



QUARTERLY REPORT
SEPTEMBER 30, 2020



INVEST CAPITAL INVESTMENT BANK LIMITED

Contents

| | |
|---|-------|
| Director's Report | 01 |
| Director's Report (Urdu) | 02-03 |
| Condensed Interim Statement of Financial Position (Un-Audited) | 04-05 |
| Condensed Interim Statement of Profit or Loss (Un-Audited) | 06 |
| Condensed Interim Statement of Comprehensive Income (Un-Audited) | 07 |
| Condensed Interim Statement of Cash Flows (Un-Audited) | 08-09 |
| Condensed Interim Statement of Changes in Equity (Un-Audited) | 10 |
| Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-Audited) | 11-15 |
| Company Information | 16 |
| Our Network | |

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, 2020.

The Review

During the period under review, the Company posted a net profit of Rupees 21.74 million as compared to a net profit of Rupees 22.84 million for the quarter ended September 2019. The earnings per share worked out to Rupees 0.076 (September 2019 Rupees 0.080). The gross revenue including other income for the period amounted to Rupees 27.55 million as compared to Rupees 37.10 million for corresponding period of the last year. The financial charges decreased despite increase in interest rates due to repayments and stood at Rupees 4.40 million as against Rupees 5.30 million of the corresponding period of last year. The administrative and operating expenses however showed a slight increase and amounted to Rupees 5.52 million from Rupees 5.48 million of the comparable period.

The total assets of the Company increased by Rupees 1.89 million and amounted to Rupees 970.28 million as at 30th September 2020 as compared to Rupees 968.39 million as at June 30, 2020. Similarly the total liabilities of the Company stood at Rupees 657.08 million as against Rupees 676.94 million of 30th June 2020.

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

| | Rs. in million | |
|--|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 |
| Gross Revenue | 26.59 | 36.20 |
| Other Income | 0.97 | 0.90 |
| Administration & Operating expenses | (5.52) | (5.48) |
| Financial charges (net of reversals) | (2.53) | (5.30) |
| Profit / (loss) for the period before taxation | 22.74 | 23.34 |
| Taxation - net | (1.00) | (0.50) |
| Profit / (loss) for the period after taxation | 21.74 | 22.84 |
| Earnings per Share | 0.076 | 0.080 |

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 (completed)
- Recovery of non-performing leases and loans portfolio
- Substantial reduction in administrative and other expenses
- Fresh leasing / financing 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.

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
Chairperson

Lahore
October 23, 2020

ڈائریکٹر زکا جائزہ

ہم 30 ستمبر 2020 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 عرصہ میں کمپنی نے 21.74 ملین روپے کا منافع کمایا جبکہ اس کے مقابلے میں گذشتہ سال ستمبر 2019 کی سہ ماہی میں 22.84 ملین روپے کا منافع ہوا تھا۔ 30 ستمبر 2019 کو آمدنی 0.080 روپے فی حصص تھی جو اب 0.076 روپے فی حصص ہو گئی ہے۔ مجموعی مالگداری (Revenues) بشمول دیگر آمدنی 27.55 ملین روپے رہی۔ جبکہ گذشتہ سال اسی مدت کے دوران یہ آمدنی 37.10 ملین روپے تھی۔ شرح سود میں اضافہ کے باوجود قرضوں کی ادائیگی کی وجہ سے مالی اخراجات کم ہو کر 4.40 ملین روپے ہو گئے۔ جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اسکی مالیت 5.30 ملین روپے تھی۔ انتظامی اور آپریٹنگ اخراجات معمولی اضافہ کے بعد اب 5.52 ملین روپے ہو گئے جبکہ گذشتہ سال اسی مدت کے دوران یہ اخراجات 5.48 ملین روپے تھے۔

کمپنی کے کل اثاثہ جات 30 جون 2020 کے 968.39 ملین روپے کے مقابلے میں 30 ستمبر 2020 پر 970.28 ملین روپے رہے، جبکہ کل مالیاتی ذمہ داریوں کی مالیت 30 ستمبر 2020 کو 657.05 ملین روپے رہی جو کہ 30 جون 2020 کو 676.94 ملین روپے تھی۔

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

----- ملین روپے -----

| 30 ستمبر | 2019 | 2020 |
|-----------------------------|--------|--------|
| کل مالگداری (Revenues) | 36.20 | 26.59 |
| دیگر آمدنی | 0.90 | 0.97 |
| انتظامی اور آپریٹنگ اخراجات | (5.48) | (5.52) |
| مالی اخراجات (خالص) | (5.30) | (2.53) |
| نفع / (نقصان) قبل از محصول | 23.34 | 22.74 |
| محصول - خالص | (0.50) | (1.00) |
| نفع / (نقصان) بعد از محصول | 22.84 | 21.74 |
| آمدنی فی حصص | 0.080 | 0.076 |

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 (مکمل ہو گیا)
- کارکردگی نا دکھانے والی لیزز اور قرضوں کے پورٹ فولیو کی وصولیابی
- نئی لیزنگ / مالیاتی 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۔

اتحادیہ تشکر

ہم سیکوریٹی اینڈ ایکسچینج 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 ویرائے بورڈ آف ڈائریکٹرز



عائشہ شہریار
چیئر پرسن



محمد آصف
چیف ایگزیکٹو آفیسر

لاہور

23 اکتوبر 2020

Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2020

| | Note | Un-audited September 2020 Rupees | Audited June 2020 Rupees |
|---|------|--|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Operating assets | 3 | 67,821,008 | 68,511,387 |
| Intangible assets | | 308,825 | 333,865 |
| Investment accounted for using equity method | | 141,774,290 | 139,774,290 |
| Financial assets at fair value through other comprehensive income | | 21,954,233 | 21,954,233 |
| Net investment in finance lease | 4 | 151,112,432 | 149,915,235 |
| Long term musharakah finances | 5 | - | - |
| Long term loans | 6 | 36,812,688 | 38,051,515 |
| Long term security deposits | 7 | 2,280,225 | 2,331,225 |
| | | 422,063,701 | 420,871,750 |
| Current assets | | | |
| Short term musharakah finances | 8 | 43,019,683 | 43,019,683 |
| Short term finances | 9 | 10,799,997 | 111,790,216 |
| Ijarah rentals receivables | 10 | 1,310,842 | 1,314,988 |
| Current portion of non-current assets | 11 | 355,894,404 | 346,420,135 |
| Advances, deposits, prepayments and other receivables | | 14,774,807 | 22,575,106 |
| Financial assets at fair value through profit or loss | | 16,684,456 | 11,448,968 |
| Bank balances | | 105,729,593 | 10,949,517 |
| | | 548,213,782 | 547,518,613 |
| TOTAL ASSETS | | 970,277,483 | 968,390,363 |

| | Note | Un-audited September 2020 Rupees | Audited June 2020 Rupees |
|--|------|--|--------------------------------|
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized capital | | 4,850,000,000 | 4,850,000,000 |
| 485,000,000 ordinary shares of Rs. 10 each | | | |
| Issued, subscribed and paid-up capital | | 2,848,668,960 | 2,848,668,960 |
| Loan from directors | | 126,000,000 | 126,000,000 |
| Capital reserves | | | |
| Capital reserve on amalgamation | | (2,022,075,992) | (2,022,075,992) |
| Statutory reserve | | - | - |
| Revenue reserves | | | |
| General reserve | | 102,976,444 | 102,976,444 |
| Accumulated loss | | (756,533,945) | (778,282,771) |
| Fair value reserve | | 14,163,433 | 14,163,433 |
| | | 313,198,900 | 291,450,074 |
| Non-current liabilities | | | |
| Loan from sponsor | | 116,392,473 | 116,392,473 |
| Security deposits from lessees | | 55,355,674 | 56,677,099 |
| Redeemable capital | | 9,825,000 | 11,400,000 |
| Liability related to outgoing group | | 25,110,000 | 25,920,000 |
| Deferred liability | | - | - |
| Mark up on long term musharakah | | - | - |
| | | 206,683,147 | 210,389,572 |
| Current liabilities | | | |
| Current portion of non-current liabilities | 12 | 52,392,430 | 63,747,430 |
| Short term loan from sponsor | | 25,000,000 | 31,000,000 |
| Accrued and other liabilities | | 140,997,132 | 141,994,165 |
| Profit / mark up payable | | 202,164,947 | 200,968,195 |
| Unclaimed dividend | | 6,053,456 | 6,053,456 |
| Provision for taxation - income tax | | 23,787,471 | 22,787,471 |
| | | 450,395,436 | 466,550,717 |
| TOTAL EQUITY AND LIABILITIES | | 970,277,483 | 968,390,363 |
| CONTINGENCIES AND COMMITMENT | | - | - |

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Chairperson

Akmal Ali
Chief Financial officer

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

For the Quarter Ended September 30, 2020

| | Note | Un-audited September 2020 Rupees | Un-audited September 2019 Rupees |
|--|------|--|--|
| Income | | | |
| Income from leasing operations | | 9,473,266 | 7,252,479 |
| Operating lease rentals | | 163,909 | 24,234 |
| Profit on musharakah investments | | - | 23,349,998 |
| Income from finances | | 13,112,069 | 765,448 |
| Income on deposits with banks | | 438,928 | 626,379 |
| Income from joint ventures | | 2,000,000 | 4,000,000 |
| Dividend income | | - | 108,000 |
| Net (loss) / gain on sale of marketable securities | | 1,399,621 | 71,775 |
| Unrealized (loss) on financial assets at fair value - net | | - | - |
| | | 26,587,793 | 36,198,313 |
| Expenses | | | |
| Administrative and operating expenses | | (5,523,414) | (5,483,288) |
| Financial charges | | (4,411,905) | (5,298,784) |
| Mark up waived off on settlement of loans | | 1,883,877 | - |
| | | (8,051,442) | (10,782,072) |
| Other income | | 18,536,351 | 25,416,241 |
| | | 967,490 | 901,872 |
| | | 19,503,841 | 26,318,113 |
| Provision reversed / (charged) on non-performing loans and write-offs | | | |
| Reversal / (provision) against: | | | |
| Finance lease receivable and rentals - net | | 3,169,985 | (2,224,755) |
| Long term / short term musharakah finances | | 75,000 | - |
| Long term / short term loans | | - | (4,019,943) |
| Other receivables | | - | 3,267,004 |
| Balances written off: | | | |
| Lease receivables | | - | - |
| Other receivables | | - | - |
| | | 3,244,985 | (2,977,694) |
| | | 22,748,826 | 23,340,419 |
| Profit before taxation | | | |
| Provision for taxation | | (1,000,000) | (500,000) |
| Profit / (Loss) for the quarter | | 21,748,826 | 22,840,419 |
| Earnings / (loss) per share - Basic and Diluted | | 0.076 | 0.080 |

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter Ended September 30, 2020

| | Un-audited September 2020 Rupees | Un-audited September 2019 Rupees |
|---|--|--|
| Profit / (Loss) for the quarter | 21,748,826 | 22,840,419 |
| Other comprehensive (loss) | | |
| 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 | - | - |
| Total comprehensive Income / (loss) for the quarter | <u>21,748,826</u> | <u>22,840,419</u> |

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Quarter Ended September 30, 2020

| | Un-audited September 2020 Rupees | Un-audited September 2019 Rupees |
|--|--|--|
| a) CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 22,748,826 | 23,340,419 |
| Adjustments for non cash charges and other items: | | |
| Depreciation of property, plant and equipment | 690,379 | 745,111 |
| Amortization of intangible assets | 25,042 | 35,772 |
| (Reversal) / provision against: | | |
| Finance lease receivable and rentals - net | (3,169,985) | 2,224,755 |
| Long term / short term musharakah finances | (75,000) | - |
| Long term / short term loans | - | 4,019,943 |
| Other receivables | - | (3,267,004) |
| Balances written off | | |
| lease receivables | - | - |
| Other receivables | - | - |
| (Gain) on disposal of operating assets | - | - |
| Unrealised loss on financial assets at fair value | - | - |
| Income from joint ventures | (2,000,000) | (4,000,000) |
| Financial charges | 4,411,905 | 5,298,784 |
| Mark up waived off on settlement of loans | (1,883,877) | - |
| (Gain) on settlement of liabilities | - | - |
| Balances written back | - | - |
| | <u>(2,001,536)</u> | <u>5,057,361</u> |
| Cash flow from operating activities before working capital changes | 20,747,290 | 28,397,780 |
| Changes in working capital | | |
| Decrease / (Increase) in current assets | | |
| Short term musharakah finances | - | 16,650,000 |
| Short term finances | 100,990,219 | - |
| Ijarah rentals receivables | 4,146 | 312 |
| Advances, deposits, prepayments and other receivables | (11,652,397) | 17,491,733 |
| | <u>89,341,968</u> | <u>34,142,045</u> |
| Increase in current liabilities | | |
| Accrued and other liabilities | (997,033) | 5,938,304 |
| Cash generated from operations | <u>109,092,225</u> | <u>68,478,129</u> |
| Financial charges paid | (1,331,276) | (348) |
| Income tax paid | (436,880) | (215,699) |
| Dividend paid | - | - |
| Net cash generated from operations | <u>107,324,069</u> | <u>68,262,082</u> |

Un-audited
September 2020
Rupees

Un-audited
September 2019
Rupees

b) CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|-------------|--------------|
| (Additions) / deletion in: | | |
| Property, plant and equipment | - | - |
| Net investment in finance lease | 4,619,037 | (17,321,792) |
| Long term musharakah finances | 75,000 | - |
| Long term loans | 101,458 | (28,415,101) |
| Long term security deposits | 51,000 | - |
| Financial assets at fair value through profit or loss | (5,235,488) | (2,822,943) |
| Proceeds from disposal of operating assets | - | - |
| Net cash (used in) investing activities | (388,993) | (48,559,836) |

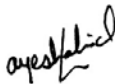
c) CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|--------------|--------------|
| Receipts from / (Repayment of) : | | |
| Long term loan from sponsors | - | (25,000,000) |
| Short term loan from sponsors | - | - |
| Redeemable capital | (11,345,000) | - |
| Liability related to outgoing group | (810,000) | - |
| Long term musharakah and murabaha borrowings | - | - |
| Net cash (used in) financing activities | (12,155,000) | (25,000,000) |
| Net (decrease) / Increase in cash and cash equivalents (a+b+c) | 94,780,076 | (5,297,754) |
| Cash and cash equivalents at the beginning of the year | 10,949,517 | 24,745,878 |
| Cash and cash equivalents at the end of the quarter | 105,729,593 | 19,448,124 |

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

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

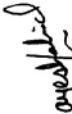
For the Quarter Ended September 30, 2020

| | Issued, subscribed and paid-up capital | Loan from directors | Capital Reserves | | | Revenue Reserve | | Fair value reserve | Total |
|--|--|---------------------|---------------------------------|-------------------|-----------------|-----------------|------------------|--------------------|-------------|
| | | | Capital reserve on amalgamation | Statutory reserve | Sub total | General reserve | Accumulated loss | | |
| | | | | | | | | | |
| Figures: | | | | | | | | | |
| Balance as at July 01, 2019 | 2,848,668,960 | 126,000,000 | (2,022,075,992) | 102,976,444 | (1,919,099,548) | - | (894,405,592) | 25,110,941 | 256,274,761 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 22,840,419 | - | 22,840,419 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Items that will not be reclassified subsequently to profit or loss | - | - | - | - | - | - | - | - | - |
| Changes in the fair value of equity investments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - |
| Equity portion of loan to directors | - | - | - | - | - | - | - | - | - |
| Loan from directors | - | - | - | - | - | - | - | - | - |
| Balance as at September 30, 2019 | 2,848,668,960 | 126,000,000 | (2,022,075,992) | 102,976,444 | (1,919,099,548) | - | 22,840,419 | (801,555,173) | 279,115,190 |
| Balance as at July 01, 2020 | 2,848,668,960 | 126,000,000 | (2,022,075,992) | - | (2,022,075,992) | 102,976,444 | (778,262,771) | 14,163,433 | 291,450,074 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 21,748,826 | - | 21,748,826 |
| 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 | - | - | - | - | - | - | - | - | - |
| Transferred from Statutory reserve to General reserve | - | - | - | - | - | - | - | - | - |
| Balance as at September 30, 2020 | 2,848,668,960 | 126,000,000 | (2,022,075,992) | - | (2,022,075,992) | 102,976,444 | (756,533,945) | 14,163,433 | 313,198,900 |

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



Muhammad Asif
Chief Executive Officer



Ayesha Shehryar
Chairperson



Akmal Ali
Chief Financial officer

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

For the Quarter Ended September 30, 2020

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 Flat No. 2, First Floor, Plot No. 38-C, 22nd Commercial Street, Phase II Ext., DHA, 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.756.53 million (June 2020: Rs. 778.28 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 financial statements as at 30th June 2020.
 - 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 / financing business

The Company is mainly carrying out car leasing business at very attractive rates and reasonable deposit margin. During the first quarter leases and finances amounting to Rs. 47.71 million (June 2020 : Rs. 309.80 million) have been disbursed. Management is hopeful that leasing business will contribute in improving the operating results and equity position of the Company.

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

The Management has settled the outstanding loans with various banks / financial institutions through cash payment / transfer of the Company's lease / loan portfolios and immovable properties / shares / other assets with waiver of mark-up. During the period liabilities amounting to Rs. 11.36 million (June 2020: Rs. 30.03 million) have been settled / rescheduled, the percentage of liabilities settled to date is 99.59% (June 2020: 98.86%). Negotiations are in process for the settlement of the outstanding amount of Rs. 6.41 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 year 2018 the management had 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 quarter is Rs. 40.93 million (June 2020: Rs. 155.37 million). This

amount has been utilized in the new leasing business, as well as, in meeting the obligations towards the remaining 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 stated at fair value through other comprehensive income.

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 2020.

| | Un-audited September, 2020 Rupees | Audited June 2020 Rupees |
|---|---|--------------------------------|
| 3. PROPERTY, PLANT AND EQUIPMENT | | |
| Operating assets | 67,821,008 | 68,511,387 |
| 3.1 Operating assets | | |
| Book value at beginning of the period / year | 68,511,387 | 71,629,065 |
| Additions during the period / year | - | - |
| Disposals during the period / year | - | (147,398) |
| Depreciation charged during the period / year | (690,379) | (2,970,280) |
| | 67,821,008 | 68,511,387 |

| | Note | Un-audited September, 2020 Rupees | Audited June 2020 Rupees |
|--|------|---|--------------------------------|
| 4. NET INVESTMENT IN FINANCE LEASE | | | |
| Contracts accounted for as finance lease under IFRS 16 | 4.1 | 378,772,712 | 369,238,615 |
| Less : Current portion | | (227,660,280) | (219,323,380) |
| | | <u>151,112,432</u> | <u>149,915,235</u> |

4.1 Net investment in finance lease

Following is a statement of lease receivables accounted for under IFRS 16:

| | Un-audited September 2020 | | | Audited June 2020 | | |
|---|---------------------------|--|----------------------|----------------------|--|----------------------|
| | 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 | 805,209,390 | 116,098,544 | 921,307,934 | 800,528,872 | 112,736,297 | 913,265,169 |
| Residual value of leased assets | 28,464,905 | 53,581,199 | 82,046,104 | 26,690,430 | 56,677,099 | 83,367,529 |
| Lease contracts receivable | 833,674,295 | 169,679,743 | 1,003,354,038 | 827,219,302 | 169,413,396 | 996,632,698 |
| Unearned lease income (including suspended income) | (160,752,433) | (16,768,910) | (177,521,343) | (159,778,253) | (17,385,862) | (177,164,115) |
| Provision for potential lease losses | (445,261,582) | (1,798,401) | (447,059,983) | (448,117,669) | (2,112,299) | (450,229,968) |
| | (606,014,015) | (18,567,311) | (624,581,326) | (607,895,922) | (19,498,161) | (627,394,083) |
| | 227,660,280 | 151,112,432 | 378,772,712 | 219,323,380 | 149,915,235 | 369,238,615 |

4.1.1 These finances carry profit rates ranging from 12.36% to 22.00 % per annum (June 2020 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. 554.12 million (June 2020: Rs. 558.26 million). Detail of non performing leases is as follows:

| Category of classification | Un-audited September 2020 | | | Audited June 2020 | | |
|----------------------------|---------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|
| | Principal outstanding | Provision required | Provision held | Principal outstanding | Provision required | Provision held |
| | Rupees | | | Rupees | | |
| Substandard | 7,193,603 | 1,798,401 | 1,798,401 | 8,449,197 | 2,112,299 | 2,112,299 |
| Loss | 546,926,138 | 445,261,582 | 445,261,582 | 549,808,220 | 448,117,669 | 448,117,669 |
| | 554,119,741 | 447,059,983 | 447,059,983 | 558,257,417 | 450,229,968 | 450,229,968 |

| | Un-audited September, 2020 Rupees | Audited June 2020 Rupees |
|---|---|--------------------------------|
| 5. LONG TERM MUSHARAKAH FINANCES | | |
| Secured | | |
| Considered doubtful | | |
| Companies (non-financial institutions) | 83,218,891 | 83,293,891 |
| Individuals | 43,263,928 | 43,263,928 |
| | <u>126,482,819</u> | <u>126,557,819</u> |
| Provision against doubtful balances | (24,981,726) | (25,206,726) |
| | 101,501,093 | 101,501,093 |
| Less: Current portion | <u>(101,501,093)</u> | <u>(101,501,093)</u> |
| | - | - |

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 2020: 16.00% to 30.00% per annum). These were receivable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

| | Note | Un-audited September, 2020 Rupees | Audited June 2020 Rupees |
|--|---|---|--------------------------------|
| 6. LONG TERM LOANS | | | |
| Secured | | | |
| Considered good | | | |
| Customers | 6.1 | 50,344,551 | 51,099,856 |
| Considered doubtful | | | |
| Customers | 6.1 | 20,210,056 | 19,556,209 |
| Outgoing group | 6.2 | 71,954,665 | 71,954,665 |
| Ex-employee | | 528,523 | 528,523 |
| | | 92,693,244 | 92,039,397 |
| Provision against doubtful balances | | (79,492,076) | (79,492,076) |
| | | 13,201,168 | 12,547,321 |
| | | 63,545,719 | 63,647,177 |
| | | (26,733,031) | (25,595,662) |
| Less: Current portion | | 36,812,688 | 38,051,515 |
| 6.1 | These carry mark-up at the rate ranging from 11.00% to 25.00% per annum (June 2020: from 11.00% to 25.00% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases. | | |
| 6.2 | Rs. 24.58 million was receivable in 08 unequal quarterly installments commenced from December 31, 2016 and ended on September 30, 2018, and balance amount of Rs. 47.37 million was receivable in lump sum on December 31, 2018. The Company intends to revise loan agreement and extend repayment period till December 31, 2020. Mark-up amounting to Rs 36.04 million was also outstanding. It is subject to mark up at the rate of six month KIBOR plus 2% per annum. Effective markup rate charged was 9.04% per annum last year. | | |
| 7. LONG TERM SECURITY DEPOSITS | 7.1 | 2,280,225 | 2,331,225 |
| 7.1 | These represent deposits for utilities, office premises etc. | | |
| 8. SHORT TERM MUSHARAKAH FINANCES | | | |
| Secured | | | |
| Considered doubtful | | 99,827,088 | 99,827,088 |
| Provision against doubtful balances | | (56,807,405) | (56,807,405) |
| | | 43,019,683 | 43,019,683 |
| 8.1 | These represent finances disbursed to different companies for working capital purposes for the periods ranging between 92 to 365 days and are secured against mortgaged properties, demand promissory notes and personal guarantee of their sponsor directors. These carry profit at the rates ranging from 10.00% to 34.69% per annum (June 2020 : 10.00% to 34.69% per annum). | | |
| 9. SHORT TERM FINANCES | | | |
| Secured | | | |
| Considered good | | 5,675,000 | 5,675,000 |
| Considered doubtful | | 6,907,864 | 7,898,083 |
| Provision against doubtful balances | | (1,782,867) | (1,782,867) |
| | | 5,124,997 | 6,115,216 |
| | 9.1 | 10,799,997 | 11,790,216 |
| Un secured | | | |
| Considered good | | - | 100,000,000 |
| OMC - Company | | - | - |
| | | 10,799,997 | 111,790,216 |
| 9.1 | These are secured against registered charge over assets of the customers, pledge / hypothecation of stocks and collateral in certain cases. These carry mark-up at the rates ranging from 15.29% to 27.00% per annum (June 2020: 15.29% to 27.00% per annum). | | |
| 10. IJARAH RENTALS RECEIVABLE | | | |
| Ijarah rentals receivable - Due within one year | | 50,391,632 | 50,559,687 |
| Less : Provision against Ijarah rentals receivable | | (49,080,790) | (49,244,699) |
| | | 1,310,842 | 1,314,988 |

10.1 Provision against Ijarah rentals receivable

| Category of classification | Un-audited September 2020 | | | Audited June | | |
|----------------------------|---------------------------|---------------------|-----------------|-------------------|---------------------|-----------------|
| | Rental receivable | Suspension required | Suspension held | Rental receivable | Suspension required | Suspension held |
| | Rupees | | | Rupees | | |
| Loss | 49,080,790 | 49,080,790 | 49,080,790 | 49,244,699 | 49,244,699 | 49,244,699 |

Note

Un-audited September, 2020 Rupees

Audited June 2020 Rupees

11. CURRENT PORTION OF NON-CURRENT ASSETS

| | | | |
|---------------------------------|---|--------------------|--------------------|
| Net investment in finance lease | 4 | 227,660,280 | 219,323,380 |
| Long term musharakah finances | 5 | 101,501,093 | 101,501,093 |
| Long term loans | 6 | 26,733,031 | 25,595,662 |
| | | <u>355,894,404</u> | <u>346,420,135</u> |

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

| | | |
|-------------------------------------|-------------------|-------------------|
| Security deposit from lessees | 26,690,430 | 26,690,430 |
| Liability related to outgoing group | 3,240,000 | 3,240,000 |
| Deferred liability | 9,747,000 | 9,747,000 |
| Redeemable capital | 12,715,000 | 24,070,000 |
| | <u>52,392,430</u> | <u>63,747,430</u> |

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 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 period and period end balances | Sep-20 | Sep-19 |
|---|---|---|-----------|-----------|
| | | | Rupees | Rupees |
| Mr. Muhammad Zahid | Major shareholder 18.96% (June 2020 : 18.96%) | Long term loan from sponsor repaid | - | - |
| | | Mark up / interest on long term loan from | 3,274,040 | 3,400,844 |
| | | Short term loan received from sponsor | - | - |
| | | Mark up / interest on short term loan from | 880,183 | - |
| Key Management | Employees | Amount paid during the quarter | 1,957,549 | 1,785,099 |
| Al-Zamin Leasing Modaraba Staff Provident Fund | Provident fund | Contribution made during the quarter | 129,126 | 138,389 |

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 23, 2020 by the Board of Directors of the Company.

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Chairperson

Akmal Ali
Chief Financial officer

Company Information

Board of Directors

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

Audit Committee

| | |
|-----------------------------|-----------|
| Mr. Ashar Saeed | -Chairman |
| Brig. (Retd.) Wali Muhammad | -Member |
| Mrs. Fiza Zahid | -Member |

Human Resource Committee

| | |
|-----------------------------|-----------|
| Mr. Muhammad Qasim | -Chairman |
| Brig. (Retd.) Wali Muhammad | -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
Meezan Bank Limited
JS Bank Limited

Registered Office

Flat No. 2, First Floor, Plot No. 38-C,
22nd Commercial Street, Phase II Ext.
DHA, Karachi.
021-35894022
Website: www.icibl.com

Head Office

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

National Tax Number

0656427-5

Our Network

Registered Office - Karachi

Flat No. 2, 1st Floor, Plot No. 38-C,

Phase II Ext., DHA,

Karachi.

Tel: 021-35894022

Website: www.icibl.com

Head Office - Lahore

2-H, Jail Road, Gulberg II,

Lahore.

Tel: 042-35777285 & 86

Islamabad

Office No. 02, Ground Floor,

Rahim Plaza,

Main Muree Road, Saddar,

Rawalpindi Cantt.

Tel: 0301-8651067

Peshawar

C/o Centre Gas (Pvt.) Limited,

Chughal Pura, G.T Road,

Peshawar.

Tel: 091-2262966 & 2262866

Faisalabad

20-Bilal Road, Civil Lines,

Faisalabad.

Tel: 041- 2409221

Gujranwala

50-H, Trust Plaza, G.T Road,

Gujranwala.

Tel: 055-3730308, 3730300

Fax: 055-3731108



INVEST CAPITAL INVESTMENT BANK LIMITED

Registered Office:

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Website: www.icibl.com

Head Office:

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