

QUARTERLY REPORT
MARCH 31, 2010



INVEST CAPITAL INVESTMENT BANK LIMITED

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Board of Directors

Mr. Zafar Iqbal	- Chairman
Mr. Basheer A. Chowdry	- Managing Director
Mr. Nusrat Yar Ahmad	- Chief Executive
Mr. Saeed Iqbal Chaudhry	
Mr. Muhammad Zahid	
Mr. Aamer Saeed	
Mr. Rehman Ghani	
Mr. Najib Amanullah	

Audit Committee

Mr. Aamer Saeed	- Chairman
Mr. Rehman Ghani	- Member
Mr. Najib Amanullah	- Member

Chief Financial Officer

Mr. Shabbir Sikander

Company Secretary

Mr. Shamir S. Ismail

Bankers

Allied Bank Limited
Askari Bank Limited
Atlas Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Dawood Islamic Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
Mybank Limited
National Bank of Pakistan
NIB Bank Limited
The Royal Bank of Scotland Limited

Bankers

State Bank of Pakistan

Silk Bank Limited

Standard Chartered Bank (Pakistan) Ltd

The Bank of Khyber

United Bank Limited

Auditors

KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.

Share Registrar

CDC House, 99-B, Block 'B', S.M.C.H.S.

Main Shahra-e-Faisal, Karachi-74400.

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Email: info@cdcpak.com

URL: www.cdcpakistan.com

Registered Office

C3C, 12th Lane, Ittehad Commercial,

Khayaban-e-Ittehad, Phase II Ext.,

DHA, Karachi.

Tel: (92-21) 111-111-097

Fax: (92-21) 3531 3887

Website: www.investcapital.com

On behalf of the Board of Directors, I am pleased to present the financial statements for the performance of your Bank for the third quarter, covering the period of nine months ended 31st March, 2010.

Economic Outlook

During the earlier part of the period under review, the country remained mired in political controversies regarding the NRO issue, the proposed 18th amendment and the delay in naming the new finance manager of the country. The delay in appointment of the Finance Minister led to postponement in IMF's tranche of USD 1.2 billion during the quarter. The continuing war against insurgency, as also power shortages, has also taken a toll on the economy. Investment activity remained muted and structural issues continued to dampen the interest of foreigners. Excessive Government borrowings from the banking sector placed an upward pressure on inflationary trends and also resulted in crowding out the corporate sector. The system remained deprived of liquidity.

The macro economic outlook of the economy began stabilizing in the later part of the period under review. The falling global energy and commodity prices and a robust growth in home remittances resulted in a narrowing down of current account deficit to USD 2.7 billion during 9MFY10- down 67%. An improved export performance (5% YoY) and containment of imports resulted in a 14% YoY decline in overall trade deficit of the country to USD 10.9 Billion.

The inherent risks to the economy going forward continue to be consistent double digit inflation, low revenue collection, rising government borrowing, continued reliance on oil imports for energy needs, a limited growth in NFAs. The inability to attract foreign investments in medium to long term projects casts serious doubts on our ability to enforce the perception of Pakistan being an emerging economy.

Foreign Portfolio Investment (FPI) during this period was on the rise, further strengthening our view that foreign investors are focusing more on short term gains and averse to tying capital for longer terms.

The capital market was impacted by the uncertainties regarding the possible imposition of the CGT and worsening of circular debt issues which rose to Rs. 250 billion. The benchmark KSE-100, after posting encouraging returns until Dec-09, returned at 8.4% (7.0% in USD terms) during Jan-Mar10. The overall activity at the exchange also improved during the period. Average volumes stood at 168 million shares with a slight improvement of 3% YoY. The market capitalization stood at USD 34.3 billion, up 7% QoQ in 3QFY10 (1QCY10) while it improved by a healthy 35% compared to end Mar-09.

The gradual political and economic recovery i.e. settlements of provincial issues, contained external deficits, local subsidy elimination, relative stability in PKR, more-than-expected foreign inflows coupled with healthy corporate earnings (from Fertilizer, Power, OMCs, E&P, Refineries and Auto) recorded in the last result season led to better market returns during 3QFY10.

Financial Performance

During the quarter under review, the balance sheet footings of the Bank has reduced from Rs.7,847 million to Rs.6,244 million mainly due to the meticulous recovery of lease portfolio and reduction of Rs.475 million in the short term investments. Accordingly, the lease portfolio has reduced from Rs. 1,288 million to Rs. 707 million with the corresponding decrease of Rs. 273 million in the lease security deposits. The funds thus generated have been utilized in repayment of our borrowings and other liabilities. The Bank registered a loss of Rs. 407 million as compared to Rs. 187 million for the

corresponding period last year. Since the current figures reflect merged position of the three entities, the figures in respect of the corresponding period do not provide any useful comparison.

After the successful completion of the merger, the management has started implementing effective business plans and strategies to deal with the current loss position and build up values for the stakeholders. Hectic efforts are being made to curtail the administrative costs and financial charges as much as possible. Simultaneously, intense efforts are being made to increase income revenue streams by focusing on non-funding businesses like advisory services, project management, trusteeship, and syndications and promoting cross-selling of our products through the existing infrastructure and staff strength. I am happy to report that a positive impact of about Rs. 20 million has been made during the quarter under review when compared to the loss of Rs. 157 million registered for the previous quarter. This indicates the trend for the turnaround of the bank which will be intensified further in the future months.

Future Outlook

The vision and mission of Invest Capital Investment Bank Limited remains focused on providing high quality professional services to a variety of clientele and building multiple avenues of earnings for enhancing stockholders' values. As reported earlier, your Bank is a unique entity having professional expertise, strong infrastructure and stable customer-base for increasing its market presence and ensuring a profitable operation. The factors affecting its profitability and causing a consequential dent to the net equity are being addressed on emergent basis with a view to achieve a break-even position in the shortest possible time. The current market conditions do not provide any significant assistance for improvement of our business but the management and shareholders are committed to tide over these difficult times with persistent and effective strategies and regaining a profitable position of our operations.

The Board of Directors of the Bank wish to express their sincere gratitude to the regulatory authorities particularly the Securities and Exchange Commission of Pakistan (SECP), shareholders, valued customers and the financial institutions for their continuous guidance and support. We also like to extend our appreciation to all the executives and staff of the Bank for their dedication and commitment throughout the period under review.

For and on behalf of Board of Directors

Karachi
April 27, 2010

Nusrat Yar Ahmed
Chief Executive Officer

Condensed Interim Balance Sheet As at 31 March 2010



Al-Zaamin Invest Bank.

		Un-Audited 31 March 2010	Audited 30 June 2009
ASSETS			
Non-current assets			
	Note	(Rupees in '000)	
Property, plant and equipment	5	918,399	946,976
Intangible assets	6	36,468	36,875
Long term investments	7	114,299	175,439
Net investment in Ijarah finance/assets under Ijarah arrangements	8	707,067	1,288,310
Long term musharakah finance - secured	9	199,936	199,165
Long term loans - considered good		52,096	77,677
Long term deposits and receivables - unsecured and considered good		39,048	31,168
Deferred taxation		25,813	17,395
		2,093,126	2,773,005
Current assets			
Short term investments	10	454,870	930,273
Takaful reserve fund investments		30,495	28,744
Short term musharakah finances		155,806	242,706
Short term finances - secured		67,383	67,259
Trade debts - unsecured		1,376,042	1,445,526
Assets acquired in satisfaction of finances		49,500	99,500
Ijarah rentals receivable		16,397	17,310
Current maturity of non-current assets	11	1,382,604	1,555,101
Receivable under reverse repurchase transaction		253,208	195,000
Advances, deposits, prepayments and other receivables		224,805	243,185
Stock in trade		1,520	1,042
Cash and bank balances	12	138,683	248,332
		4,151,313	5,073,978
		6,244,439	7,846,983
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
485,000,000 (2009: 485,000,000) ordinary shares of Rs.10/- each		4,850,000	4,850,000
Issued, subscribed and paid-up capital		2,848,669	2,727,669
Capital reserve on amalgamation		(2,022,076)	(2,022,076)
Surplus on revaluation of available-for-sale investments - net		6,378	4,207
Accumulated (loss) / profit		(258,810)	148,123
Share deposit money		-	121,000
		574,161	978,923
Surplus on revaluation of property, plant and equipment		19,172	19,664
Non-current liabilities			
Liability against assets subject to finance lease		12,304	18,967
Deferred liability for staff gratuity		5,316	6,061
Security deposits from lessees		399,946	672,797
Long term certificates of musharakah	13	74,240	177,095
Certificates of investments and deposits	14	-	3,635
Long term musharakah and murabahah borrowings	15	214,990	201,830
Musharakah Term Finance Certificates	16	463,522	462,055
Redeemable capital - Term Finance Certificates	17	128,380	128,380
Loan from a Director - unsecured		183,140	194,445
Long term loan		18,562	202,014
Deferred liabilities		1,389	1,909
		1,501,789	2,069,188
Current liabilities			
Current portion of long term liabilities	18	1,112,992	1,395,719
Short term certificates of musharakah	19	485,360	283,280
Short term certificates of investments and deposits		118,420	71,650
Short term borrowings	20	1,660,799	2,266,569
Short term musharakah borrowings	21	5,000	48,000
Creditors, accrued and other liabilities		766,746	713,990
		4,149,317	4,779,208
		6,244,439	7,846,983
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Condensed Interim Profit and Loss Account
For the nine months period ended 31 March 2010 (Un-audited)



	Nine months period ended		Three months period ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(Rupees in '000)		(Rupees in '000)	
Income				
Brokerage, commission & fees	113,142	76,651	36,642	38,357
Income from Continuous Funding System	-	3,696	-	160
Income from leasing operations	130,578	-	29,055	8,896
Operating lease rentals	98,021	-	35,437	-
Profit on musharakah investments	58,493	-	21,892	-
Income from investment and placement	2,618	-	529	-
Income from finances	16,178	-	5,165	-
Income on deposits with banks	3,808	-	1,268	-
Gain on sale of listed shares - net	34,327	13,315	8,994	-
Unrealised gain / (loss) on remeasurement of investments carried at fair value through profit or loss	(4,025)	(10,760)	(7,150)	(6,101)
Dividend income	4,337	-	89	-
	<u>457,477</u>	<u>82,902</u>	<u>131,921</u>	<u>41,312</u>
Expenses				
Financial charges	(395,524)	(34,886)	(117,081)	(13,782)
Amortisation of assets leased out	(54,437)	-	(20,546)	-
	<u>(449,961)</u>	<u>(34,886)</u>	<u>(137,627)</u>	<u>(13,782)</u>
	7,516	48,016	(5,706)	27,530
(IMPAIRMENT LOSS) / REVERSALS				
Provision against other receivables	(8,095)	-	-	-
Provision for impairment in the value of investment				
- Transferred from statement of changes in equity	-	-	-	-
- For the period	(8,975)	(67,609)	-	-
Doubtful lease receivables written off	(2,207)	-	(262)	-
Provision against doubtful finance lease receivable and lease rentals - net	(28,838)	-	(12,159)	-
Impairment loss provision				
against long term / short term musharakah investment	(1,791)	-	-	-
Provision against long term loan	(9,011)	-	(612)	-
Other receivables written off	(677)	-	-	-
	<u>(59,594)</u>	<u>(67,609)</u>	<u>(13,033)</u>	<u>-</u>
	(52,078)	(19,593)	(18,739)	27,530
Administrative and operating expenses	(398,907)	(177,336)	(128,851)	(60,402)
	<u>(450,985)</u>	<u>(196,929)</u>	<u>(147,590)</u>	<u>(32,872)</u>
Other income	46,106	14,330	12,130	3,633
Share of (loss) / income from joint venture - net	732	-	934	-
	<u>46,838</u>	<u>14,330</u>	<u>13,064</u>	<u>3,633</u>
Loss before taxation	<u>(404,147)</u>	<u>(182,599)</u>	<u>(134,526)</u>	<u>(29,239)</u>
Taxation				
- Current	(9,359)	(4,014)	(1,781)	(740)
- Prior	(747)	-	-	-
- Deferred	6,828	-	-	-
	<u>(3,278)</u>	<u>(4,014)</u>	<u>(1,781)</u>	<u>(740)</u>
Loss for the period	<u>(407,425)</u>	<u>(186,613)</u>	<u>(136,307)</u>	<u>(29,979)</u>
Loss per share - basic	23	<u>(1.479)</u>	<u>(2.500)</u>	<u>(0.402)</u>
Loss per share - diluted	23	<u>(1.479)</u>	<u>(2.151)</u>	<u>(0.346)</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Condensed Interim Statement of Comprehensive Income
For the nine months period ended 31 March 2010 (Un-audited)



	Nine months period ended		Three months period ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(Rupees in '000)		(Rupees in '000)	
Loss for the period	(407,425)	(186,613)	(136,307)	(29,979)
Other comprehensive income				
Unrealised gain / (loss) for the period on remeasurement of available-for-sale investments	5,083	(2,110)	(6,213)	(594)
Total comprehensive loss for the period	<u>(402,342)</u>	<u>(188,723)</u>	<u>(142,520)</u>	<u>(30,573)</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Condensed Interim Statement of Changes in Equity
For the nine months period ended 31 March 2010 (Un-audited)



Al-Zaamin Invest Bank.

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Deficit) / surplus on revaluation of available for sale investment	Accumulated profit/ (loss)	Share deposit money	Total
	(Rupees in '000)					
Balance as at 01 July 2008	746,424	(347,924)	(12,076)	(18,262)	121,000	489,162
<i>Total comprehensive income for the period ended 31 March 2009</i>						
Loss after taxation	-	-	-	(186,613)	-	(186,613)
<i>Other comprehensive income</i>						
Unrealised loss on remeasurement of available for sale investments	-	-	(2,110)	-	-	(2,110)
Impairment in the value of investments classified as available-for-sale taken to profit and loss account	-	-	14,186	-	-	14,186
Incremental depreciation on revaluation of fixed assets for the period	-	-	12,076	(186,613)	-	(174,537)
	-	-	-	148	-	148
Balance as at 31 March 2009	<u>746,424</u>	<u>(347,924)</u>	<u>-</u>	<u>(204,727)</u>	<u>121,000</u>	<u>314,773</u>
<i>Total comprehensive income for the period ended 30 June 2009</i>						
Profit after taxation	-	-	-	351,963	-	351,963
<i>Other comprehensive income</i>						
Unrealised gain on remeasurement of available for sale investments	-	-	4,207	-	-	4,207
	-	-	4,207	351,963	-	356,170
Transaction with owners, recorded directly in equity						
Issue of shares on amalgamation to AZLCL shareholders in ratio 1:2.4	1,178,570	-	-	-	-	1,178,570
Issue of shares on amalgamation to AZLM shareholders in ratio 1:2.6	802,675	-	-	-	-	802,675
	1,981,245	-	-	-	-	1,981,245
Transfer from reserve on amalgamation	-	(1,674,152)	-	-	-	(1,674,152)
Incremental depreciation on revaluation of fixed assets for the period	-	-	-	887	-	887
Balance as at July 01 2009	<u>2,727,669</u>	<u>(2,022,076)</u>	<u>4,207</u>	<u>148,123</u>	<u>121,000</u>	<u>978,923</u>
<i>Total comprehensive income for the period ended 31 March 2010</i>						
Loss after taxation	-	-	-	(407,425)	-	(407,425)
<i>Other comprehensive income</i>						
Unrealised gain transferred to profit and loss account on disposal	-	-	(2,912)	-	-	(2,912)
Unrealised gain on remeasurement of investments classified as available-for-sale	-	-	5,083	-	-	5,083
	-	-	2,171	(407,425)	-	(405,254)
Transaction with owners, recorded directly in equity						
Issue of share on conversion of subordinated loan into share capital	121,000	-	-	-	(121,000)	-
	121,000	-	-	-	(121,000)	-
Incremental depreciation on revaluation of fixed assets for the period	-	-	-	492	-	492
Balance as at 31 March 2010	<u>2,848,669</u>	<u>(2,022,076)</u>	<u>6,378</u>	<u>(258,810)</u>	<u>-</u>	<u>574,161</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Condensed Interim Statement of Cash Flow
For the nine months period ended 31 March 2010 (Un-audited)



	Nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(404,147)	(182,599)
Adjustments for non cash charges and other items:		
Depreciation of property and equipment	51,133	24,924
Amortization of intangibles	3,203	319
Amortization of deferred revenue	(521)	-
Allowances for potential lease losses and term finances	9,011	-
Reversal / impairment loss against other lease receivables	22,490	-
Reversal / impairment loss against other receivables	8,095	-
Impairment loss provision / reversal of impairment loss provision against long term / short term musharakah investment	1,791	-
Other receivable written-off	2,207	-
Doubtful receivables written-off	677	-
Financial charges - net	395,524	34,885
Dividend Income	(4,337)	-
Bad debts	-	-
Provision for gratuity	(745)	-
Net gain / (loss) on sale of marketable securities	(18,416)	-
Loss / (gain) on disposal of fixed assets	(1,820)	2,680
Unrealised loss on remeasurement of investments carried at fair value through profit or loss	4,025	10,760
Impairment in the value of investments classified as available-for-sale	8,975	67,609
	481,292	141,177
Cash flow from operating activities before working capital changes	77,145	(41,422)
Decrease / (Increase) in current assets		
Net investment in lease finance / Ijarah finances	733,433	-
Lease rentals receivable	(5,437)	-
Stock in trade	(478)	-
Musharakah and murabahah receivables	40,949	-
Advances, prepayments & other receivable	(73,051)	49,957
Trade Debtors	68,293	29,960
	763,709	79,917
(Decrease) / increase in current liabilities		
Security deposit from lessees	(323,846)	-
Trade creditors, accrued and other liabilities	199,384	336,989
	(124,462)	336,989
Cash flow from operating activities after working capital changes	716,392	375,484
Financial charges paid	(425,163)	(35,710)
Gratuity paid	(745)	-
Income tax paid	(3,193)	(4,014)
	(429,101)	(39,724)
Net cash flow from operating activities	287,291	335,760
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(36,406)	(89,018)
Purchase of investments - net of proceeds on sale	541,973	36,411
Proceeds from disposal of assets in own use	12,842	5,825
Assets acquired in satisfaction of claims	50,000	-
Dividend received	4,410	-
Long term security deposits and advances	(8,379)	-
Short term / long term finances - net	19,971	-
Long term loans	3,137	(405)
Net cash flow from investing activities	587,548	(47,187)

Condensed Interim Statement of Cash Flow
For the nine months period ended 31 March 2010 (Un-audited)



Nine months period ended

31 March 2010	31 March 2009
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(Rupees in '000)

CASH FLOWS FROM FINANCING ACTIVITIES

Redeemable capital raised - net of initial transaction cost	(45,000)	-
Musharakah Term Finance Certificates	(58,333)	-
Liabilities against assets subject to finance lease	(13,546)	(3,413)
Long term certificates of musharakah	(65,840)	-
Long term musharakah and murabahah	(129,007)	-
Short term musharakah borrowings and bank finances	(45,888)	-
Short term certificates of musharakah	202,085	-
Profits paid to certificate holders	(10)	-
Borrowings repaid	(721,245)	350,000
Loan from a director	(11,306)	-
Certificates of investment and deposits issued / (redeemed)	49,780	-
Receivables against Continuous Funding System	-	(397)
Receivables under reverse repurchase transactions	(58,208)	-
Short term finance	4,290	-
Long term loans	(51,937)	90,000
Net cash flow from financing activities	(944,165)	436,190
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(69,326)	724,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(519,414)	(1,203,269)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(588,740)	(478,506)

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The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

1. LEGAL STATUS AND OPERATIONS

- 1.1 Invest Capital Investment Bank Limited ('the Company') was formed after the amalgamation of Asset Investment Bank Limited ('AIBL') with Invest Capital and Securities (Private) Limited ('ICSL') through the order of Lahore High Court, Rawalpindi Bench dated 27 March 2007 for the sanction of the arrangement of amalgamation. Pursuant to the same order the name of AIBL was changed to Invest Capital Investment Bank Limited.

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Securities & Exchange Commission of Pakistan ('SECP') has issued a license to the company to carry out investment finance activities as a Non Banking Finance Company. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Karachi.

JCR VIS Credit Rating Company Limited has reaffirmed the company's medium to long-term entity rating of A- (Single A Minus) and a short term rating of A-2 (A-Two) with the outlook on the rating as "Stable".

- 1.2 In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company has to separate its brokerage business from other business activities. The requirement for compliance with aforesaid regulation has been extended till 30 June 2010 by SECP vide S.R.O 886 dated 13 October 2009. Subsequent to the six months period ended 31 December 2009, SECP has issued a notification dated 3 February 2010 mentioning draft proposed amendments to Non Banking Finance Companies (Establishment and Regulation) Rules 2003. The said amendments mention that the above regulation shall not apply to NBFC which have a valid licence to undertake investment finance services business and have been subject to such terms and conditions as the Commission may impose, granted permission by the commission to undertake brokerage business without forming a separate company. SECP has invited objections / suggestions to the above amendment within 14 days of publication of the said notification in the official Gazette. Final notification in this regard has not yet been made by SECP to date.

- 1.3 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 ("InvestBank"). The scheme of arrangement was under Sections 284 to 288 read with section 503 (1) (c) of the Companies Ordinance, 1984 and was effective from 30 June 2009 (close of business). Accordingly, on 30 June 2009 (close of business) all the assets and liabilities and obligations of the AZLCL and AZLM were vested with and assumed by the Company. The Securities and Exchange Commission of Pakistan approved the above merger, while the Competition Commission of Pakistan also issued the no objection certificate to this matter. The Honourable High Court of Sindh approved the amalgamation by way of merger through order dated 8 December 2009.

As the merger was effective as of 30 June 2009, the condensed interim income statement and condensed interim statement of comprehensive income for the nine months and three months period ended 31 March 2009 represent the results of stand alone operations of Invest Capital Investment Bank Limited.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2009.

2.2 Functional and Presentation currency

These financial statements are presented in Pakistani Rupees which is Company's functional and presentation currency and rounded off to the nearest thousand rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the financial statements for the year ended 30 June 2009, except for the following:

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) – The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Company has opted to present the components of profit or loss in a separate statement while a statement of comprehensive income is presented separately as permitted under revised IAS 1. As surplus on revaluation of property, plant and equipment does not form part of the equity under the local laws and is presented below the equity in the balance sheet, accordingly changes in equity arising from surplus on revaluation of assets have not been considered part of comprehensive income and accordingly these are not included in the statement of comprehensive income presented in these financial statements.

4. ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT POLICIES

- 4.1 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 significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to financial statements as at and for the year ended 30 June 2009.

- 4.2 Risk management policies and procedures are consistent with those disclosed in the financial statements for the year ended 30 June 2009.

5. PROPERTY, PLANT AND EQUIPMENT

	Nine months period ended			
	31 March 2010	31 March 2010	31 March 2009	31 March 2009
Owned - cost	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Land and building	49	-	56	-
Office renovation	226	77	32,471	1,055
Furniture and fixtures	692	76	-	8,233
Office equipments	1,391	532	49,131	2,106
Computer equipments	1,092	-	-	-
Vehicles	29,881	19,431	7,311	6,426
Generator	218	-	-	-
	<u>33,549</u>	<u>20,116</u>	<u>88,969</u>	<u>17,820</u>
Leased - cost				
Vehicles	-	1,360	-	1,556
	<u>33,549</u>	<u>21,476</u>	<u>88,969</u>	<u>19,376</u>
	<u>33,549</u>	<u>21,476</u>	<u>88,969</u>	<u>19,376</u>

6. INTANGIBLE ASSETS

Computer software	5,119	-	49	-
	<u>5,119</u>	<u>-</u>	<u>49</u>	<u>-</u>



		31 March 2010	30 June 2009
		(Rupees in '000)	
7. LONG TERM INVESTMENTS			
Investment in related parties	7.1	61,643	62,241
Available for sale investments:			
- Ordinary shares & certificates of listed and unlisted entities		33,515	83,504
- Mutual Funds		19,141	18,595
- Term Finance Certificates		-	11,099
		<u>114,299</u>	<u>175,439</u>
7.1 INVESTMENTS IN RELATED PARTIES			
Joint ventures			
CNG / Diesel filling stations			
- Centre Gas (Private) Limited		34,068	34,536
- UMA Enterprises		27,575	27,705
		<u>61,643</u>	<u>62,241</u>
8. NET INVESTMENT IN IJARAH FINANCE / ASSETS UNDER IJARAH ARRANGEMENTS			
Ijarah contracts commencing upto 30 June 2008			
- accounted for as finance leases		1,580,448	2,437,626
Ijarah contracts commencing 1 July 2008			
- accounted for under IFAS 2		335,758	269,955
		<u>1,916,206</u>	<u>2,707,581</u>
Current portion of net investment in Ijarah finance	12	<u>(1,209,139)</u>	<u>(1,419,271)</u>
		<u>707,067</u>	<u>1,288,310</u>

8.1 Net investment in Ijarah finance

	31 March 2010			30 June 2009		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
(Rupees in '000)						
Minimum lease payments receivable	1,191,328	288,791	1,480,119	1,269,600	807,121	2,076,721
Residual value of leased assets	329,055	274,349	603,404	371,120	600,010	971,130
Lease contracts receivable	1,520,383	563,140	2,083,523	1,640,720	1,407,131	3,047,851
Unearned lease income (including suspended income)	(112,039)	(90,672)	(202,711)	(194,903)	(137,448)	(332,351)
Provision for potential lease losses	(199,205)	(101,159)	(300,364)	(26,546)	(251,328)	(277,874)
	(311,244)	(191,831)	(503,075)	(221,449)	(388,776)	(610,225)
	<u>1,209,139</u>	<u>371,309</u>	<u>1,580,448</u>	<u>1,419,271</u>	<u>1,018,355</u>	<u>2,437,626</u>

		31 March 2010	30 June 2009
9. LONG TERM MUSHARAKAH FINANCE - secured			
		(Rupees in '000)	
Companies (non-financial institutions)		175,236	125,944
Individuals		133,827	138,932
		<u>309,063</u>	<u>264,876</u>
Receivable within one year shown under current assets	11	(108,216)	(64,827)
		<u>200,847</u>	<u>200,049</u>
Provision against impaired balances		(911)	(884)
		<u>199,936</u>	<u>199,165</u>
10. SHORT-TERM INVESTMENTS			
Investments at fair value through profit or loss			
<i>Quoted securities</i>			
- Ordinary shares		22,155	49,237
- Preference shares - cumulative		-	462
- Mutual funds		65,479	76,276
		<u>87,634</u>	<u>125,975</u>
Available-for-sale			
Government securities		364,752	777,597
<i>Other quoted securities</i>			
- Term finance certificates		84	84
- Ordinary shares		1,400	25,617
		<u>1,484</u>	<u>25,701</u>
<i>Un-quoted securities</i>			
Dawood Family Takaful Limited (100,000 ordinary shares)		1,000	1,000
		<u>454,870</u>	<u>930,273</u>
11. CURRENT MATURITY OF NON-CURRENT ASSETS			
Net investment in Ijarah finance / assets under Ijarah arrangements	8	1,209,139	1,419,271
Musharakah receivables	9	108,216	64,827
Long term loans		65,249	70,314
Long term deposits and receivables		-	689
		<u>1,382,604</u>	<u>1,555,101</u>
12. CASH AND BANK BALANCES			
Balance with banks in: <i>Current accounts in Local currency with:</i>			
- State Bank of Pakistan		1,910	6,490
- Commercial Banks		19,590	15,495
		<u>21,500</u>	<u>21,985</u>
Term deposit accounts - local currency		15,000	60,000
Deposit accounts - local currency		100,732	165,420
		<u>115,732</u>	<u>225,420</u>
		<u>137,232</u>	<u>247,405</u>
<i>Cash in hand</i>			
- Local currency		1,451	927
		<u>138,683</u>	<u>248,332</u>

		31 March 2010	30 June 2009
		(Rupees in '000)	
13. LONG TERM CERTIFICATES OF MUSHARAKAH			
Certificate of musharakah - associated undertakings		6,580	12,420
- others		<u>187,815</u>	<u>247,815</u>
		<u>194,395</u>	<u>260,235</u>
Payable within one year shown under current liabilities	18	<u>(120,155)</u>	<u>(83,140)</u>
		<u>74,240</u>	<u>177,095</u>
14. CERTIFICATES OF INVESTMENTS & DEPOSITS			
Long term			
For one year or more		7,235	4224
Payable within one year shown under current liabilities	18	<u>(7,235)</u>	<u>(589)</u>
		<u>-</u>	<u>3,635</u>
15. LONG TERM MUSHARAKAH AND MURABAHAH BORROWINGS			
Musharakah borrowings			
From Commercial Banks		41,666	66,667
Murabahah borrowings from:			
Commercial Banks		<u>190,856</u>	<u>222,917</u>
Other financial institutions		<u>82,801</u>	<u>154,746</u>
		<u>273,657</u>	<u>377,663</u>
		<u>315,323</u>	<u>444,330</u>
Payable within one year shown under current maturity	18	<u>(100,333)</u>	<u>(242,500)</u>
		<u>214,990</u>	<u>201,830</u>
16. MUSHARAKAH TERM FINANCE CERTIFICATES (TFCs - privately placed) - secured			
Commercial banks		224,583	345,000
Other financial institutions		371,250	355,000
Individuals		45,833	-
Privately placed term finance certificates - 2		<u>-</u>	<u>45,000</u>
		<u>641,666</u>	<u>745,000</u>
Current maturity	18	<u>(175,000)</u>	<u>(278,333)</u>
		<u>466,666</u>	<u>466,667</u>
Total initial transaction cost		<u>7,400</u>	<u>7,400</u>
Amortization to date		<u>(4,256)</u>	<u>(2,788)</u>
		<u>3,144</u>	<u>4,612</u>
		<u>463,522</u>	<u>462,055</u>
17. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES			
Musharakah Term Finance Certificates (MTFCs)		110,500	110,500
Term Finance Certificates (TFCs)		<u>128,380</u>	<u>128,380</u>
		<u>238,880</u>	<u>238,880</u>
Current maturity	18	<u>(110,500)</u>	<u>(110,127)</u>
		<u>128,380</u>	<u>128,753</u>
Total initial transaction cost		<u>10,384</u>	<u>10,384</u>
Amortization to date		<u>(10,384)</u>	<u>(10,011)</u>
		<u>-</u>	<u>373</u>
		<u>128,380</u>	<u>128,380</u>

		31 March 2010	30 June 2009
(Rupees in '000)			
18. CURRENT MATURITY OF LONG TERM LIABILITIES			
Security deposit from lessees		328,544	379,539
Certificates of musharakah	13	120,155	83,140
Liabilities under finance lease arrangements		9,765	17,146
Long term musharakah	15	100,333	242,500
Musharakah Term Finance Certificates	16	175,000	278,333
Term Finance Certificates	17	110,500	110,127
Long term loan		261,460	284,344
Certificates of investments and deposits	14	7,235	589
		<u>1,112,992</u>	<u>1,395,718</u>
19. SHORT TERM CERTIFICATES OF MUSHARAKAH			
These musharakah certificates are for periods, ranging between 90 to 365 days (30 June 2009: 90 to 365 days) and carry expected profit rates ranging between 9% to 17.25% (30 June 2009: 9% to 20%) per annum.			
20. SHORT TERM BORROWINGS			
Payable under repurchase transactions		618,376	965,944
Clean borrowings		310,000	400,000
From Commercial Banks - secured		727,423	767,746
From Non-Banking Finance Companies - unsecured		5,000	126,379
From others - unsecured		-	6,500
		<u>1,660,799</u>	<u>2,266,569</u>
21. SHORT TERM MUSHARAKAH BORROWINGS			
Financial institutions		-	40,000
Leasing Companies and Modarabas		5,000	8,000
		<u>5,000</u>	<u>48,000</u>
22. CONTINGENCIES AND COMMITMENTS			
22.1 Contingencies			
There have been no change in contingencies as stated in the annual financial statements for the year ended 30 June 2009.			
22.2 Commitments			
Lease financing contracts committed but not executed at the balance sheet date amounted to Rs. 69.079 million.			

23. LOSS PER SHARE - BASIC AND DILUTED

	Nine months period ended		Three months period ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(Rupees in '000)			
Loss after taxation (both for the purpose of basic and diluted loss per share)	<u>(407,425)</u>	<u>(186,613)</u>	<u>(136,307)</u>	<u>(29,979)</u>
	(Number of shares in '000)			
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>275,549</u>	<u>74,642</u>	<u>281,237</u>	<u>74,642</u>
Effect of diluted potential ordinary shares	<u>-</u>	<u>12,100</u>	<u>-</u>	<u>12,100</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>275,549</u>	<u>86,742</u>	<u>281,237</u>	<u>86,742</u>
	(Rupees)			
Loss per share - basic	<u>(1.479)</u>	<u>(2.098)</u>	<u>(0.485)</u>	<u>(1.556)</u>
Loss per share - diluted	<u>(1.479)</u>	<u>(1.806)</u>	<u>(0.485)</u>	<u>(1.339)</u>

24. CASH AND CASH EQUIVALENTS

	31 March 2010	31 March 2009
	(Rupees in '000)	
Cash and bank balances	<u>138,683</u>	<u>139,218</u>
Short term running finance	<u>(727,423)</u>	<u>(617,724)</u>
	<u>(588,740)</u>	<u>(478,506)</u>

25. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated companies with or without common directors, retirement benefit fund, directors, other key management personnel and their close family members. Contributions to the retirement benefit plans are made as per the terms of employment / actuarial advise. Remuneration of key management personnel are in accordance with their terms of employment. Loans to the employees are in accordance with their terms of employment. Other transactions with related parties are entered into at agreed rates.

Details of transactions and balances at year end with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
<i>Transactions during the period</i>		
Brokerage and advisory income earned from related parties	2,156	3,458
Contribution to staff retirement fund	6,148	3,114
Key management compensation	100,803	26,191
	31 March 2010	30 June 2009
	(Rupees in '000)	
<i>Balances</i>		
Loans to executives	25,933	22,907
Certificate of Musharakah borrowing from financial institution under common directorship	2,500	2,500
Certificates of Musharakah borrowing from trust under common directorship / trusteeship	6,960	17,920
Musharakah Term Finance Certificate borrowings from financial institution under common directorship	648	648
Musharakah Term Finance Certificate borrowings from trust under common directorship / trusteeship	337	337
Payable to Al-Zamin Modaraba Management Company	-	9,211
Investment in shares of Centre Gas (Private) Limited	34,068	34,536
Investment in UMA Enterprises	27,575	27,705
Certificate of Musharakah borrowing from UMA Enterprises	2,000	4,500
Guarantee given to SNGPL in favour of Centre Gas (Private) Limited - off balance sheet item	-	4,200
Musharakah Term Finance Certificate borrowing from key management personnel	1,576	1,493
Loan from a director	183,140	194,445
Receivable from Centre Gas (Private) Limited	-	10,000
Net liability to defined benefit plans	5,316	7,028

26. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 27 April 2010.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

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