finance lease		(793,392)	(922,451)
Net Investment in finance lease		1,177,109	1,605,985

**9 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.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	------(Rupees)-----	
10 SHORT-TERM INVESTMENTS			
Fair value through other comprehensive income			
Dewan Cement Limited -Pre- IPO TFCs	10.1	50,000,000	50,000,000
(Provision) TFC-Dewan Cement Limited	10.1	(6,930,383)	(6,930,383)
		43,069,617	43,069,617
Investment in shares - listed		46,553,778	29,861,817
Investment in T-Bills		242,564,750	-
Mutual Funds		33,888,866	20,263,142
		366,077,011	93,194,576

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

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	------(Rupees)-----	
11 SHORT TERM PLACEMENTS	11.1	140,000,000	420,000,000

11.1 This represent placement with financial institutions under term deposits carrying markup rate of 14.8% per annum (June 30, 2019 : 12.5% to 14% per annum)

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	------(Rupees)-----	
12 DEFICIT ON REMEASUREMENT OF INVESTMENTS - net			
Fair value through other comprehensive income			
Shares long-term		(2,703,755)	(3,124,930)
Shares short-term		(9,669,367)	(17,070,625)
Mutual fund		(2,209,434)	(5,835,158)
Related deferred tax (assets)		434,036	1,792,964
		(14,148,520)	(24,237,749)

**13 SHORT TERM RUNNING FINANCE****FACILITY**

MCB Bank Limited	13.1	125,879,269	375,978,184
National Bank of Pakistan- an associated undertaking	13.2	99,999,951	99,999,951
		225,879,220	475,978,135

13.1 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, 2019: 3 months KIBOR plus 0.6% per annum).

13.2 This represent short-term running finance obtained with a limit of Rs.100 million (June 30, 2019: Rs.100.0 million) carrying markup @ 3 months KIBOR plus 1.00% per annum (June 30, 2019: 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.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	------(Rupees)-----	
14 Markup / interest accrued			
Secured			
Loans and borrowings including running finances	14.1	12,632,285	5,462,564
Unsecured			
Long-term certificate of deposit		1,560,137	1,560,137
		14,192,422	7,022,701

14.1 This amount includes markup due to National Bank of Pakistan, an associated undertaking.

15 CONTINGENCIES AND COMMITMENTS**Contingencies**

There are no contingencies as at period end (June 30, 2019: Nil)

Commitments

-Standby letter of credit	15.1	42,181,406	43,907,813
-Letter of credit exposure -Pioneer Cement Ltd.		-	9,731,326
-Letter of credit exposure -Power Cement Ltd.		-	1,637,762

15.1 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, 2021.

		(Un-Audited) December 31, 2019	(Un-Audited) December 31, 2018
		------(Rupees)-----	
16 TAXATION			
Current		4,863,832	2,617,000
Deferred - net		708,644	2,096,901
		5,572,476	4,713,901

17 CASH AND CASH EQUIVALENTS

Cash and bank balances		47,616,107	178,528,221
Short term placements		140,000,000	445,000,000
Short term running finance facility		(225,879,220)	(475,978,135)
Short term repo borrowing		(242,607,500)	-
		(280,870,613)	147,550,086

**18 EARNINGS PER SHARE (EPS)****18.1 Basic EPS**

Earnings for the period	<u>12,839,836</u>	<u>8,777,044</u>
Weighted average number of shares outstanding	<u>65,000,000</u>	<u>65,000,000</u>
Earnings per share - basic	<u>0.20</u>	<u>0.14</u>

18.2 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, 2019.

19 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	Half year ended	
		(Un-Audited) December 31, 2019	(Un-Audited) December 31, 2018
		------(Rupees)-----	
Associate Undertakings	National Bank of Pakistan		
	Markup - paid on long term loan	<u>8,620,168</u>	<u>7,574,289</u>
	Markup - paid on short-term running finance	<u>7,264,216</u>	<u>4,268,802</u>
	Rent paid	<u>2,258,958</u>	<u>2,049,203</u>
	Taurus Securities Limited		
	Brokerage Expenses	<u>28,836</u>	<u>15,600</u>
	NBP Fund Management Limited		
	Commission expense	<u>133,000</u>	<u>130,000</u>
Key management personnel			
	Salaries, benefits and allowances	<u>8,347,730</u>	<u>5,008,542</u>
	Retirement benefits	<u>601,139</u>	<u>382,988</u>
	Return on long-term loans	<u>5,964</u>	<u>9,172</u>
Staff Retirement Plans			
	Contributions made to staff retirement fund	<u>433,079</u>	<u>365,916</u>
Nature of relationship with related party	Nature of balances	(Un-Audited)	(Audited)
		December 31, 2019	June 30 2019
		------(Rupees)-----	
Associate Undertakings	Balances as at period-end/year - end		
	National Bank of Pakistan		
	Investment in shares at cost	<u>3,858,395</u>	<u>3,858,395</u>
	Long term loan	<u>109,375,000</u>	<u>140,625,000</u>
	Running finance facility	<u>99,999,951</u>	<u>99,999,951</u>
	NAFA Stock Fund	<u>25,000,000</u>	<u>25,000,000</u>
Key management personnel			
	Balances as at period-end/year - end	<u>1,977,751</u>	<u>3,001,405</u>

**20 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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.

December 31, 2019 (Unaudited)			
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	143,839,450	-	-
Unlisted securities	-	1,399,586	-
	143,839,450	1,399,586	-
June 30, 2019 (Audited)			
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	88,185,314	-	-
Unlisted securities	-	11,357,224	-
	88,185,314	11,357,224	-

c) Other financial instruments

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

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information are authorized for issue on February 22, 2020 by the board of directors of the Investment Bank.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director