

INNOVATIVE INVESTMENT BANK LIMITED
CONDENSED BALANCE SHEET
AS AT JUNE 30, 2009

	Note	Un-audited June 30, 2009	Audited December 31, 2008
Rupees in '000'			
NON-CURRENT ASSETS			
Fixed assets	4	606,908	627,787
Investment properties	5	846,558	1,260,747
Long term investments	6	198,550	201,550
Loans and advances	7	48,260	15,102
Net investment in finance lease	8	40,136	48,647
Long term placement of funds	9	-	-
		<u>1,740,412</u>	<u>2,153,833</u>
CURRENT ASSETS			
Current maturities of non-current assets	10	497,750	659,819
Investment properties held for sale	11	438,812	-
Advances, deposits, prepayments and other assets	12	41,426	55,222
Mark-up and profit receivables	13	108,945	120,975
Other receivables	14	299,129	293,064
Short term investments	15	119,055	112,974
Short term placements		125,000	80,000
Cash and bank balances		42,190	82,656
		<u>1,672,307</u>	<u>1,404,710</u>
		<u><u>3,412,719</u></u>	<u><u>3,558,543</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
220,000,000 ordinary shares of Rupees 10/- each		<u>2,200,000</u>	<u>2,200,000</u>
Issued, subscribed and paid up share capital	16	843,923	806,300
Accumulated loss		(1,966,924)	(1,848,984)
		(1,123,001)	(1,042,684)
UNREALIZED (LOSS) ON INVESTMENTS AVAILABLE FOR SALE		(18,726)	(17,060)
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		3,121	10,769
Long term financing	17	520,535	621,869
Long term customers' deposits		2,367,704	2,366,103
Long term security deposits		8,811	10,052
		<u>2,900,171</u>	<u>3,008,793</u>
CURRENT LIABILITIES			
Current maturities of non-current liabilities	18	977,465	933,970
Short term customers' deposits		1,972	9,852
Accrued and other liabilities	19	667,403	658,237
Unclaimed dividend		7,435	7,435
		<u>1,654,275</u>	<u>1,609,494</u>
Contingencies and commitments	20	-	-
		<u><u>3,412,719</u></u>	<u><u>3,558,543</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2009

	Half Year Ended	
	June 30, 2009	June 30, 2008
	Rupees in '000'	
INCOME		
Lease revenue	1,031	(3,214)
Return on loans, advances and placement of funds	10,550	51,203
Return on investments	10,282	(14,707)
Other income	9,172	34,515
	31,035	67,797
EXPENDITURES		
Financial charges	85,890	92,644
Administrative and operating expenses	64,710	78,605
	150,600	171,249
(LOSS) / PROFIT BEFORE PROVISION	(119,565)	(103,452)
Provision for doubtful receivables - Net	1,625	4,417
(LOSS) / PROFIT BEFORE TAXATION	(117,940)	(99,035)
PROVISION FOR TAXATION	-	-
(LOSS) / PROFIT AFTER TAXATION	(117,940)	(99,035)
EARNINGS PER SHARE – BASIC (Rupees)	21 (1.44)	(1.23)

The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Director

INNOVATIVE INVESTMENT BANK LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2009

	Half Year Ended	
	June 30, 2009	June 30, 2008
	Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(117,940)	(99,035)
Adjustments for non cash and other items:		
(Gain) on disposal of property and equipment	(4,726)	(4,279)
(Gain) on sale of investments	13,632	960
(Gain) / loss on remeasurement of investment held for trading	(20,887)	14,956
Loss on disposal of investment properties		
Unrealized Loss on remeasurement of investment properties		
Depreciation	17,753	20,113
Direct write offs	1,380	-
Impairment of fixed assets		
Impairment in value of investments		
Provision for doubtful receivables	(1,625)	(4,417)
	5,527	27,333
Cash used in operating activities before working capital changes	(112,413)	(71,702)
Adjustments for working capital changes:		
(Increase) / decrease in operating assets:		
Loans and advances	59,318	(179,058)
Net investment in finance lease	30,451	92,631
Advances, deposits, prepayments and other assets	7,136	(131,345)
Mark up & profit receivable	12,030	(15,526)
Other receivable	2,243	135,750
Increase / (decrease) in operating liabilities:		
Customers' deposits	(5,045)	(14,351)
Accrued and other liabilities	9,167	(117,988)
	115,300	(229,887)
	2,887	(301,589)
Income tax (paid) / refund - Net	(750)	(729)
Net cash generated from / (used in) operating activities	2,137	(302,318)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments - Net	(492)	319,376
Purchase of investment properties - Net	(24,623)	(30,185)
Placements of funds	5,000	325,000
Purchase of fixed assets - Net	7,852	(40,868)
Net cash generated from/(used in) investing activities	(12,263)	573,323
CASH FLOW FROM FINANCING ACTIVITIES		
Paid up share capital	37,623	-
Loan from banking companies and financial institutions	(42,699)	(24,035)
Liabilities against assets subject to finance lease	(25,264)	(16,266)
Redeemable capital	-	(89,904)
Net cash generated from /(used in) financing activities	(30,340)	(130,205)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(40,466)	140,800
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	82,656	181,161
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	42,190	321,961

The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2009

	Issued, Subscribed and Paid-up Share Capital	Accumulated (Loss)/Profit	Shareholders' Equity
	----- Rupees in '000' -----		
Balance as at December 31, 2007	806,300	(1,824,120)	(1,017,820)
Loss for the half year ended June 30, 2008	-	(99,035)	(99,035)
Balance as at June 30, 2008	806,300	(1,923,155)	(1,116,855)
Profit for the period from July 1, 2008 to December 31, 2008		74,171	74,171
Balance as at December 31, 2008	806,300	(1,848,984)	(1,042,684)
Shares issued	37,623		
Loss for the half year ended June 30, 2009	-	(117,940)	(117,940)
Balance as at June 30, 2009	843,923	(1,966,924)	(1,160,624)

The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2009

1 STATUS AND NATURE OF BUSINESS

Innovative Investment Bank Limited (IIBL) hereafter referred as 'the Company' was incorporated on 29 March 2007 as a public limited company under the Companies Ordinance, 1984. The company is licensed to carry out investment finance services, leasing and housing finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The Registered office of the Company is situated at H.M. House, 7 Bank Square, Lahore. The principal place of business is situated at Lahore and it operates through its branches in Karachi, Lahore, Islamabad, Peshawar and Mirpur (Azad Kashmir).

Innovative Investment Bank Limited is a subsidiary of Agen Limited B.V.I.

These financial statements are the separate financial statements of Innovative Investment Bank Limited. In addition to these financial statements, consolidated financial statements of the Company and its subsidiary companies, Maghreb Development Corporation (Private) Limited, International Assets Management Company Limited, Innovative Brokerage (Private) Limited and Exclusive Ventures (Private) Limited.

The Company has applied to the regulatory authorities for listing of the company's shares on all the three stock exchanges of Pakistan.

2 BASIS OF PREPARATION

These financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of Companies Ordinance, 1984. These financial statements have been prepared in compliance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".

3 ACCOUNTING POLICIES

These financial statements have been prepared by applying accounting policies consistent with those applied in the preparation of the preceding audited financial statements of the Company for the year ended December 31, 2008.

June 30, December 31,
2009 2008

Rupees in '000'

4 FIXED ASSETS

Property, plant and equipment		
Operating fixed assets - held for own use	549,389	443,676
Assets subject to finance lease	3,961	12,410
Assets leased out under operating lease arrangements	6,648	7,514
	559,998	463,600
Intangible assets	7,097	7,097
Capital work in progress	39,813	157,090
	<u>606,908</u>	<u>627,787</u>

4.1 ADDITIONS / DISPOSAL IN OPERATING FIXED ASSETS

The following fixed assets have been added / disposed off during the six months ended June 30, 2009:

	Cost Amount	
	Additions	Disposals
	Rupees in '000'	
Assets in own use		
Office premises	3,649	-
Furniture and fixtures	20	370
Office equipments	265	123
Vehicles	85	16,584
	<u>4,019</u>	<u>17,077</u>
June 30, 2009		
June 30, 2008	<u>5,127</u>	<u>17,936</u>

		June 30, 2009	December 31, 2008
		Rupees in '000'	
5 INVESTMENT PROPERTIES			
Investment properties	5.1	682,289	1,121,015
Work in progress		164,269	139,732
		<u>846,558</u>	<u>1,260,747</u>

5.1 This includes fair value of investment properties amounting to Rupees 580.203 million (December 31, 2008: Rupees 814.199 million) in the name of Maghreb Development Corporation (Private) Limited (MDCL) wholly owned subsidiary of the Company. These were acquired by formerly Crescent Standard Investment Bank Limited on December 31, 2005 by virtue of a settlement agreement and a power of attorney executed by MDCL in the name of CSIBL, which was subsequently amalgamated into the Company.

5.2 Investment Properties

Reconciliation statement of the investment properties showing the movement during the period ended June 30, 2009 is as follows:

2009							
Description	As at January 01, 2009	Additions resulting from acquisition / installments	Transfers	Additions resulting from subsequent expenditures	Disposals	Surplus / (deficit/ impairment) on revaluation of properties	As at June 30, 2009
----- Rupees in '000' -----							
Investment Properties							
Land	885,332	-	(203,130)	-	-	-	682,202
Premises	235,683	-	(235,682)	86	-	-	87
	<u>1,121,015</u>	<u>-</u>	<u>(438,812)</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>682,289</u>
Work In Progress							
Land	2,938	20,000	-	2,537	-	-	25,475
Premises/Building	136,794	2,000	-	-	-	-	138,794
	<u>139,732</u>	<u>22,000</u>	<u>-</u>	<u>2,537</u>	<u>-</u>	<u>-</u>	<u>164,269</u>
	<u>1,260,747</u>	<u>22,000</u>	<u>(438,812)</u>	<u>2,623</u>	<u>-</u>	<u>-</u>	<u>846,558</u>
2008							
Description	As at January 01, 2008	Additions resulting from acquisition / installments	Transfers	Additions resulting from subsequent expenditures	Disposals	Surplus / (deficit/ impairment) on revaluation of properties	As at December 31, 2008
----- Rupees in '000' -----							
Investment Properties							
Land	863,483	-	-	-	-	21,849	885,332
Premises	294,005	-	-	2,795	-	(61,117)	235,683
	<u>1,157,488</u>	<u>-</u>	<u>-</u>	<u>2,795</u>	<u>-</u>	<u>(39,268)</u>	<u>1,121,015</u>
Work In Progress							
Land	-	-	-	2,938	-	-	2,938
Premises	127,236	9,558	-	-	-	-	136,794
	<u>127,236</u>	<u>9,558</u>	<u>-</u>	<u>2,938</u>	<u>-</u>	<u>-</u>	<u>139,732</u>
	<u>1,284,724</u>	<u>9,558</u>	<u>-</u>	<u>5,733</u>	<u>-</u>	<u>(39,268)</u>	<u>1,260,747</u>

6 LONG TERM INVESTMENTS

No. of Ordinary shares /certificates			June 30, 2009	December 31, 2008
			Rupees in '000'	
2009	2008	Wholly owned subsidiary companies		
5,000,000	5,000,000	Innovative Brokerage (Private) Limited [Rs. 10/- each]	48,995	48,995
3,006,080	3,006,080	International Asset Management Company Limited [Rs. 10/- each]	8,046	8,046
2	2	Maghreb Development Corporation (Private) Limited [Rs. 10/- each]	-	-
100	100	Exclusive Ventures (Private) Limited [Rs. 100/- each]	117,509	117,509
		Sukuk certificates		
6,000	6,000	House Building Finance Corporation Limited - unlisted [Rs. 5,000/- each]	30,000	30,000
			<u>204,550</u>	<u>204,550</u>
		Less: Current maturity of Sukuk certificates	<u>6,000</u>	<u>3,000</u>
			<u>198,550</u>	<u>201,550</u>

7 LOANS AND ADVANCES

Receivable from related parties

Gross amount receivable	6,987	42,917
Less: Provision for doubtful receivable	<u>6,987</u>	<u>5,917</u>
Net exposure - Considered good	-	37,000

Receivable from others

Gross amount receivable	1,346,156	1,369,556
Less: Provision for doubtful receivable	<u>928,141</u>	<u>937,000</u>
Net exposure - Considered good	<u>418,015</u>	<u>432,556</u>
Less: Current maturity	<u>369,755</u>	<u>454,454</u>
	<u>48,260</u>	<u>15,102</u>

8 NET INVESTMENT IN FINANCE LEASE

Lease rentals receivable	458,567	474,782
Add: Residual value	<u>110,657</u>	<u>124,378</u>
Gross investment in finance lease	<u>569,224</u>	<u>599,160</u>
Less: Unearned finance income	<u>9,488</u>	<u>8,079</u>
Net investment in finance lease	<u>559,736</u>	<u>591,081</u>
Less: Provision for potential lease losses	<u>397,605</u>	<u>390,069</u>
	<u>162,131</u>	<u>201,012</u>
Less: Current maturity	<u>121,995</u>	<u>152,365</u>
	<u>40,136</u>	<u>48,647</u>

9 LONG TERM PLACEMENT OF FUNDS

Long term placement of funds	-	50,000
Less: Current maturities	-	50,000
	<u>-</u>	<u>-</u>

10 CURRENT MATURITIES OF NON-CURRENT ASSETS

Long term investments	6,000	3,000
Loans and advances	369,755	454,454
Net investment in finance lease	<u>121,995</u>	<u>152,365</u>
Long term placement of funds	-	50,000
	<u>497,750</u>	<u>659,819</u>



	Note	June 30, 2009	December 31, 2008
		Rupees in '000'	
11 INVESTMENT PROPERTIES HELD FOR SALE	11.1 & 11.2	438,812	-
11.1	The Company has initiated sale of certain investment properties, which have been classified under this head.		
11.2	This includes fair value of investment properties amounting to Rupees 233.996 million (December 31, 2008: Nil) in the name of Maghreb Development Corporation (Private) Limited (MDCL) wholly owned subsidiary of the Company. These were acquired by formerly Crescent Standard Investment Bank Limited on December 31, 2005 by virtue of a settlement agreement and a power of attorney executed by MDCL in the name of CSIBL, which was subsequently amalgamated into the Company.		
12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER ASSETS			
Advances to staff- considered good		4,047	3,597
Income tax - net		23,957	23,207
Security deposits		6,139	8,918
Prepayments		9,560	11,699
Due from lessees		5,243	5,243
Assets repossessed		59,315	59,315
Due from brokers and clients		76,874	80,922
		<u>185,135</u>	<u>192,901</u>
Less: provision for doubtful receivables		<u>143,709</u>	<u>137,679</u>
		<u>41,426</u>	<u>55,222</u>
13 MARK-UP AND PROFIT RECEIVABLES			
Loans and advances		7,599	11,684
Profit receivable from Sysmax (Private) Limited	13.1	100,000	100,000
Funds placements		623	7,634
Deposits with banks		723	1,657
		<u>108,945</u>	<u>120,975</u>
13.1 Gross amount receivable		237,000	237,000
Less: Provision against doubtful receivable		137,000	137,000
Net amount receivable		<u>100,000</u>	<u>100,000</u>
14 OTHER RECEIVABLES			
Unsecured - Considered good			
Sysmax (Private) Limited		204,057	204,057
Exclusive Ventures (Private) Limited - Related party		88,762	85,117
		292,819	289,475
Considered doubtful			
Maghreb Development Corporation (Private) Limited - Related party		22	22
Others		142,791	149,000
		142,813	148,721
		<u>435,632</u>	<u>438,196</u>
Less: Provision for doubtful other receivables		136,503	145,132
		<u>299,129</u>	<u>293,064</u>
15 SHORT TERM INVESTMENTS			
Available for sale			
Ordinary shares - listed		7,275	8,941
Ordinary shares - unlisted		80,690	80,691
		87,965	89,632
Held for trading			
Ordinary shares and certificates - listed		31,090	23,342
		<u>119,055</u>	<u>112,974</u>

16	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		Note	June 30,	December 31,
	2009	2008		2009	2008
	No. of shares			Rupees in '000'	
	80,000,000	80,000,000	Ordinary shares of Rs. 10 each	800,000	800,000
	629,980	629,980	Ordinary shares of Rs. 10 each issued to CSIBL shareholders in 2007 in accordance with the Scheme of Amalgamation.	6,300	6,300
			Ordinary shares of Rs. 10 each issued to Saudi Pak Industrial & Agriculture Investment Company Limited as per restructuring agreement.		
	3,762,304	-		37,623	
	<u>80,629,980</u>	<u>80,629,980</u>		<u>843,923</u>	<u>806,300</u>
16.1	Agen Limited B.V.I., a parent company, holds 79,996,500 (December 31, 2008: 79,996,500) ordinary shares of the Company.				
16.2	Borrowing of Rupees 37.623 million obtained from Saudi Pak Industrial & Agricultural Investment Company Limited, has been converted into issued, subscribed and paid-up capital and 3,762,304 number of ordinary shares have been issued at the rate of Rupees 10 per share.				
17	LONG TERM FINANCING				
	Loan from banking companies and financial institutions			644,622	687,321
	Less: current maturities			124,087	65,452
				<u>520,535</u>	<u>621,869</u>
18	CURRENT MATURITIES OF NON-CURRENT LIABILITIES				
	Liabilities against assets subject to finance lease			1,290	4,548
	Long term financing			124,087	65,452
	Long term customers' deposits			749,677	748,442
	Security deposits			102,411	115,528
				<u>977,465</u>	<u>933,970</u>
19	ACCRUED AND OTHER LIABILITIES				
	Profit / return payable on customer deposits and borrowings			89,606	80,689
	Payments received against loans, advances and others			16,502	15,168
	Accounts payable on settlement / recovery from Sysmax (Pvt.) Limited		19.1	330,062	330,062
	Accrued expenses and other liabilities			133,459	128,120
	Margin deposits			1,934	1,934
	Tax Deducted at source			181	1,129
	Payable against divestment of investment			90,000	90,000
	Lease balance payable			3,474	10,211
	Zakat payable			2,158	897
	Payable to stock brokers			27	27
				<u>667,403</u>	<u>658,237</u>

19.1 This represents accounts payable to various parties, which will be settled / paid after recovery from Sysmax (Pvt.) Limited.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

Acceptances / undertakings against documentary credits and guarantees issued in normal course of business in favor of:

Banking companies and other financial institutions	1,897	163,397
Corporate and other government and non government institutions	90,405	90,919

20.2 Status of Significant Litigation by / against former Crescent Standard Investment Bank Limited, a merging company, is as follows:

20.2.1 The Pakistan Water & Power Development Authority (WAPDA) had filed a suit for recovery of its Deposit of Rupees 300 million along with profit thereon amounting to Rupees 11.301 million. Leave to defend the suit has been filed by the Company. The Honorable Lahore High Court has passed an order temporarily restraining the Company from transferring and disposing off its assets. The Company has also filed an application before the Honorable Lahore High Court for withdrawal of the restraining order. The Company has paid Rupees 39 million to WAPDA as per Payment Plan of CSIBL's term deposit certificates. WAPDA has received the amount without prejudice of their right / claim arising from the cases pending with the Lahore High Court. As per management's assessment, no additional liability is likely to arise as a result of the suit.

20.3 Commitments	Note	2009 Rs in '000'	2008 Rs in '000'
Commitments for disbursement of leases, loans and advances	20.3.1	234,119	234,119
Commitments for balance payments for the purchase of investment properties		27,999	36,519

20.3.1 The amount represents remaining commitment by former Crescent Standard Investment Bank Limited (now merged into the Company) for financing to Sysmax (Private) Limited (Sysmax) for development, upgrading and building of Defense Housing Authority Country & Golf Club, Karachi (DHACGC), out of a total amount of Rs. 1,540 million as at the start of the project. Against the amount of Rupees 1,540 million, Crescent Standard Investment Bank Limited had acquired the selling rights to 2,000 platinum memberships.

Sysmax (Private) Limited, had unilaterally and unlawfully terminated the Agreement for financing the project dated September 2, 2004 and Assignment agreement dated September 21, 2004 (relating to assignment of Platinum memberships of DHACGC) with the Company for alleged breach of the Agreement. In addition, Sysmax had also advised the Escrow Account bank (NIB Bank Limited) to disengage the Company as one of the signatories for release of funds from the Account. The Company has issued a notice through its legal attorney denying the alleged breaches, advising Sysmax for withdrawal of the notice of termination and appointment of an Arbitrator, as required under the agreement to settle this dispute. Both the parties have nominated Arbitrators and the Arbitrators have appointed the umpire. The arbitration proceedings continue. Based on management's discussions with the legal attorney, it has strong grounds for restoration of the above Agreement and Assignment.

		Half Year Ended	
		June 30, 2009	December 31, 2008
		Rupees in '000'	
21	EARNINGS PER SHARE		
	Loss after taxation	(117,940)	(99,035)
	Weighted average ordinary shares	81,884,081	80,629,980
	Basic earnings per share	(1.44)	(1.23)

22 TRANSACTION WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The related parties comprise of subsidiaries, associates, joint ventures, directors, key management personnel and employees benefits funds. The Company in the normal course of business carries out transactions with various related parties at an arm's length basis. The amounts due from / to related parties and amounts due from directors and executives together with the remuneration of directors and executives are disclosed in the relevant notes to these financial statements.

The nature and description of related party transactions during the period are as follows: -

		Half Year Ended	
		June 30, 2009	December 31, 2008
		Rupees in '000'	
22.1	<u>Maghreb Development Corporation (Private) Limited</u> (wholly owned subsidiary)		
	Loans and advances receivable at the start of year	5,939	7,063
	Amounts adjusted during the year	1,070	(1,124)
	Loans and advances receivable at the end of year	7,009	5,939
	Provision against doubtful receivable	(6,987)	(5,917)
	Net exposure at the end of the 2nd quarter	22	22
22.2	<u>Exclusive Ventures (Private) Limited</u> (wholly owned subsidiary)		
	Loans and advances receivable at the start of year	85,419	-
	Payments made on behalf of the subsidiary	3,342	302
	Swap of loan	-	85,117
	Receivable at end of 2nd quarter	88,761	85,419

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issuance by the Board on August 31, 2009.

24 GENERAL

24.1 Figures have been rounded off to the nearest thousand rupees.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED & ITS SUBSIDIARIES

**CONSOLIDATED CONDENSED BALANCE SHEET
AS AT JUNE 30, 2009**

	Note	Un-audited June 30, 2009	Audited December 31, 2008
Rupees in '000'			
NON-CURRENT ASSETS			
Fixed assets	4	650,295	671,574
Investment properties	5	1,052,241	1,463,087
Long term investments	6	24,000	27,000
Loans and advances	7	47,190	15,102
Net investment in finance lease	8	40,136	48,647
Long term placement of funds	9	-	-
		<u>1,813,862</u>	<u>2,225,410</u>
CURRENT ASSETS			
Current maturities of non-current assets	10	497,750	659,819
Investment properties held for sale	11	438,812	-
Advances, deposits, prepayments and other assets	12	53,523	56,000
Mark-up and profit receivables	13	108,292	120,975
Other receivables	14	201,693	207,623
Short term investments	15	119,823	113,620
Short term placements		125,000	80,000
Cash and bank balances		51,125	92,389
		<u>1,596,018</u>	<u>1,330,426</u>
		<u><u>3,409,880</u></u>	<u><u>3,555,836</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
220,000,000 ordinary shares of Rupees 10/- each		<u>2,200,000</u>	<u>2,200,000</u>
Issued, subscribed and paid up share capital	16	843,923	806,300
Accumulated loss		(1,976,208)	(1,859,444)
		(1,132,285)	(1,053,144)
UNREALIZED (LOSS) ON INVESTMENTS AVAILABLE FOR SALE		(18,726)	(17,410)
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		3,121	10,769
Long term financing	17	535,670	621,869
Long term customers' deposits		2,367,704	2,366,103
Long term security deposits		8,811	10,052
Deferred tax liability		739	726
		<u>2,916,045</u>	<u>3,009,519</u>
CURRENT LIABILITIES			
Current maturities of non-current liabilities	18	962,330	933,970
Short term customers' deposits		1,972	9,852
Accrued and other liabilities	19	673,109	665,614
Unclaimed dividend		7,435	7,435
		<u>1,644,846</u>	<u>1,616,871</u>
Contingencies and commitments	20	-	-
		<u><u>3,409,880</u></u>	<u><u>3,555,836</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED & ITS SUBSIDIARIES

CONSOLIDATED CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2009

Note	Half Year Ended	
	June 30, 2009	June 30, 2008
Rupees in '000'		
INCOME		
Lease revenue	1,031	(3,214)
Return on loans, advances and placement of funds	10,550	51,203
Return on investments	10,663	(14,746)
Other income	11,404	29,391
	<u>33,648</u>	<u>62,634</u>
EXPENDITURES		
Financial charges	85,891	92,644
Administrative and operating expenses	66,315	80,430
	<u>152,206</u>	<u>173,074</u>
LOSS BEFORE PROVISION	<u>(118,558)</u>	<u>(110,440)</u>
Provision for doubtful receivables - Net	1,683	4,439
LOSS BEFORE TAXATION	<u>(116,875)</u>	<u>(106,001)</u>
PROVISION FOR TAXATION	(124)	127
LOSS AFTER TAXATION	<u>(116,999)</u>	<u>(105,874)</u>
EARNINGS PER SHARE – BASIC (Rupees)	21 <u>(1.43)</u>	<u>(1.31)</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

Chairman

Director

INNOVATIVE INVESTMENT BANK LIMITED & ITS SUBSIDIARIES

**CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2009**

	Half Year Ended	
	June 30, 2009	June 30, 2008
	Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(116,875)	(106,001)
Adjustments for non cash and other items:		
(Gain) on disposal of property and equipment	(4,726)	(4,279)
(Gain) on sale of investments	13,632	960
(Gain) / loss on remeasurement of investment held for trading	(21,268)	14,995
Loss on disposal of investment properties		
Unrealized Loss on remeasurement of investment properties		8,812
Depreciation	18,158	20,901
Direct write offs	1,380	-
Provision for doubtful receivables	(1,683)	(4,439)
	<u>5,493</u>	<u>36,950</u>
Cash used in operating activities before working capital changes	(111,382)	(69,051)
Adjustments for working capital changes:		
(Increase) / decrease in operating assets:		
Loans and advances	60,388	(179,058)
Net investment in finance lease	30,451	92,631
Advances, deposits, prepayments and other assets	4,552	(131,162)
Mark up & profit receivable	12,683	(15,526)
Other receivable	5,631	135,750
Increase / (decrease) in operating liabilities:		
Customers' deposits	(5,045)	(14,351)
		-
Accrued and other liabilities	7,495	(118,178)
	<u>116,155</u>	<u>(229,894)</u>
	4,773	(298,945)
Income tax (paid) / refund - Net	(696)	(892)
Net cash generated from / (used in) operating activities	4,077	(299,837)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments - Net	118	317,876
Purchase of investment properties - Net	(27,966)	(30,185)
Placements of funds	5,000	324,709
Purchase of fixed assets - Net	7,847	(40,868)
Net cash generated from/(used in) investing activities	(15,001)	571,532
CASH FLOW FROM FINANCING ACTIVITIES		
Paid up share capital	37,623	-
Loan from banking companies and financial institutions	(42,699)	(24,035)
Liabilities against assets subject to finance lease	(25,264)	(16,266)
Redeemable capital	-	(89,904)
Net cash generated from / (used in) financing activities	(30,340)	(130,205)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(41,264)	141,490
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	92,389	184,308
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	51,125	325,798

The annexed notes 1 to 23 form an integral part of these financial statements.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2009

	Issued, Subscribed and Paid-up Share Capital	Accumulated (Loss)/Profit	Shareholders' Equity
	----- Rupees in '000' -----		
Balance as at December 31, 2007	806,300	(1,827,444)	(1,021,144)
Loss for the half year ended June 30, 2008	-	(105,874)	(105,874)
Balance as at June 30, 2008	806,300	(1,933,318)	(1,127,018)
Profit for the period from July 1, 2008 to December 31, 2008		75,237	75,237
Incremental depreciation related to surplus on revaluation of fixed assets		(1,237)	(1,237)
Deferred tax liability related to surplus on revaluation of fixed assets		(126)	(126)
Balance as at December 31, 2008	806,300	(1,859,444)	(1,053,144)
Share Issued	37,623		37,623
Incremental depreciation related to surplus on revaluation of fixed assets		197	197
Deferred tax liability related to surplus on revaluation of fixed assets		38	38
Loss for the half year ended June 30, 2009	-	(116,999)	(116,999)
Balance as at June 30, 2009	843,923	(1,976,208)	(1,132,285)

The annexed notes 1 to 23 form an integral part of these financial statements.

Chairman

Director



INNOVATIVE INVESTMENT BANK LIMITED & ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2009**

1 STATUS AND NATURE OF BUSINESS

Innovative Investment Bank Limited (IIBL) the 'holding company' was incorporated on 29 March 2007 as a public limited company under the Companies Ordinance, 1984. The holding company is licensed to carry out investment finance services, leasing and housing finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The Registered office of the holding company is situated at H.M. House, 7 Bank Square, Lahore. The principal place of business is situated at Lahore and it operates through its branches in Karachi, Lahore, Islamabad, Peshawar and Mirpur (Azad Kashmir).

Innovative Investment Bank Limited is a subsidiary of Agen Limited B.V.I.

These financial statements are the condensed consolidated financial statements of the Holding Company and its subsidiary companies, Maghreb Development Corporation (Private) Limited, International Assets Management Company Limited, Innovative Brokerage (Private) Limited and Exclusive Ventures (Private) Limited.

The holding company has applied to the regulatory authorities for listing of the company's shares on all the three stock exchanges of Pakistan.

2 BASIS OF PREPARATION

These financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of Companies Ordinance, 1984. These consolidated financial statements have been prepared in compliance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".

3 ACCOUNTING POLICIES

These consolidated financial statements have been prepared by applying accounting policies consistent with those applied in the preparation of the preceding consolidated audited financial statements of the Group for the year ended December 31, 2008.

4 FIXED ASSETS

Property, plant and equipment
Operating fixed assets - held for own use
Assets subject to finance lease
Assets leased out under operating lease arrangements

	June 30, 2009	December 31, 2008
	Rupees in '000'	
	559,828	454,515
	3,961	12,410
	6,648	7,514
	570,437	474,439
Intangible assets	35,045	40,045
Capital work in progress	44,813	157,090
	<u>650,295</u>	<u>671,574</u>

4.1 ADDITIONS / DISPOSAL IN OPERATING FIXED ASSETS

The following fixed assets have been added / disposed off during the three months ended June 30, 2009:

	Cost Amount	
	Additions	Disposals
	(Rupees in "000")	
Office premises	3,649	-
Furniture and fixtures	20	370
Office equipments	265	123
Vehicles	85	16,584
June 30, 2009	<u>4,019</u>	<u>17,077</u>
June 30, 2008	<u>5,127</u>	<u>17,936</u>

		June 30, 2009	December 31, 2008
Rupees in '000'			
5 INVESTMENT PROPERTIES			
Investment properties	5.1	884,629	1,323,355
Work in progress		167,612	139,732
		<u>1,052,241</u>	<u>1,463,087</u>

5.1 This includes fair value of investment properties amounting to Rupees 580.203 million (December 31, 2008: Rupees 814.199 million) in the name of Maghreb Development Corporation (Private) Limited (MDCL) wholly owned subsidiary of the Holding Company. These were acquired by formerly Crescent Standard Investment Bank Limited on December 31, 2005 by virtue of a settlement agreement and a power of attorney executed by MDCL in the name of CSIBL, which was subsequently amalgamated into the Holding Company.

5.2 Investment Properties

Reconciliation statement of the investment properties showing the movement during the period ended June 30, 2009 is as follows:

2009							
Description	As at January 01, 2009	Additions resulting from acquisition / installments	Transfers	Additions resulting from subsequent expenditures	Disposals	Surplus / (deficit / impairment) on revaluation of properties	As at June 30, 2009
----- Rupees in '000' -----							
Investment Properties							
Land	1,087,672	-	(203,130)	-	-	-	884,542
Premises	235,683	-	(235,682)	86	-	-	87
	<u>1,323,355</u>	<u>-</u>	<u>(438,812)</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>884,629</u>
Work In Progress							
Land	2,938	20,000	-	5,880	-	-	28,818
Premises/Building	136,794	2,000	-	-	-	-	138,794
	<u>139,732</u>	<u>22,000</u>	<u>-</u>	<u>5,880</u>	<u>-</u>	<u>-</u>	<u>167,612</u>
	<u>1,463,087</u>	<u>22,000</u>	<u>(438,812)</u>	<u>5,966</u>	<u>-</u>	<u>-</u>	<u>1,052,241</u>
2008							
Description	Acquisition from CSIBL as at June 28, 2007	Additions resulting from acquisition / installments	Transfers	Additions resulting from subsequent expenditures	Disposals	Surplus / (deficit / impairment) on revaluation of properties	As at December 31, 2007
----- Rupees in '000' -----							
Investment Properties							
Land	863,483	231,412	-	-	-	(7,223)	1,087,672
Premises	294,005	-	-	2,795	-	(61,117)	235,683
	<u>1,157,488</u>	<u>231,412</u>	<u>-</u>	<u>2,795</u>	<u>-</u>	<u>(68,340)</u>	<u>1,323,355</u>
Work In Progress							
Land	-	-	-	2,938	-	-	2,938
Premises	127,236	9,558	-	-	-	-	136,794
	<u>127,236</u>	<u>9,558</u>	<u>-</u>	<u>2,938</u>	<u>-</u>	<u>-</u>	<u>139,732</u>
	<u>1,284,724</u>	<u>240,970</u>	<u>-</u>	<u>5,733</u>	<u>-</u>	<u>(68,340)</u>	<u>1,463,087</u>

	June 30, 2009	December 31, 2008
Rupees in '000'		
6 LONG TERM INVESTMENTS		
Sukuk certificates (6,000)		
House Building Finance Corporation Limited - unlisted [Rs. 5,000/- each]	30,000	30,000
Less: Current maturity of Sukuk certificates	6,000	3,000
	<u>24,000</u>	<u>27,000</u>

	June 30, 2009	December 31, 2008
	Rupees in '000'	
7 LOANS AND ADVANCES		
Receivable from related parties		
Gross amount receivable	-	37,000
Less: Provision for doubtful receivable	-	-
Net exposure - Considered good	<u>-</u>	<u>37,000</u>
Receivable from others		
Gross amount receivable	1,346,156	1,369,556
Less: Provision for doubtful receivable	<u>929,211</u>	<u>937,000</u>
Net exposure - Considered good	416,945	432,556
Less: Current maturity	<u>369,755</u>	<u>454,454</u>
	<u><u>47,190</u></u>	<u><u>15,102</u></u>
8 NET INVESTMENT IN FINANCE LEASE		
Lease rentals receivable	458,567	474,782
Add: Residual value	<u>110,657</u>	<u>124,378</u>
Gross investment in finance lease	569,224	599,160
Less: Unearned finance income	<u>9,488</u>	<u>8,079</u>
Net investment in finance lease	559,736	591,081
Less: Provision for potential lease losses	<u>397,605</u>	<u>390,069</u>
	162,131	201,012
Less: Current maturity	<u>121,995</u>	<u>152,365</u>
	<u><u>40,136</u></u>	<u><u>48,647</u></u>
9 LONG TERM PLACEMENT OF FUNDS		
Long term placement of funds	-	50,000
Less: Current maturities	-	50,000
	<u>-</u>	<u>-</u>
10 CURRENT MATURITY OF NON-CURRENT ASSETS		
Long term investments	6,000	3,000
Loans and advances	369,755	454,454
Net investment in finance lease	121,995	152,365
Long term placement of funds	-	50,000
	<u>497,750</u>	<u>659,819</u>
11 INVESTMENT PROPERTIES HELD FOR SALE	11.1 & 11.2	<u><u>438,812</u></u>
11.1	The Holding Company has initiated sale of certain investment properties, which have been classified under this head.	-
11.2	This includes fair value of investment properties amounting to Rupees 233.996 million (December 31, 2008: Nil) in the name of Maghreb Development Corporation (Private) Limited (MDCL) wholly owned subsidiary of the Holding Company. These were acquired by formerly Crescent Standard Investment Bank Limited on December 31, 2005 by virtue of a settlement agreement and a power of attorney executed by MDCL in the name of CSIBL, which was subsequently amalgamated into the Holding Company.	-



	Note	June 30, 2009	December 31, 2008
Rupees in '000'			
12	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER ASSETS		
Advances to staff- considered good		4,284	3,871
Income tax - net		24,199	23,379
Security deposits		6,788	9,567
Prepayments		12,183	11,701
Due from lessees		5,243	5,243
Assets repossessed		59,315	59,315
Due from brokers and clients		76,874	80,922
		<u>188,886</u>	<u>193,998</u>
Less: provision for doubtful receivables		<u>135,363</u>	<u>137,998</u>
		<u>53,523</u>	<u>56,000</u>
13	MARK-UP AND PROFIT RECEIVABLES		
Loans and advances		6,946	11,684
Profit receivable from Sysmax (Private) Limited	13.1	100,000	100,000
Funds placements		623	7,634
Deposits with banks		723	1,657
		<u>108,292</u>	<u>120,975</u>
13.1	Gross amount receivable	237,000	237,000
	Less: Provision against doubtful receivable	137,000	137,000
	Net amount receivable	<u>100,000</u>	<u>100,000</u>
14	OTHER RECEIVABLES		
Unsecured - Considered good			
Sysmax (Private) Limited		204,057	204,057
Considered doubtful			
Others		143,153	149,105
		<u>347,210</u>	<u>353,162</u>
Less: Provision for doubtful other receivables		<u>145,517</u>	<u>145,539</u>
		<u>201,693</u>	<u>207,623</u>
15	SHORT TERM INVESTMENTS		
Available for sale			
Ordinary shares - listed		7,275	8,941
Ordinary shares - unlisted		80,690	80,691
		87,965	89,632
Held for trading			
Ordinary shares and certificates - listed		31,858	23,988
		<u>119,823</u>	<u>113,620</u>

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2009	2008	Note	June 30, 2009	December 31, 2008
	No. of shares			Rupees in '000'	
	80,000,000	80,000,000	Ordinary shares of Rs. 10 each	800,000	800,000
	629,980	629,980	Ordinary shares of Rs. 10 each issued to CSIBL shareholders in 2007 in accordance with the Scheme of Amalgamation.	6,300	6,300
	3,762,304	-	Ordinary shares of Rs. 10 each issued to Saudi Pak Industrial & Agriculture Investment Company Limited as per restructuring agreement.	37,623	
	<u>84,392,284</u>	<u>80,629,980</u>		<u>843,923</u>	<u>806,300</u>

16.1 Agen Limited B.V.I., a parent company, holds 79,996,500 (December 31, 2008: 79,996,500) ordinary shares of the Company.

16.2 Borrowing of Rupees 37.623 million obtained from Saudi Pak Industrial & Agricultural Investment Company Limited, has been converted into issued, subscribed and paid-up capital and 3,762,304 number of ordinary shares have been issued at the rate of Rupees 10 per share.

17 LONG TERM FINANCING

Loan from banking companies and financial institutions	644,622	687,321
Less: current maturities	108,952	65,452
	<u>535,670</u>	<u>621,869</u>

18 CURRENT MATURITIES OF NON-CURRENT LIABILITIES

Liabilities against assets subject to finance lease	1,290	4,548
Long term financing	108,952	65,452
Long term customers' deposits	749,677	748,442
Security deposits	102,411	115,528
	<u>962,330</u>	<u>933,970</u>

19 ACCRUED AND OTHER LIABILITIES

Profit / return payable on redeemable capital, deposits and borrowings	89,606	80,689
Payments received against loans, advances and others	16,502	15,168
Accounts payable on settlement / recovery from Sysmax (Pvt.) Limited	19.1 330,062	330,062
Accrued expenses and other liabilities	139,165	123,634
Margin deposits	1,934	1,934
Tax Deducted at source	181	1,129
Payable against divestment of investment	90,000	90,000
Lease balance payable	3,474	22,074
Zakat payable	2,158	897
Payable to stock brokers	27	27
	<u>673,109</u>	<u>665,614</u>

19.1 This represents accounts payable to various parties, which will be settled / paid after recovery from Sysmax (Pvt.) Limited.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

Acceptances / undertakings against documentary credits and guarantees issued in normal course of business in favor of:

Banking companies and other financial institutions	1,897	163,397
Corporate and other government and non government institutions	90,405	90,919

20.2 Status of Significant Litigation by / against former Crescent Standard Investment Bank Limited, a merging company, is as follows:

20.2.1 The Pakistan Water & Power Development Authority (WAPDA) had filed a suit for recovery of its Deposit of Rupees 300 million along with profit thereon amounting to Rupees 11.301 million. Leave to defend the suit has been filed by the Company. The Honorable Lahore High Court has passed an order temporarily restraining the Company from transferring and disposing off its assets. The Company has also filed an application before the Honorable Lahore High Court for withdrawal of the restraining order. The Company has paid Rupees 39 million to WAPDA as per Payment Plan of CSIBL's term deposit certificates. WAPDA has received the amount without prejudice of their right / claim arising from the cases pending with the Lahore High Court. As per management's assessment, no additional liability is likely to arise as a result of the suit.

	Note	June 30, 2009	December 31, 2008
Rupees in '000'			
20.3	Commitments		
	Commitments for disbursement of leases, loans and advances	20.3.1 234,119	234,119
	Commitments for balance payments for the purchase of investment properties	47,999	36,519

20.3.1 The amount represents remaining commitment by former Crescent Standard Investment Bank Limited (now merged into the Holding Company) for financing to Sysmax (Private) Limited (Sysmax) for development, upgrading and building of Defense Housing Authority Country & Golf Club, Karachi (DHACGC), out of a total amount of Rs. 1,540 million as at the start of the project. Against the amount of Rupees 1,540 million, Crescent Standard Investment Bank Limited had acquired the selling rights to 2,000 platinum memberships.

Sysmax (Private) Limited, had unilaterally and unlawfully terminated the Agreement for financing the project dated September 2, 2004 and Assignment agreement dated September 21, 2004 (relating to assignment of Platinum memberships of DHACGC) with the Company for alleged breach of the Agreement. In addition, Sysmax had also advised the Escrow Account bank (NIB Bank Limited) to disengage the Company as one of the signatories for release of funds from the Account. The Company has issued a notice through its legal attorney denying the alleged breaches, advising Sysmax for withdrawal of the notice of termination and appointment of an Arbitrator, as required under the agreement to settle this dispute. Both the parties have nominated Arbitrators and the Arbitrators have appointed the umpire. The arbitration proceedings continue. Based on management's discussions with the legal attorney, it has strong grounds for restoration of the above Agreement and Assignment.

21 EARNINGS PER SHARE

(Loss) / Profit after taxation	Rupees in '000'	<u>(116,999)</u>	<u>(105,874)</u>
Weighted average ordinary shares	No. of Shares	<u>81,884,081</u>	<u>80,629,980</u>
Basic earnings per share	Rupees	<u>(1.43)</u>	<u>(1.31)</u>

22 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issuance by the Board on 31 August 2009.

23 GENERAL

23.1 Figures have been rounded off to the nearest thousand rupees.

Chairman

Director