Annual Report 2018

Invest Capital Investment Bank Limited

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Vision Statement

To build a world-class investment banking franchise through the creation of an organization based on trust, integrity and decision making process driven by client's best interest

Mission Statement

To provide our customers financial solutions while preserving wealth, ensuring quality service, efficient pricing and absolute transparency.

Company Information

Board of Directors

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

Audit Committee

Mr. Ashar Saeed	-Chairman
Brigadier (Retd.) Wali Muhammad	-Member
Mr. Shahab Ud Din Khan	-Member

Human Resource Committee

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

Chief Financial Officer &
Company Sectretary
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
603-604, 6Th Floor, Lakson Square
Building No. 3, Sarwar Shaheed
Road, Karachi.
Tel: 021-35654022
Fax: 021-35654022
Website: www.icibl.com

Head Office
2-H, Jail Road, Gulberg II,
Lahore.
Tel: 042-35777285
Fax: 042-35777286

National Tax Number
0656427-5

Notice of 26th Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 2.00 p.m. on Saturday, 27th October, 2018 at ICMA Pakistan's Auditorium, Main Campus, Gulshan-e-Iqbal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting of the Shareholders held on 31st October 2017.

2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports thereon for the year ended 30th June 2018. These audited financial statements have been placed on our website www.icibl.com.

3. To appoint auditors and fix their remuneration for the year ending 30th June, 2019. The present auditors M/s Deloitte Yousuf Adil, being eligible for reappointment have given their consent to act as auditors of the Company for the year 2018-19.

OTHER BUSINESS

4. To consider any other business with the permission of the Chair.

By Order of the Board

M. Naim Ashraf
Company Secretary

Lahore
October 05, 2018

NOTES:

1. The Members' Register will remain closed from 20th October 2018 to 27th October 2018 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 19th October 2018 will be treated in time.

2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf.

3. The instrument appointing proxy and the power of attorney or other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of Share Registrar of the Company, M/S CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting.

4. The CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A- For attending the meeting:

(i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending meeting.

(ii) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signatures of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B- For appointing proxies:

(i) In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall submit the proxy forms accordingly.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copy of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

(v) In case of corporate entities, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Members are requested to notify any change in their addresses immediately to the Share Registrar of the Company.

Chairman's Review

The Board of Directors (the Board) of the Company has performed their duties conscientiously in safeguarding the interest of all stake holders of the company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the Code of the Corporate Governance contained in the rule book of Pakistan Stock Exchange. I wish to record my appreciation to the Board Members.

The Board during the year ended June 2018 played an effective role in managing the affairs of the company and achieving its objectives in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code of Corporate Governance.

- The Board has ensured that meetings of the Board and that of its committees were held with requisite quorum; the minutes of all the meetings (including committees) are appropriately recorded and maintained.

- The Board has ensured that the adequate system of internal control is in place.

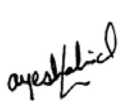
- All the significant issues throughout the year were presented before the Board or its committees

  to strengthen and formalize the corporate decision making process.

- The Board actively participated in strategic planning process and policy development to cater the issues being faced by the company including utilization of available funds, recovery of non performing leases/loans, settlement of outstanding liabilities, investments in new lease business with minimum risk and operating cost reduction.

  Through Board implemented strategies, the Company is now afloat and will continue as going concern.

  On behalf of the company, I would like to express my gratitude to the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited, shareholder, lenders and all other stakeholders for their continued guidance and support.



Ayesha Shehryar
Chairperson

October 05, 2018

Directors' Report

The Directors of Invest Capital Investment Bank Limited (the 'Company') are pleased to present the twenty sixth annual report along with the audited financial statements of the Company for the year ended June 30, 2018.

Financial Information

The financial results of the company are summarized below:

	--------- Rupess in million	---------
Financial Highlights	**2018**	2017
Gross revenue	**59.22**	35.14
Administrative expenses	**31.52**	33.19
Financial charges (Net)	**7.50**	28.51
Provisions / (reversals) and write offs	**23.19**	(4.86)
Other income	**11.41**	12.49
Profit / (loss) for the year before taxation	**8.42**	(9.21)
Taxation - net	**0.60**	0.19
Profit / (loss) for the year after taxation	**7.82**	(9.40)
Earnings / (loss) per share - basic	**0.03**	(0.03)
Appropriations:		
Transfer to statutory reserves	**1.56**	0.00

Economic Review

During the financial year 2017-18, Pakistan's GDP has grown by 5.8% to close at US $313 billion. This highest growth rate in a decade was primarily driven by improved performances in large-Scale Manufacturing and Agriculture sectors. However, Pakistan's economy remained beset with multiple and significant challenges.

Adverse balance of trade, meager growth in workers' remittances and subdued foreign direct investments continued to fuel the worsening current account deficit. Resultantly, FX reserves have been decreased by 19% to reach US $16,407 million at the end June' 18 compare to US $ 20,177 million at the end of 2017. PKR has also remained under continuous pressure against US $, depreciating by 16% during the period under review.

The aforementioned issues have led to Consumer Price Index for June 2018 spiraling upwards at 5.2% year on year. Therefore, State Bank of Pakistan maintained monetary tightening stance from January 2018 in which policy rate was increased by 25 bps, by further increasing the policy rate by 50 bps and 100bps in May 2018 and July 2018 respectively. As a result, policy rate increased to 7.50% against 5.75% at the beginning of 2018.

The persistent fiscal deficit at 6.8% of GDP along with one of the lowest tax to GDP ratio of 12.4% among the developing countries continues to be major growth impediments for the domestic economy. During the FY 2017-18, fiscal revenue collection aggregated to Rs. 3,841 billion against a target of Rs. 3,935 billion. These collections also include contribution from income tax amnesty scheme yielding Rs. 90 billion.

NBFI sector has contributed significantly in the economic growth of Pakistan enabling the SMEs to obtain financing from formal financial institutions; reducing their dependency on borrowing funds at very high rate from informal lenders.

Company Overview

The NBFI sector was badly hit in aftermath of financial meltdown which affected the entire financial sector in 2008. The result was sharp rise in discount rate coupled with liquidity shortage forced the companies to utilize the available cash flows from recoveries to repay borrowings leaving no room for new business. During the period under review NBFI sector continued to face manifold challenges along with liquidity shortage. By the grace of Almighty Allah, Company's financial and operational position has been stable for quite some time. The non-availability of credit lines from financial institutions and other fund raising activities continued to prevail during the year as well which remained the reason for not achieving the desired business volumes. Since the company is managing its business dynamics through internal cash flows, the only source to generate cash is recoveries from existing portfolio which is however not enough to show an appreciable growth in the business volumes. The non performing loan portfolio of the company is down to its most chronic market defaulters. However, your management is confident that the trend for the year's profit shall improve in coming years, if no major negative deviation in the economic condition occurs.

Operational Review

The Gross revenue (including other income) of the Company amounted to Rs. 70.63 million as compared to Rs. 47.63 million of the previous year. The increase is basically due to better recovery from non-performing leases and loans, resulting in reversal of markup suspended in earlier years. The management has substantially curtailed its administrative expenses during the preceding six years. However, during the year there is a decrease of Rs. 1.70 million in the administrative expenses thereby normalizing the effect of unexpected expenses during the last year. It is re-emphasized that to increase the operational profits we need to do more business which depends upon availability of ample funds. At present the only source of funding is recovery from non-performing leases and loans.

Settlement of Liabilities:-

The management is pleased to inform you that up-till end of June 30, 2018 around 96.00% of liabilities have been settled or restructured. The following table shows the comparative figures:

Description	Rs. in million
Total liabilities (Loans + Deposits) of Banks / FIs (As at June 30, 2011 prior to change of Management)	1,561.48
Amount settled / principally agreed for settlement / restructured as at June 30, 2018	1,503.59
Outstanding amount pending settlement	57.89

All out efforts are being made to settle the remaining outstanding liabilities at the earliest possible.

Another main concern was meeting the demands of the deposit holders and resolution of their reservations through workable solutions. Please note that the total amount of depositors as on June 30, 2011 was Rs. 602.84 million which was fully settled during the year 2016-17.

Management of Non-Performing loans (NPLs)

Managing the recoveries from NPLs was a difficult task to achieve due to overall depressing economic conditions. The outstanding portfolio was Rs. 2,060.32 million as on June 30, 2011 when the new management took control, which as at June 30, 2018 stands at Rs. 1,304.34 million (2017 Rs.1,337.64 million). The strong recovery efforts are reflected in reduction in the Company's non performing leases/loans, which resulted in a reversal of provision against lease and loans of Rs. 20.93 million as compared to a reversal of Rs. 9.04 million in the corresponding period of last year. The management is determined to continue its best efforts, energy, experience and skills in future also to improve the performance.

Reduction in Administrative Cost

Reduction in the administrative cost without affecting the operational efficiency was a tough task. In the periods prior to July 2011, the operating cost was quite high as compared to the other competitors. The management took this issue seriously and executed Human Resource and Branch Network restructuring and controlled un-necessary expenditures. The result of these efforts is that administrative and operating expenses have reduced by more than 500% as compared to the expenses as at 30th June 2011.

Disposal of Non-Core Assets

The management focused on disposal of its non-core assets and was able to dispose of all the non-core properties having book value of Rs. 567.88 million up to June 30, 2018 (Since the change of management) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs.102.74 million on this account and also saved the impact of depreciation. This has resulted in reduction of its liabilities and improvement in the liquidity and equity position of the Company.

New Leasing Business

The new lease business undertaken by the Company has negligible infection level and most of the assets leased are motor vehicle, therefore, recovery is almost 100% of the billed amount. This has provided the most valuable support in repayment of the liabilities on timely basis. The priority of the management is to meet its financial obligations and surplus funds are invested in the new lease portfolio. During the year leases amounting to Rs. 141.05 million were disbursed as against Rs. 90.71 million in the year 2017. Fresh business may further increase during the coming years as major liabilities have been settled with the lenders.

Future Outlook

Amidst the fiscal and trade deficits, declining foreign reserves, rising debt servicing requirements, depreciating currency, growth in undocumented economy, renewed acces to financial support packages from multilateral agencies along with additional external borrowings might become inevitable. While smooth transition of power among elected governments have created political stability; major changes are required in long term fiscal and monetary policies to address the aforementioned challenges.The major issue being faced by the company is the liquidity problem which will continue in coming days as well, thus the focus would be on the recoveries from NPLs, settlement of outstanding liabilities and investment in new lease business. The management of your company is confident that the bottom line of the company shall improve further.

Corporate and financial reporting framework

The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant of their responsibilities and monitoring Company’s operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

a) These financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;

b) Proper books of accounts of the Company have been maintained as required by the Companies Ordinance, 1984;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure there from;

e) The system of internal control is sound and has been effectively implemented and monitored;

f) There is material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern, however the management on the basis of factors discussed in note # 1.3 to the Financial Statements, is confident that the Company has ability to continue as a going concern;

g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations, except the matters discussed by auditors in their attached review report.

h) Information about outstanding taxes and other government levies are given in related note(s) to the accounts.

i) During the year under review, five (5) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name	Meetings attended
Mr. Muhammad Asif (CEO)	5
Mr. Muhammad Qasim	5
Mrs.Ayesha Shehryar	5
Brig. (Retd.) Wali Muhammad	4
Ms. Fiza Zahid	5
Mr. Shahab Ud Din Khan	5
Mr. Ashar Saeed	4

No trading in shares was done by the Directors/CEO of the company during the year 2017-2018.

During the year under review, four (4) meetings of the Audit Committee were held. The attendance by each Director is as follows:

Name	Meetings attended
Mr. Ashar Saeed	4
Brig. (Retd.) Wali Muhammad	3
Mr. Shahab Uddin Khan	3

Dividend

As discussed above the actions taken by the management have successfully resulted in a turnaround of the Company, however, the board of directors is committed to further strengthen its capital base, achieve further profitability and enhance the value of shareholders' investment. Therefore, no dividend has been declared for the year under review.

Credit Rating

JCR-VIS Credit Rating Company Limited has placed the entity rating of the Company in 'D' category since August 2010. Management is confident that the rating shall be up-graded to at least minimum investment grade as soon as the process of settlements of liabilities is concluded.

Auditors

The present auditors, M/s Deloitte Yousuf Adil, Chartered Accountants have retired and being eligible for re-appointment have consented to act as auditors of the Company for the year 2018-19.

The auditor's report includes emphasis of matter paragraph on the going concern issue of the company. However, the management feels that the company is a going concern as set forth in detail in note 1.3 to the financial statements.

Pattern of Shareholding

The pattern of shareholding as of June 30, 2018 is enclosed herewith.

Acknowledgments

On behalf of the Board of Directors, we would like to extend our acknowledgement to the valued customers for placing their trust. We would also like to express our gratitude to the worthy shareholders of the bank for their support, employees for all the hard work and dedication, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for guidance and motivation.

For and on behalf of the Board of Directors

Lahore
October 05, 2018

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Chairperson

INVEST CAPITAL INVESTMENT BANK LTD
SEVEN YEARS KEY FINANCIAL AND OPERATING DATA

....Rupees in thousand

Balance Sheet	**2018**	2017	2016	2015	2014	2013	2012
Ordinary share capital	**2,848,669**	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669	2,848,669
Equity	**248,386**	239,594	243,542	183,229	181,976	69,925	(290,305)
Net Investment in Lease	**331,616**	277,825	275,842	319,693	417,762	428,302	584,681
Musharakah/Finances	**256,180**	289,183	287,421	300,273	301,074	234,218	286,740
Total Assets	**1,039,311**	1,082,197	1,118,100	1,212,833	1,352,653	1,400,814	2,187,110
Profit & Loss Account							
Total Income	**70,636**	47,631	117,292	80,182	172,846	397,195	341,593
Finance & Other Charges	**7,501**	28,510	16,092	(8,768)	24,654	48,022	173,673
Admin & Operating Expens	**31,521**	33,192	30,998	57,633	51,782	144,057	156,938
Profit / (Loss) Before Tax	**8,423**	(9,205)	39,191	6,843	100,566	205,116	10,982
Profit / (Loss) After Tax	**7,819**	(9,400)	40,257	6,155	98,725	351,809	9,305
Break up Value of Share	**0.87**	0.84	0.85	0.64	0.64	0.25	(1.02)
Market Value per Share	**1.88**	2.11	1.09	1.45	2.00	1.56	0.81
Financial Ratios:							
Earning per share	**0.027**	(0.033)	0.141	0.022	0.350	1.237	0.033
Revenue Per Share	**0.248**	0.167	0.412	0.281	0.607	1.394	1.199

Pattern of Shareholding

As at June 30, 2018

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1,212	1	100	45,219
3,565	101	500	812,620
597	501	1,000	456,666
2,851	1,001	5,000	6,089,847
476	5,001	10,000	3,576,496
175	10,001	15,000	2,218,178
106	15,001	20,000	1,922,368
75	20,001	25,000	1,731,420
58	25,001	30,000	1,624,767
36	30,001	35,000	1,205,020
33	35,001	40,000	1,267,997
21	40,001	45,000	906,170
40	45,001	50,000	1,968,956
5	50,001	55,000	257,696
22	55,001	60,000	1,289,426
16	60,001	65,000	1,000,282
9	65,001	70,000	624,370
7	70,001	75,000	514,500
9	75,001	80,000	694,036
4	80,001	85,000	334,305
5	85,001	90,000	445,700
4	90,001	95,000	376,236
19	95,001	100,000	1,883,156
9	100,001	105,000	924,559
3	105,001	110,000	324,255
3	115,001	120,000	358,000
4	120,001	125,000	493,092
5	125,001	130,000	641,600
7	130,001	135,000	930,556
3	140,001	145,000	431,000
3	145,001	150,000	450,000
2	150,001	155,000	309,000
2	155,001	160,000	317,500
2	165,001	170,000	339,322
1	170,001	175,000	172,000
1	175,001	180,000	176,500
1	180,001	185,000	185,000
6	195,001	200,000	1,195,190
1	200,001	205,000	201,500
1	205,001	210,000	205,060
2	210,001	215,000	425,500
2	215,001	220,000	434,500
1	225,001	230,000	229,348
2	230,001	235,000	461,222
1	240,001	245,000	242,340
9,407	**Carry forward**		**40,692,475**

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
9,407	**Brought forward**		**40,692,475**
3	245,001	250,000	747,000
1	250,001	255,000	250,260
2	270,001	275,000	549,000
1	280,001	285,000	280,800
1	300,001	305,000	303,000
1	320,001	325,000	324,000
1	330,001	335,000	331,500
1	335,001	340,000	336,500
1	345,001	350,000	348,500
1	395,001	400,000	400,000
1	400,001	405,000	402,000
1	440,001	445,000	443,000
1	480,001	485,000	481,260
1	580,001	585,000	583,080
1	650,001	655,000	652,147
1	660,001	665,000	664,776
1	755,001	760,000	760,000
1	790,001	795,000	795,000
1	795,001	800,000	800,000
1	835,001	840,000	835,284
1	855,001	860,000	860,000
1	1,085,001	1,090,000	1,085,500
1	1,115,001	1,120,000	1,117,876
1	1,195,001	1,200,000	1,200,000
1	1,275,001	1,280,000	1,278,000
1	1,295,001	1,300,000	1,299,000
1	1,420,001	1,425,000	1,421,000
1	1,575,001	1,580,000	1,577,000
1	1,795,001	1,800,000	1,800,000
1	1,850,001	1,855,000	1,852,721
1	1,995,001	2,000,000	2,000,000
1	2,420,001	2,425,000	2,424,076
1	2,835,001	2,840,000	2,837,000
1	3,110,001	3,115,000	3,114,892
1	3,830,001	3,835,000	3,834,059
1	4,245,001	4,250,000	4,246,917
1	5,840,001	5,845,000	5,844,500
1	6,900,001	6,905,000	6,901,500
1	7,840,001	7,845,000	7,840,349
1	9,605,001	9,610,000	9,609,692
1	13,290,001	13,295,000	13,294,982
1	40,220,001	40,225,000	40,224,125
1	53,995,001	54,000,000	54,000,000
1	64,220,001	64,225,000	64,224,125
Total: 9,454	**Grand Total**		**284,866,896**

Pattern of Shareholding

As at June 30, 2018

Categories of Shareholders	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Muhammad Asif	-	500	500	0.00
Directors				
Mr. Wali Muhammad	1,000	-	1,000	0.00
Mr. Shahab-ud-din Khan	-	500	500	0.00
Mr. Muhammad Qasim	-	1,000	1,000	0.00
Mrs. Ayesha Shehryar	-	40,224,125	40,224,125	14.12
Ms. Fiza Zahid	-	64,224,125	64,224,125	22.55
Mr. Ashar Saeed	-	500	500	0.00
Sub Total	**1,000**	**104,450,750**	**104,451,750**	**36.67**
NIT & ICP (Name Wise Detail)				
M/S. National Dev.Finance Corp.(Investar)	-	26	26	0.00
CDC - Trustee National Investment (Unit) Trust	-	9,609,692	9,609,692	3.37
M/s. National Development Fin. Corp. - (Investor A/c.)	348	-	348	0.00
M/s. National Development Finance Corporation	390	-	390	0.00
M/s. National Development Finance Corp. - Investor	62,660	-	62,660	0.02
Sub Total	**63,398**	**9,609,718**	**9,673,116**	**3.40**
Mutual Funds (Name Wise Detail)				
M/s. Growth Mutual Fund	96	-	96	0.00
Sub Total	**96**	**-**	**96**	**0.00**
Banks, NBFCs, DFIs, Takaful, Pension Funds				
Banks	125,722	1,255,053	1,380,775	0.48
NBFCs, DFIs	535	-	535	0.00
Pension Funds	-	664,776	664,776	0.23
Sub Total	**126,257**	**1,919,829**	**2,046,086**	**0.72**
Insurance Companies	**100,672**	**2,446,176**	**2,546,848**	**0.89**
Modarabas	**603,738**	**-**	**603,738**	**0.21**
Other Companies, Corporate Bodies, Trust etc.				
A. Other Companies, Corporate Bodies (Local)	548,120	20,224,610	20,772,730	7.29
B. Other Companies, Corporate Bodies (Foreigner)	13,231	-	13,231	0.00
Sub Total	**561,351**	**20,224,610**	**20,785,961**	**7.30**
General Public	**9,584,802**	**135,174,499**	**144,759,301**	**50.82**
Total	**11,041,314**	**273,825,582**	**284,866,896**	**100.00**

Shareholders having More Than 5.00% holding

Ms.Fiza Zahid	64,224,125	22.55
Mr.Muhammad Zahid	54,000,000	18.96
Mrs.Ayesha Shehryar	40,224,125	14.12

Review Report to the Members

Contained In Listed Companies (Code Of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Invest Capital Investment Bank Limited for the year ended 30 June 2018 in accordance with the requirements of regulations 40 of the Regulations.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Regulations and report if it does not and to highlight any non compliance with the requirements Regulations. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Regulations require the company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party and also ensure compliance with the requirements of section 208, of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon the recommendations of the Audit Committee. We have not carried out any procedures to asses and determine the company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the company for the year ended June 30, 2018.

Deloitte Yousuf Adil
Chartered Accountants

Place: Faisalabad
Date: 5th October 2018

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2017
For the year ended June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Gender	Number
Male	5
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Brig. (Retd.) Wali Muhammad Mr. Ashar Saeed
Other Non-Executive Directors	Mrs. Ayesha Shehryar Ms. Fiza Zahid Mr. Shahab Ud Din Khan
Executive Directors	Mr. Muhammad Asif Mr. Muhammad Qasim

Further, as per the proviso to Regulation 6 of the COCG Regulation 2017, grace period has been prescribed in respect of transition phase for composition of the Board with respect to minimum number of independent directors as specified in the COCG Regulation 2017, presently, it is lesser than the required number of Independent Directors, however it will be complied with before the expiry of the grace period.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which these were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. In terms of Regulation 20 of the COCG Regulation 2017, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, no director has acquired the Director Training Program they shall obtain certification under the DTP in due course of time.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed Committees comprising of members given below:

a) Audit Committee

1) Mr. Ashar Saeed	Chairman
2) Brig. (Retd.) Wali Muhammad	Member
3) Mr. Shahab Ud Din Khan	Member

b) HR and Remuneration Committee

1) Mr. Muhammed Qasim	Chairman
2) Mr. Shahab Ud din Khan	Member
3) Mr. Muhammad Asif	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

a) Audit Committee: Four quarterly meetings
b) HR and Remuneration Committee: One annual meeting

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with the Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors

Ayesha Shehryar
Chairperson

Muhammad Asif
Chief Executive Officer

Independent Auditor's Report

To the members of Invest Capital Investment Bank Limited

Opinion

We have audited the annexed financial statements of Invest Capital Investment Bank Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss,the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 in the financial statements, which indicates that the Company has suffered operating losses in prior years and as at the balance sheet date, the accumulated loss of the company is Rs. 714.51 million and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 100.74 million. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon,and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.	
1)	**Preparation of financial statements under Companies Act, 2017** *(Refer note 2(a) to the financial statements)* The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements.	We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following: - Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company. As part of this transition to the requirements, the management performed a gap analysis to identify differences, between the previous and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.	- Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence. - Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.
2)	**Review of recoverability of deferred tax asset** *(Refer note 12 of the financial statements)* Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.	Evaluating the appropriateness of components of management's computation including consideration of un-used tax losses,minimum tax and alternative corporate tax for which deferred tax assets were recognized. - Analysing the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted..

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company based on an approved business plan. This estimation is inherently uncertain and requires judgment in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses as to determine the availability of future profits against which tax deductions represented by the deferred tax assets can be offset. As at June 30, 2018, the Company carries a net deferred tax asset of Rs 150 million in its statement of financial position and hasnot recognized deferred tax asset to the extent of Rs 386.01 million. We considered this key audit matter due to significant value of deferred tax asset and assumptions used by management in this area.	- Assessing the reasonableness of cash flow and taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, operation patterns, future revenue and costs, comparing the assumptions to, historical results and considering other relevant information to assess the quality of Company's forecasting process in determining the projections. - Testing mathematical accuracy of projections along consideration of use of appropriate tax rate as applicable on temporary differences. - Assessing the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Deloitte Yousuf Adil
Chartered Accountants

Place: Faisalabad
Date: 5th October 2018

Statement of Financial Position

As at June 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	5	**116,101,846**	134,498,868
Intangible assets	6	**681,357**	973,367
Long term investments	7	**123,274,834**	116,100,424
Net investment in Ijarah finance / assets under Ijarah arrangements	8	**131,597,352**	96,060,536
Long term musharakah finances	9	-	-
Long term loans	10	**1,206,980**	52,735,444
Long term security deposits	11	**2,278,225**	2,278,225
Deferred tax asset	12	**150,000,000**	150,000,000
		525,140,594	552,646,864
Current assets			
Short term investments	13	-	17,164,860
Short term musharakah finances	14	**66,007,109**	66,157,109
Short term finances	15	**6,679,875**	6,679,875
Ijarah rentals receivables	8.2	**1,452,331**	1,479,527
Current portion of non-current assets	16	**381,785,916**	345,372,084
Advances, deposits, prepayments and other receivables	17	**15,184,176**	33,682,139
Bank balances	18	**10,161,122**	14,714,485
Assets classified as held for sale	19	**32,900,000**	32,900,000
		514,170,529	518,150,079
TOTAL ASSETS		**1,039,311,123**	1,070,796,943

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
485,000,000 ordinary shares of Rs. 10 each		**4,850,000,000**	4,850,000,000
Issued, subscribed and paid-up capital	20	**2,848,668,960**	2,848,668,960
Capital reserve			
Capital reserve on amalgamation		**(2,022,075,992)**	(2,022,075,992)
Statutory reserve	21	**102,820,024**	101,256,258
Unrealized gain on remeasurement of available for sale investments		**13,098,176**	12,125,080
Equity portion of Subordinated loan from directors		**20,387,414**	20,387,414
Revenue reserve			
Accumulated loss		**(714,512,868)**	(720,767,933)
		248,385,714	239,593,787
Non-current liabilities			
Subordinated loan from directors	22	**118,800,679**	112,012,709
Loan from sponsor	23	-	197,542,473
Security deposits from lessees	24	**57,216,410**	43,159,445
Long term musharakah and murabaha borrowings	25	-	2,740,261
Redeemable capital	26	-	-
Deferred liability			
Mark up on long term musharakah	27	-	4,873,500
		176,017,089	360,328,388
Current liabilities			
Current portion of non-current liabilities	28	**232,164,262**	94,028,404
Accrued and other liabilities	29	**132,778,895**	127,578,233
Profit / mark up payable	30	**211,011,565**	210,312,191
Unclaimed dividend		**6,053,598**	6,055,940
Liabilities directly associated with assets held for sale of discontinued operation	19	**32,900,000**	32,900,000
		614,908,320	470,874,768
TOTAL EQUITY AND LIABILITIES		**1,039,311,123**	1,070,796,943
CONTINGENCIES & COMMITMENT	31	-	-

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Chairperson

M. Naim Ashraf
Chief Financial officer

Statement of Profit or Loss

For the Year Ended June 30, 2018

	Note	**2018 Rupees**	2017 Rupees
Income			
Income from leasing operations		**18,667,678**	18,299,733
Operating lease rentals		**845,428**	3,817,735
Profit on musharakah investments		**22,710,117**	125,851
Income from finances		**2,745,305**	402,865
Income on deposits with banks		**669,679**	260,631
Income from joint ventures		**10,166,911**	10,793,747
Dividend income		**910,000**	2,828,500
Net gain on sale of marketable securities		**2,507,026**	4,086,062
Unrealized (loss) on investment in marketable securities - net		**-**	(5,215,494)
		59,222,144	35,399,630
Expenses			
Administrative and operating expenses	32	**(31,521,438)**	(33,192,196)
Financial charges - net	33	**(7,501,216)**	(28,509,742)
		(39,022,654)	(61,701,938)
		20,199,490	(26,302,308)
Other income	34	**11,414,401**	12,230,719
		31,613,891	(14,071,589)
Provision reversed / (charged) on non-performing loans and write-offs			
Reversal / (provision) against:			
Finance lease receivable and rentals - net		**1,598,130**	10,743,012
Long term / short term musharakah finances		**20,200,000**	-
Long term / short term loans		**(772,936)**	821,310
Other receivables		**(94,788)**	(2,522,373)
Balances written off:			
Lease receivables		**(1,017,729)**	(4,175,374)
Other receivables		**(3,774,601)**	-
Musharaka finance receivable		**(39,328,440)**	-
		(23,190,364)	4,866,575
Profit / (Loss) before taxation		**8,423,527**	(9,205,014)
Provision for taxation	35	**(604,696)**	(194,991)
Profit / (Loss) for the year		**7,818,831**	(9,400,005)
Earnings per share - Basic and Diluted	36	**0.027**	(0.033)

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

Muhammad Asif	**Ayesha Shehryar**	**M. Naim Ashraf**
Chief Executive Officer	Chairperson	Chief Financial officer

Statement of Comprehensive Income

For the Year Ended June 30, 2018

	2018 Rupees	2017 Rupees
Profit / (Loss) for the year	**7,818,831**	(9,400,005)
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss		
Un-realized profit on remeasurement of available for sale investments	**5,398,710**	5,452,000
Other Items		
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	**(4,425,614)**	-
Total comprehensive Income / (Loss) for the year	**8,791,927**	(3,948,005)

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Chairperson

M. Naim Ashraf
Chief Financial officer

Statement of Cash Flows

For the Year Ended June 30, 2018

	2018 Rupees	2017 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	**8,423,527**	(9,205,014)
Adjustments for non cash charges and other items:		
Depreciation of property, plant and equipment	**8,215,124**	9,703,224
Amortization of intangible assets	**292,010**	417,157
(Reversal) / provision against:		
Long term / short term musharakah finances	**(20,200,000)**	-
Long term / short term loans	**772,936**	(821,310)
Other receivables	**94,788**	2,522,373
Finance lease receivable and rentals - net	**(1,598,130)**	(10,743,012)
Balances written off		
lease receivables	**1,017,729**	4,175,374
Musharakah receivables	**39,328,440**	
Other receivables	**3,774,601**	-
Loss / (gain) on disposal of operating assets	**1,707,991**	(4,228,598)
Unrealised loss on investments in marketable securities	-	5,215,494
Financial charges - net	**713,246**	22,109,619
Fair value adjustment- subordinated loan from directors	**6,787,970**	6,400,123
(Gain) on settlement of liabilities	**(10,000,000)**	(6,725,000)
Balances written back	**(474,831)**	-
	30,431,874	28,025,444
Cash flow from operating activities before working capital changes	**38,855,401**	18,820,430
Changes in working capital		
Decrease / (increase) in current assets		
Short term investments	**17,164,860**	17,937,171
Short term musharakah finances	**150,000**	25,194
Ijarah rentals receivables	**27,196**	195,212
Advances, deposits, prepayments and other receivables	**4,932,585**	(11,872,100)
Assets classified as held for sale - net	-	55,000,000
Increase / (Decrease) in current liabilities		
Short term certificates of musharakah	-	(2,280,000)
Accrued and other liabilities	**5,200,662**	(30,688,718)
Cash generated from operations	**27,475,303**	28,316,759
	66,330,704	47,137,189
Financial charges paid	**(13,872)**	(3,159,001)
Income tax paid	**(711,167)**	(1,517,174)
Dividend paid	**(2,342)**	(1,417)
Net cash generated from operations	**65,603,323**	42,459,597

	2018 Rupees	2017 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Operating assets	**(63,500)**	(71,400)
(Investment in) / recovery of :		
Long term investments	**(10,166,910)**	(10,793,747)
Net investment in Ijarah finance / assets under Ijarah	**(34,212,239)**	(2,081,108)
Long term musharakah finances	**27,600,000**	466,197
Long term loans	**4,996,157**	(1,429,510)
Proceeds from disposal of operating assets	**8,537,407**	5,854,001
Net cash (used in) investing activities	**(3,309,085)**	(8,055,567)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Loan from sponsors	**(52,150,000)**	-
Redeemable capital	**(10,000,000)**	(6,340,000)
Long term certificates of musharakah	-	(717,492)
Long term certificates of investments	-	(1,401,625)
Long term musharakah and murabaha borrowings	**(4,697,601)**	(14,449,831)
Net cash (used in) financing activities	**(66,847,601)**	(22,908,948)
Net (decrease) / increase in cash and cash equivalents	**(4,553,363)**	11,495,082
Cash and cash equivalents at the beginning of the year	**14,714,485**	3,219,403
Cash and cash equivalents at the end of the year	**10,161,122**	14,714,485

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

Muhammad Asif	**Ayesha Shehryar**	**M. Naim Ashraf**
Chief Executive Officer	Chairperson	Chief Financial officer

Statement of Changes in Equity

For the Year Ended June 30, 2018

	Issued, subscribed and paid-up capital	Capital Reserves					Revenue Reserve	Total
		Capital reserve on amalgamation	Statutory reserve	(Loss) / gain on remeasurement of available for sale investments	Equity portion of Subordinated loan from directors	Sub total	Accumulated loss	
	Rupees							
Balance as at July 01, 2016	2,848,668,960	(2,022,075,992)	101,256,258	6,673,080	20,387,414	(1,893,759,240)	(711,367,928)	243,541,792
Total comprehensive income for the year								
(Loss) for the year	-	-	-	-	-	-	(9,400,005)	(9,400,005)
Other comprehensive loss								
Items that may be reclassified subsequently to profit or loss								
Unrealized gain on remeasurement of available for sale investments	-	-	-	5,452,000	-	5,452,000	-	5,452,000
	-	-	-	5,452,000	-	5,452,000	(9,400,005)	(3,948,005)
Balance as at June 30, 2017	2,848,668,960	(2,022,075,992)	101,256,258	12,125,080	20,387,414	(1,888,307,240)	(720,767,933)	239,593,787
Total comprehensive income for the year								
Profit / (Loss) for the year	-	-	-	-	-	-	7,818,831	7,818,831
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Unrealized profit on remeasurement of available for sale investments	-	-	-	5,398,710	-	5,398,710	-	5,398,710
Other items								
Un-realized loss on available for sale investment reclassified to profit and loss account on disposal	-	-	-	(4,425,614)	-	(4,425,614)	-	(4,425,614)
Transferred to statutory reserve	-	-	1,563,766	-	-	1,563,766	(1,563,766)	-
	-	-	1,563,766	973,096	-	2,536,862	6,255,065	8,791,927
Balance as at June 30, 2018	**2,848,668,960**	**(2,022,075,992)**	**102,820,024**	**13,098,176**	**20,387,414**	**(1,885,770,378)**	**(714,512,868)**	**248,385,714**

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Chairperson

M. Naim Ashraf
Chief Financial officer

Notes to the Financial Statements
For the Year Ended June 30, 2018

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 A-603, 604, 6th floor, Lakson Square Building No 3, Sarwar Shaheed Road, 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 balance sheet date, the accumulated loss is Rs. 714.51 million (2017: Rs. 720.77 million) and the current liabilities of the Company exceed its current assets by Rs. 100.74 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.

- 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 is making efforts to curtail its administrative and other operating expenses to minimum possible level without affecting the operational efficiency of the Company.

(b) Leasing business

The Company is mainly carrying out car leasing business at a very attractive rates and reasonable deposit margin. During the year leases amounting to Rs. 141.05 million (2017 : Rs. 91.71 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. 20.00 million (2017: Rs. 13.07 million) have been settled / rescheduled, the percentage of liabilities settled to date is 96.29% (2017: 95.53%). Negotiations are in process for the settlement of the outstanding amount of Rs. 57.89 million against TFCs issued by ICIBL.

(d) Disposal of non-core assets

The management was committed to dispose off non core assets, during the 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) Disposal / transfer of brokerage related assets and liabilities

The Company is in the process of transfer of brokerage business related assets and liabilities to the outgoing group as explained in detail in Note 19. This transaction on completion will result in net saving of Rs. 24.00 million for the Company and, therefore, will result in improvement in financial performance and equity position of the Company. The transaction will be completed on settlement of related liability of Rs. 32.9 million, by ICML (The outgoing group).

(f) 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 year is Rs. 160.95 million (2017: Rs. 80.45 million). This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors and other lenders.

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

a) Due to applicability of Companies Act, 2017 certain disclosures of financial statements have been presented in accordance with the fourth schedule to the Companies Act, 2017.

3. BASIS OF PREPARATION

3.1 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.

SECP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 and IFRS 7, 'Financial Instruments: Disclosures' through SRO 411(1)/2008 dated April 28, 2008 for NBFCs providing investment finance services, discounting services and housing finance services.

3.2 Basis of measurement

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

- Investments at fair value through profit and loss and Investments available for sale are stated at fair value.

- Non-current assets held for sale are stated at lower of carrying amount and fair value less costs to sell.

3.3 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.

3.4 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 as under:

- Property, plant and equipment (Note 5)
- Intangible assets (Note 6)
- Net investment in Ijarah finance / assets under Ijarah arrangements (Note 8)
- Ijarah rentals receivables (Note 8.2)
- Long term musharakah finances (Note 9)
- Long term loans (Note 10)
- Deferred tax asset (Note 12)
- Short term musharakah finances (Note 14)
- Short term finances (Note 15)

3.5 Application of new and revised International Financial Reporting Standards (IFRSs)

3.5.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2017 and therefore, have been applied in preparing these financial statements.

- **IAS 12 Income taxes**

The amendments to IAS 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The application of these amendments has no impact on the Company's financial statements.

- **IAS 7 Statement of cash flows**

The amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The application of these amendments has not impact on the Company's financial statements.

3.5.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2017 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.5.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- **IFRS 9 Financial Instruments (2014):**

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers:**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IFRS 16 Leases**

Replaces the current IAS – 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IFRIC 22 Foreign currency transactions and advance consideration:**

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The company is yet to assess the full impact of the IFRIC.

This IFRIC is effective for accounting period beginning on or after January 01, 2018. The application of IFRIC is not expected to have any material impact on the Company's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments:**

  The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The company is yet to assess the full impact of the IFRIC. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  This IFRIC is effective for accounting period beginning on or after January 01, 2019. The application of IFRIC is not expected to have any material impact on the Company's financial statements.

- **Annual improvements 2014-2016**

  Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standards;

  . IFRS 1: First-time Adoption of International Financial Reporting Standards.

  . IAS 28: Investments in Associates and Joint Ventures.

  The amendments are effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **Annual improvements 2015-2017 Cycle**

  Annual Improvements of IFRSs through 2015-2017 cycle have been issued by IASB on December, 2017, amending the following standards;

  - IFRS 3: Business Combinations - Re-measurement of previously held interest.
  - IFRS 11: Joint Venture - Re-measurement of previously held interest.
  - IAS 12: Income Taxes – Income Tax consequences of dividends.

  The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

3.5.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting policies

4.1.1 Property, plant and equipment

Owned assets

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method over the estimated useful life of related assets at the rates specified in Note 5 to the financial statements. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which an asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of property, plant and equipment are included in current income.

Any revaluation increase arising on an item of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of an item of property, plant and equipment improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of property, plant and equipment improvements to the extent of incremental depreciation charged is transferred to unappropriated profit.

Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

4.1.2 Intangible assets

Intangible assets are recognized as assets if it is probable that future economic benefits will flow to the Company and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Company comprise of computer softwares which are being amortized applying the reducing balance method over the estimated useful life of related assets at the rate specified in Note 6 to the financial statements. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

4.1.3 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the profit and loss account.

Where impairment loss subsequently reverses, impairment loss is reversed to the extent that the remaining impairment loss is in accordance with the requirements of relevant accounting standards and guideline of NBFC Regulations and the carrying value of the assets represent the estimated net future cash flows from the assets.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.1.4 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

4.1.5 Investments

All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investments except in case of held for trading investments, in which case transaction cost is charged to profit and loss account. All purchases and sales of investments are recognised / derecognised on the trade date. After initial recognition, these are categorised and accounted for as follow:

4.1.5.1 Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the profit and loss account.

4.1.5.2 Held-to-maturity

Investments with fixed maturity, where management has both intention and the ability to hold to maturity, are classified as held to maturity. These investments are initially recorded at cost. Such investments are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. Any gain / loss arising on derecognition / impairment in value of such investments, is recognised in profit and loss account.

4.1.5.3 Available-for-sale

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available for sale. These are initially measured at cost, being fair value of the consideration given. After initial recognition, the above investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at their declared net asset value per unit). Any resultant gain or loss is taken directly to equity, until the investments are sold or until the investments are determined to be impaired, at which time the cumulative gain or loss previously reported in the equity is included in the current year's profit and loss account.

Fair value of unquoted investment is estimated based on appropriate valuation method, if it is practicable to determine the fair value.

4.1.5.4 Investments in joint ventures

These investments are accounted for using equity method of accounting. Under the equity method, an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition changes in equity of the joint venturer and dividend received during the year.

4.1.6 Net investment in Ijarah finance / assets under Ijarah arrangements, musharakah finance, long term and short term loans / finances

Ijarah agreements commenced on or before June 30, 2008 and after July 01, 2011 are accounted for as finance lease and are included in the financial statements as 'Net investment in Ijarah finance' at an amount equal to the present value of the lease payments, including estimated residual value (net of allowance for non-operating lease).

Ijarah agreements commenced between July 01, 2008 and June 30, 2011 are stated at cost less accumulated depreciation and impairment losses, if any in accordance with the Islamic Financial Accounting Standard 2 'Ijarah'. Depreciation is charged on these assets by using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing amount of the corresponding assets.

Other lending arrangements comprising of musharakah finance, long term and short term loans / finances are stated net of impairment losses, if any.

Allowance against non-performing balance is made in accordance with Prudential Regulations for NBFC's issued by SECP and is charged to profit and loss account currently.

4.1.7 Assets acquired in satisfaction of finances

These are initially stated at lower of recoverable amount or the original claim of the Company. Difference between the above two is charged to profit and loss account. Subsequently, these are stated at carrying value less impairment loss, if any.

4.1.8 Receivable from terminated / matured contracts

These are stated net of impairment losses, if any. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for NBFCs issued by SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

4.1.9 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on the review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

4.1.10 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.1.11 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in their present condition.

Non-current assets held for sale are measured at the lower of their previous carrying amounts and fair value less costs to sell.

Non-current assets held for sale that no longer meet the criteria of classification as held for sale are transferred to non-current assets at the lower of:

- Their carrying amounts before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and

- Their recoverable amounts at the date of the subsequent decision not to sell.

Gains and losses on disposal / transfers are included in current income.

4.1.12 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary.

4.1.13 Murabaha borrowings and financing

In accordance with the requirements of Islamic Financial Accounting Standards 1 'Murabaha', issued by the Institute of Chartered Accountants of Pakistan, the Company accounts for murabaha as follows:

Funds disbursed for purchase of goods are recorded as 'Advance for murabahas'. On the culmination of murabaha i.e. on sale of goods to customers, murabaha financing are recorded at the deferred sale price net of profit.

Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.

Profit on murabaha is recognised on accrual basis. However, profit for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately at the time of culmination.

Funds received against sale of goods are recorded as 'murabaha payables'. On the culmination of murabaha i.e. on purchase of goods from the counter party, murabaha payables are recorded at the deferred purchase price net of expenses.

Expenses on murabaha are recognised on accrual basis. However, expenses for the period from the date of receipt to the date of culmination of murabaha are recognised immediately at the time of culmination.

4.1.14 Gain on sale and lease back transaction

This is amortised over the period of the related lease obligation.

4.1.15 Securities purchased / sold under resale / repurchase agreements (repo borrowings and reverse repo landings)

Securities sold under repurchase agreements (repo) are retained in books as investments and its counter-part liability is included in repurchase agreement borrowings. The difference between sale and repurchase price is treated as mark-up expense and recognised over the period of contract.

Securities purchased under agreements to resell (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is treated as mark-up income and recognised over the period of the contract.

4.1.16 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

4.1.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.1.18 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and charge / credit for prior years or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base on the basis of expected manner of realization or settlement of carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced, if it is no longer probable that the related tax benefit will be realized. The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets adjusted against the related deficit / surplus in accordance with requirements of International Accounting Standards (IAS-12) - Income Taxes.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit and loss account.

4.1.19 Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupee at exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the exchange rates prevailing at the balance sheet date. Exchange differences are taken to profit and loss account.

4.1.20 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the current income.

4.1.21 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.1.22 Revenue recognition

4.1.22.1 Finance lease / Ijarah income

The Company follows finance method for recognising income on Ijarah contracts and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under the Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce the constant rate of return on net investment in the Ijarah.

Ijarah arrangements and Ijarah rentals are recognised as income on accrual basis, as and when the rentals become due.

Documentation charges, front-end fee and other Ijarah income is recognised as income on receipt basis. Unrealized lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

Leases in which a significant portion of the risk and reward is retained by the Company are classified as operating lease. Rental income from operating leases is recognised on a straight line under the time proportion basis.

4.1.22.2 Income on debt investment securities, bank deposits, long term loans and balances receivable under reverse repurchase agreement, murabaha and musharkaha investments and finances

Income on above assets is recognised on a time proportion basis under the effective yield method.

4.1.22.3 Dividend income

Dividend income from investments is recognised when the right to receive the same is established.

4.1.22.4 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary (on non-performing assets including the non-performing lease / Ijarah portfolio, musharakah, murabaha, and other loans and landings), in accordance with the requirements of the Prudential Regulations for NBFCs issued by SECP. The unrealised suspended income is recognised in income on receipt basis.

4.1.22.5 Sale of CNG / Diesel

Income from sale of CNG / Diesel is recognised on filling of vehicles.

4.1.23 Earning per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary share holders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.1.24 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in business activities in which it earns revenue and incurs expenses, whose operating results are regularly reviewed by the management in decision making and for which discrete financial information is available. The Company's primary format of reporting is based on following operating segments.

Investments / financing

It consists of capital market, money market investments and financing functions. The activities include profit on bank deposits, term deposit receipts, capital gains on equity and debt securities, mark-up income on term finance certificates and sukuks and dividend income.

Leasing / Ijarah

It include all types of leases viz operating lease, finance lease and Ijarah and is a major source of revenue for the Company.

Other operations

It consists of advisory, consultancy function, musharakah, murabaha and all other functions not included in other segments.

Geographical segments

The Company operates in Pakistan only.

5. Property, plant and equipment

Operating assets

	The Company Owned							Assets held for operating lease	Total
	Land (note 5.1)	Buildings	Office premises	Furniture and fixture	Office equipment	Vehicles	Sub total		
At July 01, 2016									
Cost	32,627,350	44,251,140	14,409,179	23,525,396	37,247,209	10,277,535	162,337,809	66,830,636	229,168,445
Accumulated depreciation	-	(2,212,557)	(720,459)	(12,736,874)	(29,723,089)	(6,594,843)	(51,987,822)	(31,424,528)	(83,412,350)
Written down value	32,627,350	42,038,583	13,688,720	10,788,522	7,524,120	3,682,692	110,349,987	35,406,108	145,756,095
Reconciliation of written down value at June 30, 2017									
Written down value as at July 01, 2016	32,627,350	42,038,583	13,688,720	10,788,522	7,524,120	3,682,692	110,349,987	35,406,108	145,756,095
Additions	-	-	-	-	71,400	-	71,400	-	71,400
Less: Disposals									
Cost	-	-	366,772	-	2,131,242	1,828,000	4,326,014	-	4,326,014
Accumulated depreciation	-	-	(31,405)	-	(1,176,688)	(1,492,519)	(2,700,612)	-	(2,700,612)
	-	-	335,367	-	954,554	335,481	1,625,402	-	1,625,402
Less: Depreciation	-	2,101,929	680,081	1,078,852	841,747	729,692	5,432,300	4,270,924	9,703,224
Written down value as at June 30, 2017	32,627,350	39,936,654	12,673,272	9,709,670	5,799,219	2,617,519	103,363,685	31,135,184	134,498,868
At June 30, 2017									
Cost	32,627,350	44,251,140	14,042,407	23,525,396	35,187,367	8,449,535	158,083,195	66,830,636	224,913,831
Accumulated depreciation	-	(4,314,486)	(1,369,135)	(13,815,726)	(29,388,148)	(5,832,016)	(54,719,510)	(35,695,452)	(90,414,962)
Written down value	32,627,350	39,936,654	12,673,272	9,709,670	5,799,219	2,617,519	103,363,685	31,135,184	134,498,868
Reconciliation of written down value at June 30, 2018									
Written down value as at July 01, 2017	32,627,350	39,936,654	12,673,272	9,709,670	5,799,219	2,617,519	103,363,685	31,135,184	134,498,868
Additions	-	-	-	-	63,500	-	63,500	-	63,500
Less: Disposals									
Cost	-	-	-	1,431,807	22,600,238	1,738,176	25,770,221	15,344,059	41,114,280
Accumulated depreciation	-	-	-	(826,133)	(19,964,950)	(1,551,817)	(22,342,900)	(8,525,982)	(30,868,882)
	-	-	-	605,674	2,635,288	186,359	3,427,321	6,818,077	10,245,398
Less: Depreciation	-	1,996,833	633,664	922,067	423,410	502,649	4,478,623	3,736,501	8,215,124
Written down value as at June 30, 2018	32,627,350	37,939,821	12,039,608	8,181,929	2,804,021	1,928,511	95,521,240	20,580,606	116,101,846
At June 30, 2018									
Cost	**32,627,350**	**44,251,140**	**14,042,407**	**22,093,589**	**12,650,629**	**6,711,359**	**132,376,474**	**51,486,577**	**183,863,051**
Accumulated depreciation	**-**	**(6,311,319)**	**(2,002,799)**	**(13,911,660)**	**(9,846,608)**	**(4,782,848)**	**(36,855,234)**	**(30,905,971)**	**(67,761,205)**
Written down value	**32,627,350**	**37,939,821**	**12,039,608**	**8,181,929**	**2,804,021**	**1,928,511**	**95,521,240**	**20,580,606**	**116,101,846**
Rate (%)		5	5	10	10 , 30	20		10	

5.1 Lands of the Company are located at Karachi with an area of 240 square yards, Rawalpindi with an area of 24,321 square yards and Haripur with an area of 3,025 square yards.

5.2 Disposal of operating assets

The following is a statement of assets disposed off during the year:

Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(loss)	Particulars of buyers	Mode of disposal
	2018						
	Rupees						
Furniture and fixture	1,431,807	(826,133)	605,674	384,361	(221,313)	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
Office equipment	22,600,238	(19,964,950)	2,635,288	1,838,865	(796,423)	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
Vehicles	1,738,176	(1,551,817)	186,359	876,100	689,741	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
Assets held for operating lease	1,627,829	(1,045,275)	582,554	440,634	(141,920)	Mr.Sajjad Alam . Faisalabad	Through Negotiation
	1,562,383	(847,067)	715,316	541,055	(174,261)	Mr.Sajjad Alam . Faisalabad	Through Negotiation
	12,153,847	(6,633,640)	5,520,207	4,456,392	(1,063,815)	WDV of the assets is below Rs. 500,000 so particulars of buyers are not required.	Through Negotiation
	15,344,059	(8,525,982)	6,818,077	5,438,081	(1,379,996)		
	41,114,280	**(30,868,882)**	**10,245,398**	**8,537,407**	**(1,707,991)**		

Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(loss)	Particulars of buyers	Mode of disposal
	2017						
	Rupees						
Office premises	366,772	(31,405)	335,367	4,600,000	4,264,633	East West Insurance Co. Limited, Karachi	Through Negotiation
Office equipment	2,072,173	(1,147,262)	924,911	300,000	(624,911)	Mr. Muhammad Rizwan, Karachi	Through Negotiation
	59,069	(29,426)	29,643	4,000	(25,643)	WDV of the asset is below Rs. 50,000 so particulars of buyers are not required.	Through Negotiation
	2,131,242	(1,176,688)	954,554	304,000	(650,554)		
Vehicles	1,828,000	(1,492,519)	335,481	950,000	614,519	Mr. Muhammad Tahir, Lahore	Through Bidding
	4,326,014	(2,700,612)	1,625,402	5,854,000	4,228,598		

	2018 Rupees	2017 Rupees
6 INTANGIBLE ASSETS		
Computer Software		
At June 30, 2018		
Cost	**12,800,000**	12,800,000
Accumulated amortisation	**(12,118,643)**	(11,826,633)
Written down value	**681,357**	973,367
6.1 Reconciliation of written down value :		
Opening balance	**973,367**	1,390,524
Amortisation	**(292,010)**	(417,157)
Closing balance	**681,357**	973,367
Rate (%)	**30%**	30%

	Note	2018 Rupees	2017 Rupees

7. LONG TERM INVESTMENTS

	Note	2018 Rupees	2017 Rupees
Investment in joint venture	7.1	**103,567,334**	93,400,424
Available for sale investments			
- At fair value	7.2	**19,707,500**	22,700,000
- At cost	7.3	**-**	-
		123,274,834	116,100,424

7.1 Investment in joint venture

This represents investment in a CNG filling station. The latest available audited financial statements of joint venture as on June 30, 2018 have been used for the purpose of application of equity method.

	Note	2018 Rupees	2017 Rupees
- Centre Gas (Private) Limited	7.1.1 & 7.1.2	**103,567,334**	93,400,424

7.1.1 Centre Gas (Private) Limited

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

	2018	2017
Cost		
(2,500 Shares of Rs. 1,000/- each) Shareholding 50%	**34,535,703**	34,535,703
Cumulative share of profit of joint venture	**69,031,631**	58,864,721
	103,567,334	93,400,424

CGL's paid-up share capital is Rs. 5 million comprising of 5,000 ordinary shares of Rs.1,000 each. The equity as at June 30, 2018 is Rs 170.95 million (2017: Rs. 164.04 million) including share deposit money of Rs. Nil (2017: Rs. 13.42 million). Profit and loss is shared equally.

7.1.2 Summarized financial information of the joint venture is given below;

	2018 CGL	2017 CGL
	----------Rupees----------	
As at June 30,		
Current Liabilities	**(12,164,179)**	(5,888,959)
Cash and cash equivalents	**4,389,932**	2,805,696
Current assets	**155,743,923**	148,232,599
Non current assets	**29,478,175**	21,699,096
For the year ended June 30,		
Revenue	**99,544,678**	84,309,063
Operating profit	**20,333,821**	21,587,494
Depreciation	**(906,921)**	(736,580)
Income tax expense	**(1,834,392)**	(1,613,319)

7.2 Available for sale investments in Ordinary shares / Term Finance Certificates - at fair value

Number of shares / certificates 2018	Number of shares / certificates 2017	Name of company	2018 Rupees	2017 Rupees
		Listed		
112,000	112,000	English Leasing Limited	**-**	-
135,000	135,000	Zeal Pak Cement Factory Limited	**-**	-
250,000	400,000	Bank Al-Habib Limited	**19,707,500**	22,700,000
		Un-Listed		
1,140	1,140	Innovative Investment Bank Limited	**-**	-
498,140	648,140		**19,707,500**	22,700,000
		Cost	**6,609,881**	10,575,476

7.3 Available for sale investments in Term Finance Certificates

Number of certificates 2018	2017	Name of company	Note	2018 Rupees	2017 Rupees
1,000	1,000	Saudi Pak Leasing Corporation Limited	7.3.1	**-**	-

7.3.1 The principal was receivable in 63 stepped-up unequal installments commenced from January 2012 and ending on March 2017. These carry mark up at the rate of 6% per annum for first three years and 1 month KIBOR for the remaining period. Outstanding markup as of December 2011 and mark-up for first two years was deferred and was receivable in three equal annual installments commenced from December 2014 and ended on December 2016. Considering the financial difficulties being faced by investee, the Company had made a provision of Rs. 2.76 million against these TFCs. These were carried at cost less impairment loss as the trading in these Term Finance Certificates (TFCs) is suspended.

8. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS

	Note	2018 Rupees	2017 Rupees
Contracts accounted for as finance lease under IAS 17	8.1	**331,616,383**	277,825,106
Less : Current portion	16	**(200,019,031)**	(181,764,570)
		131,597,352	96,060,536

8.1 Net investment in Ijarah finance

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

	2018			2017		
	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	**809,981,378**	**84,143,482**	**894,124,860**	802,270,829	58,962,041	861,232,870
Residual value of leased assets	**16,394,525**	**57,216,410**	**73,610,935**	6,567,300	43,159,445	49,726,745
Lease contracts receivable	**826,375,903**	**141,359,892**	**967,735,795**	808,838,129	102,121,486	910,959,615
Unearned lease income (including suspended income)	**(156,194,004)**	**(9,762,540)**	**(165,956,544)**	(155,312,561)	(6,060,950)	(161,373,511)
Provision for potential lease losses	**(470,162,868)**	**-**	**(470,162,868)**	(471,760,998)	-	(471,760,998)
	(626,356,872)	**(9,762,540)**	**(636,119,412)**	(627,073,559)	(6,060,950)	(633,134,509)
	200,019,031	**131,597,352**	**331,616,383**	181,764,570	96,060,536	277,825,106

8.1.1 These finances carry profit rates ranging from 12.04% to 22.00 % per annum (2017: 12.04% to 26.00% 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.

8.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 575.22 million (2017: Rs. 583.86 million). Detail of non performing leases is as follows:

	2018			2017		
Category of classification	**Principal outstanding**	**Provision required**	**Provision held**	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Doubtful	-	-	-	9,860	4,930	4,930
Loss	**575,219,365**	**468,848,685**	**468,848,685**	583,850,552	471,756,068	471,756,068
	575,219,365	**468,848,685**	**468,848,685**	583,860,412	471,760,998	471,760,998

8.2 Ijarah rentals receivable

	2018 Rupees	2017 Rupees
Ijarah rentals receivable - Due within one year	**57,758,431**	58,631,055
Less : Provision against Ijarah rentals receivable	**(56,306,100)**	(57,151,528)
	1,452,331	1,479,527

8.2.1 Provision against Ijarah rentals receivable

	2018			2017		
	Rental receivable	**Suspension required**	**Suspension held**	Rental receivable	Suspension required	Suspension held
	Rupees			Rupees		
Category of classification						
Loss	**56,306,100**	**56,306,100**	**56,306,100**	57,151,528	57,151,528	57,151,528

	Note	2018 Rupees	2017 Rupees

9. LONG TERM MUSHARAKAH FINANCES

	Note	2018 Rupees	2017 Rupees
Secured			
Considered doubtful			
Companies (non-financial institutions)		**83,443,891**	83,443,891
Individuals		**43,263,928**	91,063,928
		126,707,819	174,507,819
Provision against doubtful balances		**(25,206,726)**	(45,406,726)
		101,501,093	129,101,093
Less: Current portion	16	**(101,501,093)**	(129,101,093)
		-	-

9.1 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 (2017: 16.00% to 30.00% per annum). These are receivable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

10. LONG TERM LOANS

	Note	2018 Rupees	2017 Rupees
Secured			
Considered good			
Customers	10.1	**2,345,540**	3,034,005
Outgoing group		**-**	71,954,665
		2,345,540	74,988,670
Considered doubtful			
Customers	10.1	**27,798,626**	32,106,318
Outgoing group	10.2	**71,954,665**	-
Ex-employee		**528,523**	528,523
		100,281,814	32,634,841
Provision against doubtful balances		**(21,154,582)**	(20,381,646)
		79,127,232	12,253,195
		81,472,772	87,241,865
Less: Current portion	16	**(80,265,792)**	(34,506,421)
		1,206,980	52,735,444

10.1 These carry mark-up at the rate ranging from 12% to 22.01% per annum (2017: from 12% to 22.01% per annum). These are secured against registered charge over different assets of customers, pledge / hypothecation of stocks and collateral in certain cases.

10.2 Rs. 24.58 million is receivable in 08 unequal quarterly installments commenced from December 31, 2016 and ending on September 30, 2018, and balance amount of Rs. 47.37 million is receivable in lump sum on December 31, 2018. It is subject to mark up at the rate of six month KIBOR plus 2% per annum. Effective markup rate charged during the year ranges from 8.06% to 8.15% per annum (2017 : 8.06% to 8.15% per annum)

	Note	2018 Rupees	2017 Rupees
11. LONG TERM SECURITY DEPOSITS	11.1	**2,278,225**	2,278,225

11.1 These represent deposits for utilities, office premises etc.

	Note	2018 Rupees	2017 Rupees
12. DEFERRED TAX ASSET	12.1	**150,000,000**	150,000,000

12.1 As at June 30, 2018 net deferred tax asset works out to Rs. 536.01 million (2017: Rs. 607.13 million) out of which deferred tax asset to the extent of Rs.150 million has been recognized in the financial statements in view of expected future taxable profits. Total net deferred tax asset comprises of :

	Note	2018 Rupees	2017 Rupees
Deferred tax liability:			
Difference in tax and accounting bases of assets		**(82,856,900)**	(72,015,851)
Deferred tax assets:			
Provisions in respect of non performing receivables		**218,098,176**	231,897,925
Carry forward tax losses		**400,772,914**	447,252,745
		536,014,190	607,134,819

13. SHORT TERM INVESTMENTS

	Note	2018 Rupees	2017 Rupees
Investments at fair value through profit or loss			
Quoted securities	13.1	-	17,164,860

13.1 Investments at fair value through profit or loss

2017 Number of shares	2018 Number of shares	Name of company	2018 Rupees	2017 Rupees
75,000	-	Pakgen Power Ltd.	-	1,516,500
55,000	-	Habib Metropolitan Bank Ltd.	-	1,817,750
20,000	-	Engro Fertilizers Ltd.	-	1,104,800
80,000	-	Pakistan International Bulk Terminal Ltd.	-	1,852,800
100,000	-	Askari Commercial Bank Ltd.	-	2,017,000
10,000	-	Cherat Cement Company Ltd.	-	1,787,800
150,000	-	Dewan Cement Co. Ltd.	-	3,027,000
4,000	-	Engro Foods Ltd.	-	485,960
27,500	-	Kohinoor Power Company Ltd.	-	195,250
15,000	-	Tri-pack Films Ltd.	-	3,360,000
536,500	-		-	17,164,860
		Cost	-	22,380,353

14. SHORT TERM MUSHARAKAH FINANCES

	Note	2018 Rupees	2017 Rupees
Secured			
Considered doubtful		**122,814,514**	122,964,514
Provision against doubtful balances		**(56,807,405)**	(56,807,405)
		66,007,109	66,157,109

14.1 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 (2017 : 10.00% to 34.69% per annum).

15. SHORT TERM FINANCES

	Note	2018 Rupees	2017 Rupees
Secured			
Considered doubtful		**8,462,742**	8,462,742
Provision against doubtful balances		**(1,782,867)**	(1,782,867)
		6,679,875	6,679,875

15.1 These represent finances receivable within a year. 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 22.00% per annum (2017 : 15.29% to 22.00% per annum).

	Note	2018 Rupees	2017 Rupees

16. CURRENT PORTION OF NON-CURRENT ASSETS

	Note	2018 Rupees	2017 Rupees
Net investment in ijarah finance / assets under ijarah arrangem	8	**200,019,031**	181,764,570
Long term musharakah finances	9	**101,501,093**	129,101,093
Long term loans	10	**80,265,792**	34,506,421
		381,785,916	345,372,084

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2018 Rupees	2017 Rupees
Unsecured			
Considered good			
Advances			
- against purchases and expenses		**80,767**	222,772
- to staff		**25,000**	-
- Income tax - net		**10,303,607**	10,197,136
Prepayments		**436,390**	688,511
Other receivables	17.1	**4,338,412**	22,573,720
		15,184,176	33,682,139
Considered doubtful			
Advances			
- against purchases and expenses		**5,350,757**	5,350,757
- to ex-staff		**484,616**	484,616
Deposit with Privatization Commission	17.2	**10,000,000**	10,000,000
Other receivables	17.1	**194,632,885**	189,684,261
		210,468,258	205,519,634
Suspension against doubtful income		**(33,520,029)**	(28,666,193)
Provision against doubtful balances		**(176,948,229)**	(176,853,441)
		15,184,176	33,682,139

17.1 Other receivables

		2018 Rupees	2017 Rupees
Unsecured			
Considered good			
Accrued mark up / interest on			
Loans and advances		**9,471**	36,141
Others		**4,328,941**	22,537,579
		4,338,412	22,573,720
Considered doubtful			
Accrued mark up / interest on			
Long term loan - outgoing group		**33,520,029**	28,666,193
Operating lease rentals receivable		**7,174,104**	7,174,104
Insurance claims receivable		**12,987,760**	12,987,760
Net receivable against terminated leases		**98,269,741**	98,269,741
Others		**42,681,251**	42,586,463
		194,632,885	189,684,261
		198,971,297	212,257,981

17.2 This represents amount deposited with the Privatization Commission, Government of Pakistan, on behalf of a consortium for the acquisition of 51% shares of First Women Bank Limited. The Company has 9% share in the consortium. The above balance was provided for in the year 2003, in view of the fact that the arrangement with consortium did not materialize.

18. BANK BALANCES

	Note	2018 Rupees	2017 Rupees
Balance with banks in local currency:			
In current accounts with:			
- State Bank of Pakistan		**44,694**	44,694
- In PLS accounts with Commercial banks	18.1	**10,116,428**	14,669,791
		10,161,122	14,714,485

18.1 PLS bank accounts carry profit at the rates ranging from 2.4% to 5.5% per annum (2017: 2.50% to 4.0% per annum).

19. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale of discontinued operation (Refer Note 19.1) and liabilities directly associated with such assets (Refer Note 19.2) are summarized hereunder:

	Note	2018 Rupees	2017 Rupees
19.1 Assets held for sale of discontinued operation	19.3		
Trade debts - unsecured		**1,127,811**	1,127,811
Advances, deposits, prepayments and other receivables		**31,772,189**	31,772,189
Total assets classified as held for sale		**32,900,000**	32,900,000
19.2 Liabilities directly associated with assets held for sale of discontinued operation	19.3		
Short term borrowings		**32,900,000**	32,900,000

19.3 The Company had received sale consideration of Rs. 24 million (Refer Note 29) and had transferred major assets (including shares in the wholly owned subsidiary Invest Capital Market Limited) and liabilities to the outgoing group on completion of sale conditions as specified in the agreement. Remaining assets and liabilities will be transferred to the outgoing group on completion of other sale conditions as stipulated in the agreement on or before extended date of December 31, 2018.

			Note	2018 Rupees	2017 Rupees
20.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**				
2017	**2018**				
Number of shares					
86,742,370	**86,742,370**	Ordinary shares of Rs. 10 each fully paid in cash		**867,423,700**	867,423,700
198,124,526	**198,124,526**	Ordinary shares of Rs. 10 each issued as fully paid under scheme of arrangement for amalgamation		**1,981,245,260**	1,981,245,260
284,866,896	**284,866,896**			**2,848,668,960**	2,848,668,960
21.	**STATUTORY RESERVE**		21.1	**102,820,024**	101,256,258

21.1 An amount equal to 20% of profit for the year, if any, is transferred to reserve as required under regulation No. 16 of Non Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	2018 Rupees	2017 Rupees
22. SUBORDINATED LOAN FROM DIRECTORS	22.1	**118,800,679**	112,012,709

22.1 These are interest free. These loans were recognised at amortised cost. These will not be repaid before clearance of overdue deposits and creditors, upgradation of the Company's rating to investment grade and compliance of minimum equity requirements. Using prevailing market interest rate for an equivalent loan of 6.06% for loans payable after three years, the fair value of these loans is estimated at Rs. 118.80 (2017: Rs. 112.01) million. The difference of Rs. 20.39 million between the gross proceeds and the fair value of these loans is the benefit derived from the interest free loans and is recognised as part of equity. On subsequent remeasurement of this loan interest expense of Rs. 6.79 million is recognized in profit and loss account (Refer Note 33)

	Note	2018 Rupees	2017 Rupees
23. LOAN FROM SPONSOR			
Loan from sponsor	23.1	**145,392,473**	197,542,473
Less: Current portion	28	**(145,392,473)**	-
		-	197,542,473

23.1 During the period the loan of Rs. 52.15 million has been paid and the remaining amount of Rs. 145.39 million is payable in full in November 2018. Effective markup rate charged during the year ranges from 6.15% to 6.51% (2017: 6.05% to 6.36%) per annum.

	Note	2018 Rupees	2017 Rupees
24. SECURITY DEPOSITS FROM LESSEES			
Security deposits under lease contracts	24.1	**73,610,935**	49,726,745
Less: Current portion	28	**(16,394,525)**	(6,567,300)
		57,216,410	43,159,445

24.1 These represent security deposits received against finance lease and Ijarah contracts and are repayable / adjustable on the expiry of lease periods.

	Note	2018 Rupees	2017 Rupees
25. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	25.1	-	-
Murabaha borrowings			
From financial institutions	25.2 & 25.3	**2,740,264**	7,437,865
Less: Current portion	28	**(2,740,264)**	(4,697,604)
		-	2,740,261

25.1 Principal amount has been paid as per terms of agreement. Outstanding markup as at October 07, 2013 amounting to Rs. 9.75 million has been deferred and will be repaid in 08 equal quarterly installments commencing from September 30, 2017 and ending on June 30, 2019.

	2018 Rupees	2017 Rupees
25.2 Murabaha borrowings		
Murabaha payable - gross	**2,740,264**	7,437,865

25.3 These are secured against floating charge on all present and future leased assets and associated lease receivables. Terms of repayment for finance have been revised during the year ended June 30, 2016. As a result of this agreement, principal of Rs. 0.49 million and mark up of Rs. 7.82 million have been waived off. Down payment of Rs. 2.94 million has been made against markup and Rs. 11.74 million is payable against principal in thirty equal monthly installments commenced from August 31, 2016 and ending on January 31, 2019. The winding up petition filed by the financial institution with the claim of overdues against the Company in the Honorable Sindh High Court has been withdrawn and consent decree has been obtained in this respect. No markup is payable on syndicated murahaba finance.

	Note	2018 Rupees	2017 Rupees
26. REDEEMABLE CAPITAL			
Secured			
Term finance certificates	26.1 & 26.2	**57,890,000**	77,890,000
Less: Current portion		**(57,890,000)**	(77,890,000)
		-	-

26.1 Term finance certificates (TFCs) were issued by the Company on September 05, 2002. These were subject to markup at 5 year PIB plus 275 bps. Markup was payable semi-annually. These were matured in September 05, 2013.

26.2 As a result of Company's request to the TFC holders for restructuring / settlement of principal and markup during the year, an agreement has been executed with further one TFC holder. As per terms of the agreement, principal of Rs. 10.00 million (2017: 6.73 million) along with mark up of Rs. 19.14 million (2017: 2.90 million) has been waived off. Company's request to the remaining TFC holders for restructuring / settlement of principal and markup is under their consideration.

	Note	2018 Rupees	2017 Rupees

27. Deferred liability

	Note	2018 Rupees	2017 Rupees
Mark up on long term musharakah	25.1	**9,747,000**	9,747,000
Less: Current portion	28	**(9,747,000)**	(4,873,500)
		-	4,873,500

28. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2018 Rupees	2017 Rupees
Loan from sponsor	23	**145,392,473**	-
Security deposit from lessees	24	**16,394,525**	6,567,300
Long term musharakah and murabaha borrowings	25	**2,740,264**	4,697,604
Deferred liability	27	**9,747,000**	4,873,500
Redeemable capital	26 & 28.1	**57,890,000**	77,890,000
		232,164,262	94,028,404

28.1 These certificates alongwith related mark up of Rs. 62.23 million (2017 : Rs. 71.45 million) are over due (Refer Note 26.1).

29. ACCRUED AND OTHER LIABILITIES

	Note	2018 Rupees	2017 Rupees
Accrued expenses		**1,652,904**	168,987
Payable to provident fund		**222,825**	-
Auditors' remuneration payable		**1,956,250**	1,480,000
Advance against termination of leases		**-**	434,018
Advance against non current assets held for sale Discontinued operation	19.3	**24,000,000**	24,000,000
Due to joint venture		**68,312,824**	59,322,314
Other liabilities		**36,634,092**	42,172,914
		132,778,895	127,578,233

30. PROFIT / MARK UP PAYABLE

		2018 Rupees	2017 Rupees
Profit / mark-up payable on:			
- Redeemable capital		**62,225,009**	71,454,615
- Loan from sponsor		**148,786,556**	138,857,576
		211,011,565	210,312,191

31. CONTINGENCIES & COMMITMENT

31.1 Contingencies

Income Tax

31.1.1 The company filed a petition in the High Court of Sindh, Karachi, on February 19, 2015, claiming exemption from charge of alternative corporate tax. The honorable High Court of Sindh issued stay order on this petition on 14th April 2015. Currently the liability is not acknowledged in view of petition filed by the Company.

31.1.2 The Additional Commissioner, Inland Revenue passed an order on 26th July 2013, on the Income tax return filed for the tax year 2010 on the plea of being prejudicial in the interest of revenue and added back various expenses and provisions. He determined a tax demand of Rs. 1,350,796/=. The Company filed an appeal before the Commissioner Inland Revenue (Appeals-I) on 2nd September 2013 against the order of ACIL. The order on the appeal was passed on 18th November 2013, partially in favour of the Company and partially confirmed in favour of the department while some issues were remanded back to the taxation officer. On 30th June 2015 the Additional Commissioner (IR) passed an order to give effect to the remanded back issues with revised income tax demand to Rs. 1,141,501/=. In the meantime the Commissioner Inland Revenue filed an appeal against the order dated November 18, 2018 passed by CIR(Appeals-I). Currently appeal is pending before Commissnor Inland Revenue (Appeals), CIR (Appeals).

Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.

	2018 Rupees	2017 Rupees
31.2 Commitment		
Under lease financing contracts committed but not executed	**3,066,644**	1,372,694

	Note	2018 Rupees	2017 Rupees
32. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		**5,155,421**	4,892,696
Staff salaries, allowances and other benefits	32.1	**9,234,581**	9,544,154
Traveling, conveyance and vehicle running expenses		**591,969**	506,626
Rates and taxes		**372,771**	442,766
Utility charges		**90,989**	138,781
Postage, telephone and telegram		**352,592**	339,246
Repairs and maintenance		**804,389**	758,665
Insurance		**109,662**	137,124
Depreciation	5	**8,215,124**	9,703,224
Amortization	6	**292,010**	417,157
Fees and subscriptions		**1,238,999**	2,895,404
Entertainment		**247,039**	237,274
Newspapers and periodicals		**5,988**	10,689
Printing and stationery		**419,119**	179,704
Legal and professional charges		**1,151,271**	1,428,162
Auditors' remuneration	32.2	**1,076,250**	1,040,000
Advertisement		**62,460**	44,456
Brokerage and commission		**102,240**	249,407
Other		**290,573**	226,660
Loss on disposal of fixed assets		**1,707,991**	-
		31,521,438	33,192,196

32.1 This includes retirement benefits of Rs. 0.62 million (2017: Rs. 0.65 million) in respect of contribution to the employees' provident fund.

	Note	2018 Rupees	2017 Rupees
32.2 Auditors' remuneration			
Annual audit fee		**787,500**	787,500
Review of half yearly financial information		**173,250**	173,250
Review of Code of Corporate Governance		**52,500**	52,500
Other certifications		**63,000**	26,750
		1,076,250	1,040,000
33. FINANCIAL CHARGES			
Profit / mark up on :			
- Certificates of musharakah		-	23,826
- Long term musharakah and murabaha borrowings		-	352,976
- Redeemable capital		**9,912,038**	12,423,816
- Loan from sponsors		**9,928,980**	12,154,924
		19,841,018	24,955,542
Bank charges		**13,872**	19,593
		19,854,890	24,975,135
Less: mark-up waived off on settlement of loans	33.1	**(19,141,644)**	(2,865,516)
		713,246	22,109,619
Fair value adjustment- subordinated loan from directors		**6,787,970**	6,400,123
		7,501,216	28,509,742
33.1 Mark up waived off on settlement of loans:			
Redeemable capital	26.2	**19,141,644**	2,865,516

	Note	2018 Rupees	2017 Rupees
34. OTHER INCOME			
From non financial assets :			
Gain on disposal of operating assets		-	4,228,598
Commission and fee		-	84,041
Gain on settlement of liabilities	34.1	**10,000,000**	6,725,000
Balances written back		**474,831**	-
Rental Income		**937,439**	852,219
Others		**2,131**	340,861
		11,414,401	12,230,719
34.1 Gain on settlement of liabilities:			
Redeemable capital	26.2	**10,000,000**	6,725,000

	2018 Rupees	2017 Rupees

35. PROVISION FOR TAXATION

	2018 Rupees	2017 Rupees
Current		
For the year	**570,504**	275,603
For prior year	**34,192**	(80,612)
	604,696	194,991

35.1 Relationship between tax expense and accounting profit

Relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is either subject to minimum tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

35.2 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017 Rupees	2016 Rupees	2015 Rupees
Provision as per financial statements	275,603	464,566	1,529,106
Tax assessment	275,603	464,566	426,626

36. EARNINGS PER SHARE - BASIC AND DILUTED

		2018 Rupees	2017 Rupees
Profit / (Loss) after taxation for the year	Rupees	**7,818,831**	(9,400,005)
Weighted average number of ordinary shares	Number	**284,866,896**	284,866,896
Earnings per share - Basic and Diluted	Rupees	**0.027**	(0.033)

36.1 There is no dilutive effect on the basic earning per share of the Company.

37. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

	2018			2017		
	Chief Executive Officer	**Director**	**Executives**	Chief Executive Officer	Director	Executives
	Rupees					
Managerial remuneration	**2,700,000**	**1,800,000**	-	2,744,900	1,800,000	3,891,175
Contribution to provident fund	**179,996**	-	-	-	-	-
Bonus	**50,000**	-	-	-	-	-
Retirement benefits	**7,800**	-	-	167,796	-	264,780
Reimbursable expenses	**317,625**	-	-	-	-	-
Meeting fee	-	**100,000**	-	-	180,000	-
	3,255,421	**1,900,000**	-	2,912,696	1,980,000	4,155,955
Number of persons	**1**	**1**	-	1	1	3

37.1 The Chief Executive Officer is entitled to free use of Company maintained car and other perquisites. The monetary value of these benefits approximates Rs. 317,625/- (2017: Rs. 854,700/-). Some of the directors have waived off their meeting fee, meeting fee paid to other directors during the year is Rs 100,000/- (2017: Rs. 180,000/-).

38. 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	Transaction during the year and year end balances	2018 Rupees	2017 Rupees
Mr. Muhammad Zahid	Major shareholder 18.96% (2017 : 18.96%)	Mark up / interest on loan from sponsor	**9,928,980**	12,154,924
Centre Gas (Private) Limited	Joint venture	Amount received during the year	**8,990,510**	11,669,000
Al-Zamin Leasing Modaraba Staff Providend Fund	Provident fund	Contribution made during the year	**619,842**	650,354

		2018	2017

39. **NUMBER OF EMPLOYEES**

	2018	2017
Total number of employees as at June 30,	**16**	18
Average number of employees during the year	**17**	18

40. **DISCLOSURE WITH REGARD TO PROVIDENT FUND**

The following information is based on audited financial statements of the fund as at June 30, 2018.

		2018	2017
Size of the fund	(Rupees)	**5,364,103**	4,587,590
Cost of investments made	(Rupees)	**3,600,000**	3,000,000
Percentage of investments made	(% age)	**67%**	65%
Fair value of investments	(Rupees)	**3,645,990**	3,034,718

40.1 Breakup of investments

	2018		2017	
	Amount Rupees	**%age**	Amount Rupees	%age
Certificate of Investments	**3,645,990**	**100.00%**	3,034,718	100.00%

40.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

41. **FINANCIAL RISK MANAGEMENT**

41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

41.2 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation, as arises principally from the Company's receivables from customers and investments. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of NBFC Rules and Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits. The credit quality of the Company's bank balances and investments portfolio are assessed with reference to external credit ratings.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligation to be similarly affected by the changes in economic, political and other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The maximum exposure to credit risk at the reporting date was:

	2018 Rupees	2017 Rupees
Net investment in Ijarah finance / assets under Ijarah arrangements	**258,005,448**	228,098,361
Long term musharakah finances	**101,501,093**	129,101,093
Long term loans	**81,472,772**	87,241,865
Deposits	**2,278,225**	2,278,225
Short term musharakah finances	**66,007,109**	66,157,109
Short term finances - secured	**6,679,875**	6,679,875
Ijarah rentals receivable	**1,452,331**	1,479,527
Advances and other receivables	**4,444,179**	22,796,492
Bank balances	**10,161,122**	14,714,485
	532,002,154	558,547,032

41.2.1 Past due balances and impairment losses

The age analysis of financial assets except bank balances and impairment loss recognized thereon were as follows:

	2018		2017	
	Gross	**Impairment loss recognised**	Gross	Impairment loss recognised
	Rupees			
Past due 91 days - 180 days	**34,030,346**	**14,208,121**	38,694,077	17,991,702
Past due 181 days to one year	**9,750,141**	**7,190,118**	2,346,685	1,964,389
Past due one year to two years	**12,835,266**	**8,152,344**	19,489,410	12,386,977
More than two years	**1,260,053,141**	**978,294,767**	1,246,818,048	959,175,054
	1,316,668,894	**1,007,845,350**	1,307,348,220	991,518,122
Not past due	**420,812,535**	-	418,280,124	-
Total	**1,737,481,429**	**1,007,845,350**	1,725,628,344	991,518,122

Impairment is recognized by the Company on the basis of provision requirements of Prudential regulations for NBFCs issued by SECP which includes the subjective evaluation of the portfolio carried by the Company on an ongoing basis. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that additional provision against past due balances is not required.

Below are the differences between the balances as per balance sheet and maximum exposure. These differences are due to the fact that these are not exposed to credit risk.

	2018 Rupees	2017 Rupees
Long term investments	**123,274,834**	116,100,424
Net investments in Ijarah/ assets under Ijarah arrangements	**73,610,935**	49,726,745
Short term investments	-	17,164,860
Advances and other receivables	**10,739,997**	10,885,647
	207,625,766	193,877,676

41.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when due. The Company's approach to manage the liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of financial liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Contractual interest payments are required to be paid on respective contractual maturity at the rates disclosed in respective liabilities notes and are included in this maturity profile (in contractual cash flows).

	2018				
	Carrying amount	**Contractual cash flows**	**Up to three months**	**Over three months to one year**	**Over one year**
			Rupees		
Musharakah and murabaha borrowings	**2,740,264**	**2,740,264**	**2,740,264**	**-**	**-**
Redeemable capital	**57,890,000**	**120,115,009**	**120,115,009**	**-**	**-**
Deferred mark up on long term musharakah	**9,747,000**	**9,747,000**	**6,091,875**	**3,655,125**	**-**
Loan from sponsor	**145,392,473**	**149,360,015**	**2,385,711**	**146,974,303**	**-**
Subordinated loan from directors	**118,800,679**	**126,000,000**	**-**	**-**	**126,000,000**
Accrued and other liabilities	**132,778,895**	**132,778,895**	**132,778,895**	**-**	**-**
Profit / mark up payable	**211,011,565**	**211,011,565**	**211,011,565**	**-**	**-**
	678,360,876	**751,752,748**	**475,123,319**	**150,629,428**	**126,000,000**

	2017				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
			Rupees		
Musharakah and murabaha borrowings	7,437,865	7,437,865	1,174,401	3,523,203	2,740,261
Redeemable capital	77,890,000	149,344,615	149,344,615	-	-
Deferred mark up on long term musharakah	9,747,000	9,747,000	1,218,375	3,655,125	4,873,500
Loan from sponsor	197,542,473	214,684,018	3,062,179	9,111,647	202,510,192
Subordinated loan from directors	112,012,709	126,000,000	-	-	126,000,000
Accrued and other liabilities	133,634,173	133,634,173	133,634,173	-	-
Profit / mark up payable	210,312,191	210,312,191	210,312,191	-	-
	748,576,411	851,159,862	498,745,934	16,289,975	336,123,953

41.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is exposed to interest rate risk and equity price risk only.

41.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments and the periods in which these will mature are as follows:

	2018								
	Profit / mark-up bearing				Non- profit/mark-up bearing				Total
	Upto three months	Three months to one year	More than one year	Sub-total	Upto three months	Three months to one year	More than one year	Subtotal	
	Rupees								
Financial assets									
Long term investments	-	-	-	-	-	-	123,274,834	123,274,834	123,274,834
Net investment in Ijarah / assets under Ijarah arrangements	1,434,560	4,070,783	326,111,040	331,616,383	-	-	-	-	331,616,383
Long term musharakah finances	101,501,093	-	-	101,501,093	-	-	-	-	101,501,093
Long term loans	32,106,181	48,159,611	1,206,980	81,472,772	-	-	-	-	81,472,772
Deposits	-	-	-	-	-	-	2,278,225	2,278,225	2,278,225
Short term investments	-	-	-	-	-	-	-	-	-
Short term musharakah finances	66,007,109	-	-	66,007,109	-	-	-	-	66,007,109
Short term finances	6,679,875	-	-	6,679,875	-	-	-	-	6,679,875
Ijarah rentals receivables	1,452,331	-	-	1,452,331	-	-	-	-	1,452,331
Advances, deposits, prepayments and other receivables	-	-	-	-	4,338,412	-	-	4,338,412	4,338,412
Bank balances	10,116,428	-	-	10,116,428	44,694	-	-	44,694	10,161,122
	219,297,577	52,230,394	327,318,020	598,845,991	4,383,106	-	125,553,059	129,936,165	728,782,156
Financial liabilities									
Subordinated loan from directors	-	-	-	-	-	118,800,679	-	118,800,679	118,800,679
Loan from sponsor	-	145,392,473	-	145,392,473	-	-	-	-	145,392,473
Security deposits from lessees	-	-	-	-	1,491,975	14,902,550	57,216,410	73,610,935	73,610,935
Long term musharakah and murabaha borrowings	1,174,401	1,565,863	-	2,740,264	-	-	-	-	2,740,264
Redeemable capital	57,890,000	-	-	57,890,000	-	-	-	-	57,890,000
Deferred mark up on long term musharakah	-	-	-	-	6,091,875	3,655,125	-	9,747,000	9,747,000
Accrued and other liabilities	-	-	-	-	132,778,895	-	-	132,778,895	132,778,895
Profit / mark up payable	-	-	-	-	211,011,565	-	-	211,011,565	211,011,565
	59,064,401	146,958,336	-	206,022,737	351,374,310	137,358,354	57,216,410	545,949,074	751,971,811
On balance sheet gap 2018	160,233,176	(94,727,942)	327,318,020	392,823,254	(346,991,204)	(137,358,354)	68,336,649	(416,012,909)	(23,189,655)

	2017								
	Profit / mark-up bearing				Non- profit/mark-up bearing				Total
	Upto three months	Three months to one year	More than one year	Sub-total	Upto three months	Three months to one year	More than one year	Subtotal	
	Rupees								
Financial assets									
Long term investments	-	-	-	-	-	-	116,100,424	116,100,424	116,100,424
Net investment in Ijarah / assets under Ijarah arrangements	10,507,509	3,883,726	263,433,871	277,825,106	-	-	-	-	277,825,106
Long term musharakah finances	129,101,093	-	-	129,101,093	-	-	-	-	129,101,093
Long term loans	12,803,566	21,702,857	52,735,442	87,241,865	-	-	-	-	87,241,865
Deposits	-	-	-	-	-	-	2,278,225	2,278,225	2,278,225
Short term investments	-	-	-	-	17,164,860	-	-	17,164,860	17,164,860
Short term musharakah finances	66,157,109	-	-	66,157,109	-	-	-	-	66,157,109
Short term finances	6,679,875	-	-	6,679,875	-	-	-	-	6,679,875
Ijarah rentals receivables	1,479,527	-	-	1,479,527	-	-	-	-	1,479,527
Advances, deposits, prepayments and other receivables	-	-	-	-	22,573,720	-	-	22,573,720	22,573,720
Cash and bank balances	14,669,791	-	-	14,669,791	44,694	-	-	44,694	14,714,485
	241,398,470	25,586,583	316,169,313	583,154,366	39,783,274	-	118,378,649	158,161,923	741,316,289
Financial liabilities									
Subordinated loan from directors	-	-	-	-	-	-	112,012,709	112,012,709	112,012,709
Certificates of musharakah									
Certificates of investments									
Long term musharakah	-	-	197,542,473	197,542,473	-	-	-	-	197,542,473
and murabaha borrowings	-	-	-	-	855,500	5,711,800	43,159,445	49,726,745	49,726,745
Musharakah term finance certificates									
Redeemable Capital	1,174,401	3,523,203	2,740,261	7,437,865	-	-	-	-	7,437,865
Deferred mark up on long term	-	-	-	-				-	-
musharakah	77,890,000	-	-	77,890,000	-	-	-	-	77,890,000
Loan from sponsor									
Long term loans	-	-	-	-	1,218,375	3,655,125	4,873,500	9,747,000	9,747,000
Security deposits from lessees	-	-	-	-	-	-	-	-	-
liabilities	-	-	-	-	133,634,173	-	-	133,634,173	133,634,173
Accrued and other liabilities	-	-	-	-		-	-	-	-
Profit / mark up payable	-	-	-	-	210,312,191	-	-	210,312,191	210,312,191
	79,064,401	3,523,203	200,282,734	282,870,338	346,020,239	9,366,925	160,045,654	515,432,818	798,303,156
On balance sheet gap 2017	162,334,069	22,063,380	115,886,579	300,284,028	(306,236,965)	(9,366,925)	(41,667,005)	(357,270,895)	(56,986,867)

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account. At June 30, 2018, financial assets of Rs. 526.90 million (2017: Rs. 511.20 million) and financial liabilities of Rs NIL (2017: Rs NIL) carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

An estimated change of 100 basis points in interest rates at the reporting date would have resulted in the increase / decrease of loss for the year and decrease / increase in equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed for 2016.

	Effect on loss before tax	Carrying value
	——— Rupees ———	
As at 30 June 2018		
Cash flow sensitivity-variable rate financial liabilities	**(2,060,227)**	**(206,022,737)**
Cash flow sensitivity-variable rate financial assets	**719,547**	**71,954,665**
As at 30 June 2017		
Cash flow sensitivity-variable rate financial liabilities	(2,828,703)	(282,870,338)
Cash flow sensitivity-variable rate financial assets	719,547	71,954,665

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

41.4.2 Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company's policies to manage price risk through diversification and selection of securities within specified limits set by the internal risk management guidelines and NBFC regulations.

As at June 30, 2018, the fair value of equity securities exposed to price risk was Rs. 19.71 million (2017: Rs. 39.86 million).

An increase or decrease of 10% in the fair values of the Company's equity securities, with all other variables held constant, would have been resulted in decrease / increase of loss for the year by Rs. Nil (2017: Rs. 1.72 million) and equity by Rs. 1.97 million (2017: Rs. 3.99 million). This level of change is considered to be reasonably possible based on observation of current market conditions.

41.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and fair values. The carrying values of financial assets and financial liabilities approximate their fair values.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

41.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue of new shares.

42. SEGMENT INFORMATION

	2018				2017			
	Investment / financing activities	**Leasing / Ijarah activities**	**Other operations**	**Total**	Investment / financing activities	Leasing / Ijarah activities	Other operations	Total
	Rupees				Rupees			
Information about reportable segment profit or loss, assets and liabilities								
Revenue from external customers	**28,872,448**	**19,513,106**	**10,836,590**	**59,222,144**	2,227,784	22,117,468	11,054,378	35,399,630
Interest (reversal) / expense - net	**(4,476,098)**	**(3,025,118)**	**-**	**(7,501,216)**	(2,608,868)	(25,900,874)	-	(28,509,742)
Depreciation and amortization	**5,076,345**	**3,430,789**	**-**	**8,507,134**	926,095	9,194,286	-	10,120,382
Provision reversed / (charged) / Impairment of assets	**(19,996,164)**	**580,401**	**(3,774,601)**	**(23,190,364)**	(1,701,063)	6,567,638	-	4,866,575
Reportable segment profit	**9,476,531**	**20,499,178**	**7,061,989**	**37,037,698**	(1,156,052)	11,978,518	11,054,378	21,876,845
Reportable segment assets	**673,342,409**	**333,068,714**	**32,900,000**	**1,039,311,123**	758,592,310	279,304,633	32,900,000	1,070,796,943
Reportable segment liabilities	**(684,414,474)**	**(73,610,935)**	**(32,900,000)**	**(790,925,409)**	(748,142,393)	(50,160,763)	(32,900,000)	(831,203,156)

	2018 Rupees	2017 Rupees
Reconciliation of (loss) / profit		
Total profit from reportable segments	**29,975,709**	10,822,466
Profit from other operations	**7,061,989**	11,054,378
	37,037,698	21,876,844
Unallocated amounts:		
Other administrative and operating expenses	**(40,028,572)**	(43,312,578)
Other income	**11,414,401**	12,230,719
(Loss) / profit before tax	**8,423,527**	(9,205,015)
Reconciliation of assets and liabilities		
Assets		
Total assets of reportable segments	**1,006,411,123**	1,037,896,943
Assets of other operations	**32,900,000**	32,900,000
Total assets	**1,039,311,123**	1,070,796,943
Liabilities		
Total liabilities of reportable segments	**(758,025,409)**	(798,303,156)
Liabilities of other operations	**(32,900,000)**	(32,900,000)
Total liabilities	**(790,925,409)**	(831,203,156)

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 5th October 2018 by the Board of Directors of the Company.

44. GENERAL

44.1 RE-ARRANGEMENT

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications / restatements to these financial statements during the year except as mentioned below:

Unclaimed dividend" amounting to Rs.6,055,940/- was shown as a separate line item under the head "Accrued and other liabilities". This has been disclosed as a separate line item on the face of "Statement of Financial Position"

44.2 NOMENCLATURE

Nomenclature of "Rent, rates and taxes" has been changed to "Rates and taxes" for better presentation.

Muhammad Asif	Ayesha Shehryar	M. Naim Ashraf
Chief Executive Officer	Chairperson	Chief Financial officer

Our Network

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Rawalpindi Cantt.
Tel: 0301-8651067

Peshawar
C/o Centre Gas (Pvt.) Limited,
Chughal Pura, G.T Road,
Peshawar.
Tel: 091-2262966 & 2262866

Faislalabad
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

Proxy Form

INVEST CAPITAL INVESTMENT BANK LIMITED

A-603-604, Lakson Square Building No: 3, Sarwar Shaheed Road, Karachi

I, ____ S/o, W/o, D/o

____

a member of Invest Capital Investment Bank Limited and holder of ________ shares as per Registered Folio No.____________ and / or CDC participant I.D. No. ____________ and Sub Account No.___________ do hereby appoint______________________________

of_______________________________________ (full address) or failing him/her____

of ____

(full address) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders to be held at 2:00 p.m. on Saturday, October 27, 2018 and at any adjournment thereof.

Signed this ____________ day of ____________ 2018.

Please affix
Rs.5/-
Revenue
Stamp

Signature and or Seal of Member____________

In the presence of

Signature : ____________________	Signature:____________________
Name : ____________________	Name:____________________
Address: ____________________	Address:____________________
CNIC No: ____________________	CNIC No:____________________

Notes:

1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney dully authorized in writing. If a member is a corporation, either its common seal be affixed to the proxy form or the Board of Director's resolution /power of attorney along with specimen signature of the nominee shall be submitted with the proxy form. The proxy shall have a right to attend, speak and vote in place of the member.

2. Proxies in order to be effective must be received at the office of Share Registrar of the Company, M/s CorpTec Associates (Private) Limited, 503-E, Johar Town, LAHORE at least 48 hours before the meeting and must be dully stamped, signed and witnessed.

3. A proxy need not be a Member of the Company.

4. Beneficial owner of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or original passport, Account, Sub-Account number and Participant's number in Central Depository System for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the company with in stipulated time, duly witnessed by two persons whose name, address and NIC number must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy.

5. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the company.

پراکسی فارم

انویسٹ کیپٹل انویسٹمنٹ بینک لمیٹڈ

اے603-604،لیکسن سکوائر بلڈنگ نمبر3،سرور شہید روڈ،کراچی

مسمی ________ ولد/بنت/زوجہ ________________ انویسٹ کیپٹل

انویسٹمنٹ بینک لمیٹڈ کا/ کی ممبر ہوں اور ________ شیئر کا مالک ہوں بمطابق رجسٹرڈ فولیو نمبر ________ اور/یا سی ڈی سی

پارٹیسپنٹ نمبر (شراکت داری شناختی نمبر) ________ اور سب اکاؤنٹ نمبر ________

میں جناب/جنابہ ________ ساکن (مکمل پتہ) ________

یا متبادل طور پر جناب/جنابہ ________ ساکن (مکمل پتہ) ________

کو بطور پراکسی مقرر کرتا/ کرتی ہوں جو کہ میری/ہماری جگہ 27 اکتوبر 2018 بروز ہفتہ سہ پہر 02:00 بجے یا بصورت التوائی مقرر کردہ تاریخ پر حصص یافتگان کے سالانہ جنرل اجلاس میں شرکت کرے، حصہ لے اور ووٹ کاسٹ کرے۔

دستخط کئے گئے مورخہ ________ 2018

برائے مہربانی 5 روپے
والی ٹکٹ لگائیں

ممبر کے دستخط اور مہر

گواہ	گواہ
دستخط ________	دستخط ________
نام ________	نام ________
پتہ ________	پتہ ________
شناختی کارڈ نمبر ________	شناختی کارڈ نمبر ________

نوٹ:

1۔ایک ممبر جو کہ مذکورہ اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا اہل ہے وہ کسی بھی دوسرے شخص کو اپنا/اپنی پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی مقرر کرنے کی دستاویز ممبر یا اس کے وکیل کی طرف سے دونوں اطراف سے دستخط شدہ تحریری اجازت ہو۔ اگر رکن کارپوریشن ہے، تو وہ اپنی عام مہر پراکسی فارم پر لگائے یا نامزد افراد کے نمونہ دستخطوں کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد یا مختار عام پراکسی فارم کیساتھ پیش کرے۔ پراکسی کو (اجلاس میں) شرکت کرنے، تقریر کرنے اور رکن کی جگہ ووٹ ڈالنے کا حق حاصل ہوگا۔

2۔ پراکسیاں تا آنکہ موثر ہو سکیں کمپنی کے شیئر رجسٹرار کے دفتر میسرز کارپ ٹیک ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، 503 ای جوہر ٹاؤن لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور یہ گواہان کی موجودگی میں دو طرفہ مہر ثبت، دستخط شدہ ہوں۔

3۔ پراکسی کے لئے ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔

4۔سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کے رجسٹرڈ شیئرز کے بینیفشل اونرز اور انکی پراکسیوں کیلئے ضروری ہے کہ وہ اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ، اکاونٹ، ذیلی اکاونٹ نمبر اور شناختی مقصد کیلئے سنٹرل ڈیپازٹری سسٹم کا پارٹیسپنٹ نمبر مہیا کریں۔ پراکسی فارم کمپنی میں مقررہ وقت میں جمع کرانا ضروری ہے، دو افراد کی گواہی کیساتھ جن کے نام، ایڈریس اور شناختی کارڈ نمبر فارم میں ضروری لکھے ہوئے ہوں، ہمراہ بینیفشل اونرز اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول کے۔

5۔ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کا ریزولوشن یا پاور آف اٹارنی بمع نامزد فرد کے دستخط کے کمپنی کے پراکسی فارم کے ساتھ منسلک کریں۔

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