Annual Report 2017

Invest Capital Investment Bank Limited


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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 Secretary
Mr. M. Naim Ashraf

Auditors
Deloitte Yousuf Adil
Chartered Accountants
Fax: 042-35777286

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: 021-35661968
Fax: 021-35654022
Website: www.icibl.com

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

National Tax Number
0656427-5

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.

Notice of 25th Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 6.30 p.m. on Tuesday, 31st October, 2017 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 Extra Ordinary General Meeting of the Shareholders held on 31st July 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 2017. 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, 2018. 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 2017-18.

SPECIAL BUSINESS

4. To consider and if deemed fit, to pass the following special resolution with or without modification(s), addition(s) or deletion(s) to alter the Articles of Association of the Company in order to incorporate the effect of Companies (E-Voting) Regulations, 2016:

"Resolved that the existing Article 41 of the Articles of Association of the Company be and is hereby re-worded to be read as follows:

41. QUORUM

No business shall be transacted in any general meeting unless a quorum of the members is present at that time when the meeting proceeds to business. At least ten (10) members entitled and present personally or through video-link who represent not less than Twenty Five percent (25%) of the total voting power, either of their own account or as proxies shall be a quorum.

Further resolved that the following new article be and is hereby added after Article 47 of the Articles of Association of the Company to be read as follows:

47A. ELECTRONIC VOTING

The provisions and requirements for e-voting by the members at general meetings as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein.

Further resolved that the existing Article 57 be and is hereby re-worded to be read as follows:

57. FORM OF PROXY

An instrument appointing a proxy shall be in the form specified in Regulation 42 of the Table 'A' in the First Schedule to the Companies Act 2017 or Schedule II of the Companies (E-Voting) Regulations, 2016 or in any other form which the Directors may approve.

Further resolved that the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company and make necessary submissions and complete legal formalities, as may be required to implement the aforesaid Special Resolutions"

(Statement under Section 134(3) of the Companies Act, 2017 relating to the special business is enclosed herewith.)

OTHER BUSINESS

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

By Order of the Board

Lahore **M. Naim Ashraf**
October 10, 2017 Company Secretary

NOTES:

1. The Members' Register will remain closed from 24th October 2017 to 31st October 2017 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 23rd October 2017 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.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 31st October 2017.

AGENDA ITEM 4

The Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulations 2016 through SRO 43(1)/2016. The SECP has also laid down procedure for participation of the members in general meetings through video conferencing vide Circular No. 10 of 2014. In order to accommodate the above laws, the directors have, recommended to add / amend the relevant Articles of Association of the Company as follows:

41. QUORUM

No business shall be transacted in any general meeting unless a quorum of the members is present at that time when the meeting proceeds to business. At least ten (10) members entitled and present personally or through video-link who represent not less than Twenty Five percent (25%) of the total voting power, either of their own account or as proxies shall be a quorum.

47A. ELECTRONIC VOTING

The provisions and requirements for e-voting by the members at general meetings as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein.

57. FORM OF PROXY

An instrument appointing a proxy shall be in the form specified in Regulation 42 of the Table 'A' in the First Schedule to the Companies Act 2017 or Schedule II of the Companies (E-Voting) Regulations, 2016 or in any other form which the Directors may approve.

Directors' Report

The Directors of Invest Capital Investment Bank Limited (the 'Company') are pleased to present the twenty fifth annual report together with the audited financial statements of the Company for the year ended June 30, 2017.

Financial Information

The financial results of the company are summarized below:

	--------- Rupess in million ---------	
Financial Highlights	**2017**	2016
Gross revenue	**35.14**	58.78
Administrative expenses	**33.19**	31.00
Other operating expenses	**0.00**	2.90
Financial charges (Net)	**28.51**	16.09
Provisions / (reversals) and write offs	**(4.86)**	28.11
Other income	**12.49**	58.52
Profit / (loss) for the year before taxation	**(9.21)**	39.19
Taxation - net	**0.19**	1.07
Profit / (loss) for the year after taxation	**(9.40)**	40.26
Earnings / (loss) per share - basic	**(0.03)**	0.14
Appropriations:		
Transfer to statutory reserves	**0.00**	8.05

Economic Review

Pakistan's GDP maintained its growth trajectory with increase of 5.3% during FY' 17; against a targeted growth of 5.7%. Agriculture and Large-Scale Manufacturing sectors witnessed a healthy growth of 3.5% and 5.7% respectively against a dismal performance of 0.3% and 3.4% respectively in FY'16. Service sector supported by 10.8% growth in finance and insurance sector also registered a healthy growth of 6.0%.

In order to realize a more inclusive growth pattern, policy focus on key areas including fiscal consolidation through reduction in public sector debt to GDP ratio, expanding private sector credit to GDP ratio, curtailment of rising imports, containment of rising circular debt, broadening of tax base and structural reforms to strengthen overall business climate especially export oriented industries remains imperative.

Rising current account deficit alarmingly reached to US$ 12.1 billion or 4% of GDP during FY'17 from 1.7% over the previous financial year; primarily due to unprecedented trade deficit of US$ 26,885 million during FY'17, up 39% over FY' 16. Imports increasing by 19% to US$ 48,545 million during FY'17, while exports continued downward trend for the past four years and fell 1% to reach US$ 1,660 million during FY'17. Remittances remained sluggish and declined by 3% during FY'17 to reach US$ 19,303 million.

On the positive note, Foreign Direct Investment (FDI) increased by 5% during the year to reach US$ 2,411 million at the end of June 2017. Continued pressure on Current Account and FX reserves may lead to possible currency depreciation in the medium term. Pakistan's upgrade to emerging market status by MCSI unexpectedly failed to stimulate the PSX; as KSE-100 index after reaching peak of 52,876 points during the May'17 dropped below December 2016 level to close at 46,565 points as at June 30, 2017.

The inflation in the current fiscal year continues to remain well in control, Consumer Price Index increased by just 4% on year on year (YoY) during June 2017. Accordingly State Bank of Pakistan maintained Policy rate at 5.75% during the period under review.

However, overall businesses of the country are moving in positive direction due to macroeconomic stability, improved law and order and China Pakistan Economic Corridor related investments promising well for the future prospects.

Company Overview

Alhumdulillah, the Company is now on its path of stability. The non-availability of credit lines from financial institutions and other fund raising activities remained the reason for low business volumes during the year. 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 revenue from leasing business has marginally increased due to recovery from non-performing leases and loans, resulting in reversal of markup suspended in earlier years. The Gross revenue (including other income) of the Company amounted to Rs. 47.63 million as compared to Rs. 117.29 million of the last year. The decrease is basically due to reduction in other income which is not of a consistent nature. The management has substantially curtailed its administrative expenses during the past years five years. However, during the year there is an increase of Rs. 2.19 million due to unexpected expenses. These expenses will be reduced in the next year. It is re-emphasized that to increase the operational profits we need to do a lot of new business which in turn depends upon availability of ample funds. At present the only source of funding is recovery of non-performing leases and loans.

Settlement of Liabilities:-

The management is pleased to inform you that up-till end of June 30, 2017 around 95.01% 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, 2017	1,483.59
Outstanding amount pending settlement	77.89

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 now stands fully paid as on balance sheet date.

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, 2017 stands at Rs. 1,337.64 million (2016 Rs.1,365.28 million). 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 85.50% 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. 528.47 million up to June 30, 2017 (Since the change of management) against settlement of liabilities as well as cash. The Company has earned a capital gain of Rs.129.18 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 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. 90.71 million were disbursed as against Rs. 84.95 million in the year 2016. Fresh business may further increase during the current year as major liabilities have been settled with the lenders.

Future Outlook

The country's outlook remains favorable with real GDP growth envisaged at 6% in fiscal year 2018; contingent upon timely delivery of energy and infrastructure related projects, fiscal consolidation to resolve revenue shortfalls and rising circular debt along with continued efforts to reduce current account deficit and stabilize security situation.

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 would 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	Remarks
Mr. Muhammad Asif (CEO)	5	
Mr. Muhammad Qasim	5	
Mrs.Ayesha Shehryar	5	
Brig. (Retd.) Wali Muhammad	3	Joined during the year
Mr. Shahbaz Haider Agha	3	Resigned during the year
Mr. Hasan Ahmed	3	Resigned during the year
Ms. Fiza Zahid	3	
Mr. Shahab Ud Din Khan	3	
Mr. Javed Iqbal	3	Joined & resigned during the year
Mr. Ashar Saeed	0	Joined during the year

No trading in shares was done by the Directors/CEO of the company during the year 2016-2017.

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	Remarks
Mr. Shahab Uddin Khan	1	Nominated during the year
Mrs. Ayesha Shehryar	4	Nominated during the year
Mr. Hasan Ahmed	2	Resigned during the year
Brig. (Retd.) Wali Muhammad	1	Nominated during the year
Mr. Javed Iqbal	3	Nominated during the year

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 2017-18.

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, 2017 is enclosed herewith.

Acknowledgments

On behalf of the Board of Directors, I acknowledge with thanks the support and guidance provided by the Securities and Exchange Commission of Pakistan during the phase of difficulties and crisis which is now almost over. The Board is also thankful to all its depositors, lending institutions, clients and shareholders for their continued support and trust in the Company's ability to discharge its obligations. The Board also appreciates the staff members who kept up their morale during the difficult times and made concerted efforts for revival of the Company.

For and on behalf of the Board of Directors

Lahore
October 09, 2017

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

KEY FINANCIAL AND OPERATING DATA

....Rupees in thousand..

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

Pattern of Shareholding

As at June 30, 2017

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1,216	1	100	45,385
3,567	101	500	811,253
606	501	1,000	462,846
2,860	1,001	5,000	6,079,756
506	5,001	10,000	3,849,997
184	10,001	15,000	2,341,122
122	15,001	20,000	2,231,578
83	20,001	25,000	1,918,625
66	25,001	30,000	1,842,419
35	30,001	35,000	1,176,220
29	35,001	40,000	1,100,390
22	40,001	45,000	944,540
34	45,001	50,000	1,664,956
9	50,001	55,000	470,912
13	55,001	60,000	760,210
10	60,001	65,000	631,782
9	65,001	70,000	626,258
5	70,001	75,000	368,500
9	75,001	80,000	703,036
5	80,001	85,000	418,805
5	85,001	90,000	440,500
4	90,001	95,000	375,236
21	95,001	100,000	2,083,156
7	100,001	105,000	719,371
4	105,001	110,000	431,445
4	110,001	115,000	450,810
2	115,001	120,000	240,000
4	120,001	125,000	496,092
5	125,001	130,000	641,100
3	130,001	135,000	401,556
2	135,001	140,000	277,000
3	140,001	145,000	431,000
3	145,001	150,000	447,000
1	150,001	155,000	155,000
2	155,001	160,000	317,500
1	165,001	170,000	169,322
1	175,001	180,000	175,137
1	180,001	185,000	181,000
1	185,001	190,000	186,000
6	195,001	200,000	1,195,190
1	200,001	205,000	201,500
2	205,001	210,000	411,060
1	210,001	215,000	212,000
9,474	**Carry forward**		**39,086,565**

Total:

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
9,474			**39,086,565**
1	215,001	220,000	218,000
1	225,001	230,000	229,348
3	230,001	235,000	692,222
1	240,001	245,000	242,340
2	245,001	250,000	497,000
2	250,001	255,000	505,260
1	255,001	260,000	256,500
1	270,001	275,000	275,000
1	280,001	285,000	280,800
1	320,001	325,000	324,000
1	345,001	350,000	346,500
1	395,001	400,000	400,000
1	410,001	415,000	413,000
1	480,001	485,000	481,260
1	580,001	585,000	583,080
1	595,001	600,000	600,000
1	650,001	655,000	652,147
1	660,001	665,000	664,776
1	805,001	810,000	805,500
1	905,001	910,000	910,000
1	1,020,001	1,025,000	1,021,784
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	1,285,001	1,290,000	1,285,500
1	1,295,001	1,300,000	1,299,000
1	1,770,001	1,775,000	1,771,000
1	1,795,001	1,800,000	1,800,000
1	1,850,001	1,855,000	1,852,721
1	2,420,001	2,425,000	2,424,076
1	2,445,001	2,450,000	2,445,500
2	3,310,001	3,315,000	6,625,392
1	3,830,001	3,835,000	3,834,059
1	4,245,001	4,250,000	4,246,917
1	6,960,001	6,965,000	6,963,000
1	7,840,001	7,845,000	7,840,349
1	8,235,001	8,240,000	8,238,000
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
9,521	**Grand Total**		**284,866,896**

Pattern of Shareholding

As at June 30, 2017

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Muhammad Asif	-	500	500	0.00
Directors				
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
Mr. Muhammad Qasim	-	1,000	1,000	0.00
Mr. Shahab-ud-din Khan	-	500	500	0.00
Mr. Wali Muhammad	1,000	-	1,000	0.00
Sub Total	**1,000**	**104,450,750**	**104,451,750**	**36.67**
NIT & ICP (Name Wise Detail)				
Investment Corporation of Pakistan	79,913	-	79,913	0.03
National Dev.finance Corp.(investar)	-	26	26	0.00
National Development Fin. Corp. - (Investor A/c.)	348	-	348	0.00
National Development Finance Corp. - Investor	62,660	-	62,660	0.02
National Development Finance Corporation	390	-	390	0.00
Sub Total	**143,311**	**26**	**143,337**	**0.05**
Mutual Funds (Name Wise Detail)				
Growth Mutual Fund	96	-	96	0.00
Sub Total	**96**	**-**	**96**	**0.00**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**48,164**	**1,919,829**	**1,967,993**	**0.69**
Modarabas	**603,738**	**-**	**603,738**	**0.21**
Insurance Companies	**100,672**	**2,446,176**	**2,546,848**	**0.89**
Other Companies,Corporate Bodies, Trust etc.	**561,351**	**32,075,079**	**32,636,430**	**11.46**
General Public	**9,604,446**	**132,912,258**	**142,516,704**	**50.03**
Total	**11,062,778**	**273,804,118**	**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

On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2017 prepared by the Board of Directors of Invest Capital Investment Bank Limited (the Company) to comply with the requirements of Clause No. 5.19.23 of the Pakistan Stock Exchange Limited Regulations.

The responsibility for compliance with the Code 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 Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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 wether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committtee, and upon recommendation of the Audit Committee, place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine 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 best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2017.

Deloitte Yousuf Adil
Chartered Accountants
Engagement partner: Hamid Masood

Date: October 09, 2017
Place: Faisalabad

Statement of Compliance

With the Code of Corporate Governance
For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Clause No. 5.19.24 of Pakistan Stock Exchange Limited Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

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

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of the stock exchange, has been declared as a defaulter by the stock exchange.

4. Three casual vacancies occurring on the board from July 01, 2016 to June 30, 2017 were filled up by the directors within twenty two days.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board / shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged no training programs for its directors during the year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members and all are Non-Executive Directors including Chairman of the Committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of committee have been formed and advised to the committee for compliance.

17. The board has formed a HR and Remuneration Committee. It comprises of three members, of whom two are executive directors and one non-executive director and the chairman of the committee is an Executive Director.

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

19. 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, 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.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with except the following, which has been rectified subsequent to the year end.

For and on behalf of the Board of Directors

Muhammad Asif
Chief Executive Officer

Auditors' Report to the Members

We have audited the annexed balance sheet of Invest Capital Investment Bank Limited (the company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention towards note 1.3 to the financial statements which indicates that the company has incurred operating loss of Rs. 9.40 million during the year. As at June 30, 2017, the accumulated loss of the company is Rs. 720.77 million (2016: 711.37 million). This condition, along with other matters, as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Deloitte Yousuf Adil
Chartered Accountants
Engagement partner: Hamid Masood

Dated: October 09, 2017
Place: Faisalabad

Balance Sheet
As at June 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating assets	4	**134,498,868**	145,756,095
Intangible assets	5	**973,367**	1,390,524
Long term investments	6	**116,100,424**	99,854,677
Net investment in Ijarah finance / assets under Ijarah arrangements	7	**96,060,536**	67,540,071
Long term musharakah finances	8	**-**	-
Long term loans	9	**52,735,444**	64,173,369
Long term security deposits	10	**2,278,225**	2,278,225
Deferred tax asset	11	**150,000,000**	150,000,000
		552,646,864	530,992,961
Current assets			
Short term investments	12	**17,164,860**	35,102,031
Short term musharakah finances	13	**66,157,109**	66,182,303
Short term finances	14	**6,679,875**	6,679,875
Ijarah rentals receivables	7.2	**1,479,527**	1,674,739
Current portion of non-current assets	15	**345,372,084**	358,686,833
Advances, deposits, prepayments and other receivables	16	**33,682,139**	27,661,960
Bank balances	17	**14,714,485**	3,219,403
Assets classified as held for sale	18	**32,900,000**	87,900,000
		518,150,079	587,107,144
TOTAL ASSETS		**1,070,796,943**	1,118,100,105

	Note	2017 Rupees	2016 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	19	**2,848,668,960**	2,848,668,960
Capital reserve			
Capital reserve on amalgamation		**(2,022,075,992)**	(2,022,075,992)
Statutory reserve	20	**101,256,258**	101,256,258
Unrealized gain on remeasurement of available for sale investments		**12,125,080**	6,673,080
Equity portion of Subordinated loan from directors		**20,387,414**	20,387,414
Revenue reserve			
Accumulated loss		**(720,767,933)**	(711,367,928)
		239,593,787	243,541,792
Non-current liabilities			
Subordinated loan from directors	21	**112,012,709**	105,612,586
Loan from sponsor	22	**197,542,473**	197,542,473
Security deposits from lessees	23	**43,159,445**	33,684,660
Long term certificates of musharakah	24	-	702,492
Long term musharakah and murabaha borrowings	25	**2,740,261**	7,437,864
Redeemable capital	26	-	7,500,000
Deferred liability			
Mark up on long term musharakah	27	**4,873,500**	9,747,000
		360,328,388	362,227,075
Current liabilities			
Current portion of non-current liabilities	28	**94,028,404**	121,465,357
Short term certificates of musharakah	29	-	2,280,000
Accrued and other liabilities	30	**133,634,173**	164,324,308
Profit / mark up payable	31	**210,312,191**	191,361,573
Liabilities directly associated with assets held for sale of discontinued operation	18	**32,900,000**	32,900,000
		470,874,768	512,331,238
TOTAL EQUITY AND LIABILITIES		**1,070,796,943**	1,118,100,105
CONTINGENCIES & COMMITMENT	32	-	-

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

Profit and Loss Account

For the Year Ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Income			
Income from leasing operations		**18,299,733**	16,361,232
Operating lease rentals		**3,817,735**	19,652,679
Profit on musharakah investments		**125,851**	715,635
Income from finances		**402,865**	7,045,634
Income on deposits with banks		**260,631**	379,712
Income from joint ventures		**10,793,747**	13,249,707
Dividend income		**2,828,500**	3,728,870
Net gain on sale of marketable securities		**4,086,062**	3,771,108
Unrealized (loss) on investment in marketable securities - net		**(5,215,494)**	(6,129,336)
		35,399,630	58,775,241
Expenses			
Administrative and operating expenses	33	**(33,192,196)**	(30,998,444)
Financial charges - net	34	**(28,509,742)**	(16,092,266)
Other operating expenses	35	**-**	(2,903,880)
		(61,701,938)	(49,994,590)
		(26,302,308)	8,780,651
Other income	36	**12,230,719**	58,517,131
		(14,071,589)	67,297,782
Provision (charged) / reversed on non-performing loans and write-offs			
Reversal / (provision) against:			
Finance lease receivable and rentals - net		**10,743,012**	(7,075,858)
Long term / short term musharakah finances		**-**	1,854,820
Long term / short term loans		**821,310**	11,379,150
Other receivables		**(2,522,373)**	(27,841,601)
Balances written off:			
Lease receivables		**(4,175,374)**	(6,372,302)
Other receivables		**-**	(50,000)
		4,866,575	(28,105,791)
(Loss) / Profit before taxation		**(9,205,014)**	39,191,991
Provision for taxation	37	**(194,991)**	1,065,664
(Loss) / Profit for the year		**(9,400,005)**	40,257,655
Earnings per share - Basic and Diluted	38	**(0.033)**	0.141

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

Statement of Comprehensive Income

For the Year Ended June 30, 2017

	2017 **Rupees**	2016 Rupees
(Loss) / Profit for the year	**(9,400,005)**	40,257,655
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss		
Un-realized profit / (loss) on remeasurement of available for sale investments	**5,452,000**	(332,000)
Total comprehensive (Loss) / Income for the year	**(3,948,005)**	39,925,655

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

Cash Flow Statement

For the Year Ended June 30, 2017

		2017 Rupees	2016 Rupees
a)	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	(Loss) / Profit before taxation	**(9,205,014)**	39,191,991
	Adjustments for non cash charges and other items:		
	Depreciation of property, plant and equipment	**9,703,224**	9,889,694
	Amortization of intangible assets	**417,157**	595,940
	(Reversal) / provision against:		
	Long term / short term musharakah finances	-	(1,854,820)
	Long term / short term loans	**(821,310)**	(11,379,150)
	Other receivables	**2,522,373**	27,841,601
	Finance lease receivable and rentals - net	**(10,743,012)**	7,075,858
	Balances written off		
	Doubtful lease receivables	**4,175,374**	6,372,302
	Other receivables	-	50,000
	(Gain) on disposal of:		
	Operating assets	**(4,228,598)**	(285,966)
	Non current assets held for sale	-	(393,409)
	Unrealised loss on investments in marketable securities	**5,215,494**	6,129,336
	Financial charges - net	**22,109,619**	16,092,266
	Fair value adjustment- subordinated loan from directors	**6,400,123**	-
	Gain on settlement of liabilities	**(6,725,000)**	(55,682,294)
		28,025,444	4,451,358
	Cash flow from operating activities before working capital changes	**18,820,430**	43,643,349
	Changes in working capital		
	(Increase) / decrease in current assets		
	Short term investments	**17,937,171**	(8,332,637)
	Short term musharakah finances	**25,194**	6,020,474
	Short term finances	-	20,000
	Ijarah rentals receivables	**195,212**	188,645
	Advances, deposits, prepayments and other receivables	**(11,872,100)**	(17,297,362)
	Assets classified as held for sale - net	**55,000,000**	22,744,020
	(Decrease) / increase in current liabilities		
	Short term certificates of musharakah	**(2,280,000)**	(11,000,000)
	Short term certificates of investments	-	(11,400,000)
	Accrued and other liabilities	**(30,690,135)**	23,792,217
	Liabilities directly associated with assets held for sale of discontinued operation	-	(24,122,020)
	Cash generated from / (used in) operations	**28,315,342**	(19,386,663)
		47,135,772	24,256,686
	Financial charges paid	**(3,159,001)**	(4,767,307)
	Income tax paid	**(1,517,174)**	(1,585,447)
	Net cash generated from operations	**42,459,597**	17,903,932

	2017 Rupees	2016 Rupees
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Operating assets	**(71,400)**	(1,991,300)
Recovery of / (investment in) :		
Long term investments	**(10,793,747)**	5,639,654
Net investment in Ijarah finance / assets under Ijarah	**(2,081,108)**	(6,471,975)
Long term musharakah finances	**466,197**	488,794
Long term loans	**(1,429,510)**	19,555,765
Long term security deposits	**-**	336,000
Proceeds from disposal of operating assets	**5,854,001**	618,000
Net cash (used in) / generated from investing activities	**(8,055,567)**	18,174,938
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	**(6,340,000)**	(568,750)
Long term certificates of musharakah	**(717,492)**	(2,300,000)
Long term certificates of investments	**(1,401,625)**	(2,100,000)
Long term musharakah and murabaha borrowings	**(14,449,831)**	(19,885,608)
Long term loan	**-**	(10,032,040)
Net cash (used in) financing activities	**(22,908,948)**	(34,886,398)
Net increase in cash and cash equivalents	**11,495,082**	1,192,472
Cash and cash equivalents at the beginning of the year	**3,219,403**	2,026,931
Cash and cash equivalents at the end of the year	**14,714,485**	3,219,403

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

Statement of Changes in Equity
For the Year Ended June 30, 2017

	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, 2015	2,848,668,960	(2,022,075,992)	93,204,727	7,005,080	-	(1,921,866,185)	(743,574,052)	183,228,723
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	40,257,655	40,257,655
Other comprehensive loss								
Items that may be reclassified subsequently to profit or loss								
Unrealized (loss) on remeasurement of available for sale investments	-	-	-	(332,000)	-	(332,000)	-	(332,000)
Other items								
Transferred to statutory reserve	-	-	8,051,531	-	-	8,051,531	(8,051,531)	-
Equity portion of Subordinated loan from directors	-	-	-	-	20,387,414	20,387,414	-	20,387,414
	-	-	8,051,531	(332,000)	20,387,414	28,106,945	32,206,124	60,313,069
Balance as at June 30, 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 income								
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**

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

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

Notes to the Financial Statements
For the Year Ended June 30, 2017

1. LEGAL STATUS AND OPERATIONS

1.1 Invest Capital Investment Bank Limited ('the Company') is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Repealed Ordinance). 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. 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.

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, loss during the year is Rs. 9.40 million and as at the balance sheet date, the accumulated loss is Rs. 720.77 million (2016: Rs. 711.37 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 IRR and reasonable deposit margin. During the year leases amounting to Rs. 91.71 million (2016 : Rs. 84.95 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. 13.07 million (2016: Rs. 22.51 million) have been settled / rescheduled, the percentage of liabilities settled to date is 95.53% (2016: 94.78%). Negotiations are in process for the settlement of the outstanding amount of Rs. 77.89 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 properties having book value of Rs. 55.00 million (2016: Rs. 13.23 million). 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 18. 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. 80.45 million (2016: Rs. 118.04 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 almost all 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.

1.4 The Company has complied with minimum equity requirement and obtained license of "Non-deposit taking NBFC" during the year for which the aggregate minimum equity requirement as per NBFC Regulations, 2008 for investment finance services is Rs. 100 million.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, 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 Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IASs / IFRSs, requirements of the Companies Ordinance, 1984, 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.

2.2 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.

2.3 Functional and presentation currency

These financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Rupee.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are as under:

- Property, plant and equipment (Note 4)
- Intangible assets (Note 5)
- Net investment in Ijarah finance / assets under Ijarah arrangements (Note 7)
- Ijarah rentals receivables (Note 7.2)
- Long term musharakah finances (Note 8)
- Long term loans (Note 9)
- Deferred tax asset (Note 11)
- Short term musharakah finances (Note 13)
- Short term finances (Note 14)

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

2.5.1 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, 2016 and therefore, have been applied in preparing these financial statements.

- **IFRS 10, IFRS 12 and IAS 28 Investment Entities:**

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The application of standard has no significant impact on the Company's financial statements.

- **Amendment s to IAS 1 Disclosure Initiative**

These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The application of standard has no significant impact on the Company's financial statements.

- **Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets"**

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of standard has no significant impact on the Company's financial statements.

- **Equity Method in Separate Financial Statements – Amendments to IAS 27**

These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The application of standard has no significant impact on the Company's financial statements.

- **Amendments to IFRS 11 "Joint Arrangements"**

  This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The application of standard has no significant impact on the Company's financial statements.

- **Annual improvements 2014**

  These set of amendments impacts 4 standards:

. IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.

. IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.

. IAS 19, 'Employee benefits' regarding discount rates.

. IAS 34, 'Interim financial reporting' regarding disclosure of information.

The company has applied the amendments to IFRS's included in the annual improvements 2014 cycle in the current year.

The application of amendments has no significant impact on the disclosures or amounts recognized in the company's financial statements.

2.5.2 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, 2016 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 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.

- **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 amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material 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 amendment is effective for accounting period beginning on or after January 01, 2017. The application of amendments 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.
. IFRS 12: Disclosure of Interests in Other Entities.
. IAS 28: Investments in Associates and Joint Ventures.

The amendments are effective for accounting periods beginning on or after January 01, 2017 and January 01, 2019. The application of amendments is not expected to have any material impact on the Company's financial statements.

2.5.4 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting policies

3.1.1 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 4 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.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to accumulated loss through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to accumulated loss through statement of comprehensive income.

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.

3.1.2 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 5 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.

3.1.3 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.

3.1.4 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.

3.1.5 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:

3.1.5.1 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.

3.1.5.2 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.

3.1.5.3 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.

3.1.5.4 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.

3.1.6 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.

3.1.7 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.

3.1.8 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.

3.1.9 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.

3.1.10 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.

3.1.11 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.

3.1.12 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.

3.1.13 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.

3.1.14 Gain on sale and lease back transaction

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

3.1.15 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.

3.1.16 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.

3.1.17 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.

3.1.18 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.

3.1.19 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.

3.1.20 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.

3.1.21 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.

3.1.22 Revenue recognition

3.1.22.1 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.

3.1.22.2 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.

3.1.22.3 Dividend income

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

3.1.22.4 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.

3.1.22.5 Sale of CNG / Diesel

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

3.1.23 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.

3.1.24 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.

4. Property, plant and equipment

Operating assets

	The Company Owned							Assets held for operating lease	Total
	Land	Buildings	Office premises	Furniture and fixture	Office equipment	Vehicles	Sub total		
At July 01, 2015									
Cost	32,627,350	44,251,140	14,409,179	23,525,396	37,226,409	9,307,753	161,347,227	66,830,636	228,177,863
Accumulated depreciation	-	-	-	(11,538,149)	(28,804,727)	(6,694,860)	(47,037,736)	(27,153,604)	(74,191,340)
Written down value	32,627,350	44,251,140	14,409,179	11,987,247	8,421,682	2,612,893	114,309,491	39,677,032	153,986,523
Reconciliation of written down value at June 30, 2016									
Written down value as at July 01, 2015	32,627,350	44,251,140	14,409,179	11,987,247	8,421,682	2,612,893	114,309,491	39,677,032	153,986,523
Additions	-	-	-	-	20,800	1,970,500	1,991,300	-	1,991,300
Less: Disposals									
Cost	-	-	-	-	-	1,000,718	1,000,718	-	1,000,718
Accumulated depreciation	-	-	-	-	-	(668,684)	(668,684)	-	(668,684)
	-	-	-	-	-	332,034	332,034	-	332,034
Less: Depreciation	-	2,212,557	720,459	1,198,725	918,362	568,667	5,618,770	4,270,924	9,889,694
Written down value as at June 30, 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
At June 30, 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**
Rate (%)		5	5	10	10 , 30	20		10	

4.1 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	Particulars of buyers	Mode of disposal
	---- Rupees ----					
Office premises	366,772	(31,405)	335,367	4,600,000	East West Insurance Co. Limited, Karachi	Through Negotiation
Office equipment	2,072,173	(1,147,262)	924,911	300,000	Mr. Muhammad Rizwan, Karachi	Through Negotiation
	59,069	(29,426)	29,643	4,000	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		
Vehicles	1,828,000	(1,492,519)	335,481	950,000	Mr. Muhammad Tahir, Lahore	Through Bidding
2017	**4,326,014**	**(2,700,612)**	**1,625,402**	**5,854,000**		
2016	1,000,718	(668,684)	332,034	618,000		

	Note	2017 Rupees	2016 Rupees
5. INTANGIBLE ASSETS			
Computer Software			
At June 30, 2017			
Cost		**12,800,000**	12,800,000
Accumulated amortisation		**(11,826,633)**	(11,409,476)
Written down value		**973,367**	1,390,524
5.1 Reconciliation of written down value :			
Opening balance		**1,390,524**	1,986,464
Amortisation		**(417,157)**	(595,940)
Closing balance		**973,367**	1,390,524
Rate (%)		**30%**	30%
6. LONG TERM INVESTMENTS			
Investment in joint venture	6.1	**93,400,424**	82,606,677
Available for sale investments			
- At fair value	6.2	**22,700,000**	17,248,000
- At cost	6.3	-	-
		116,100,424	99,854,677

6.1 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, 2017 have been used for the purpose of application of equity method.

	Note	2017 Rupees	2016 Rupees
- Centre Gas (Private) Limited	6.1.1 & 6.1.2	**93,400,424**	82,606,677

	Note	2017 Rupees	2016 Rupees

6.1.1 Centre Gas (Private) Limited

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

	2017 Rupees	2016 Rupees
Cost		
(2,500 Shares of Rs. 1,000/- each) Shareholding 50%	**34,535,703**	34,535,703
Cumulative share of profit of joint venture	**58,864,721**	48,070,974
	93,400,424	82,606,677

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, 2017 is Rs 164.04 million (2016:Rs. 142.45 million) including share deposit money of Rs.13.42 million (2016: Rs. 13.42 million). Profit and loss is shared equally.

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

	2017 Rupees	2016 Rupees
	CGL	
As at June 30,		
Current Liabilities	**(5,888,959)**	(4,644,312)
Cash and cash equivalents	**2,805,696**	4,112,765
Current assets	**147,509,499**	125,888,779
Non current assets	**22,422,196**	21,210,776
For the year ended June 30,		
Revenue	**72,323,396**	89,154,874
Operating profit	**21,587,494**	27,249,646
Depreciation	**(736,580)**	(788,890)
Income tax expense	**(1,613,319)**	(2,101,982)

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

Number of shares / certificates 2016	2017	Name of company	2017 Rupees	2016 Rupees
		Listed		
112,000	**112,000**	English Leasing Limited	-	-
135,000	**135,000**	Zeal Pak Cement Factory Limited	-	-
400,000	**400,000**	Bank Al-Habib Limited	**22,700,000**	17,248,000
		Un-Listed		
1,140	**1,140**	Innovative Investment Bank Limited	-	-
648,140	**648,140**		**22,700,000**	17,248,000
		Cost	**10,575,476**	10,575,476

6.3 Available for sale investments in Term Finance Certificates

Number of certificates 2016	2017	Name of company	Note	2017 Rupees	2016 Rupees
1,000	1,000	Saudi Pak Leasing Corporation Limited	6.3.1	-	-

6.3.1 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.

	Note	2017 Rupees	2016 Rupees

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

	Note	2017	2016
Contracts accounted for as finance lease under IAS 17	7.1	**277,825,106**	275,841,938
Less : Current portion	15	**(181,764,570)**	(208,301,867)
		96,060,536	67,540,071

7.1 Net investment in Ijarah finance

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

	2017			2016		
	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	**802,270,829**	**58,962,041**	**861,232,870**	810,079,654	56,733,842	866,813,496
Residual value of leased assets	**6,567,300**	**43,159,445**	**49,726,745**	22,143,900	33,684,660	55,828,560
Lease contracts receivable	**808,838,129**	**102,121,486**	**910,959,615**	832,223,554	90,418,502	922,642,056
Unearned lease income (including suspended income)	**(155,312,561)**	**(6,060,950)**	**(161,373,511)**	(153,080,536)	(11,215,572)	(164,296,108)
Provision for potential lease losses	**(471,760,998)**	-	**(471,760,998)**	(470,841,151)	(11,662,859)	(482,504,010)
	(627,073,559)	**(6,060,950)**	**(633,134,509)**	(623,921,687)	(22,878,431)	(646,800,118)
	181,764,570	**96,060,536**	**277,825,106**	208,301,867	67,540,071	275,841,938

7.1.1 These finances carry profit rates ranging from 12.04% to 26.00 % per annum (2016: 12.06% to 23.00% 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.

7.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 583.86 million (2016: Rs. 571.67 million). Detail of non performing leases is as follows:

	2017			2016		
Category of classification	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Substandard	-	-	-	1,144,883	286,221	286,221
Doubtful	**9,860**	**4,930**	**4,930**	6,788,445	3,394,223	3,394,223
Loss	**583,850,552**	**471,756,068**	**471,756,068**	563,736,515	478,823,566	478,823,566
	583,860,412	**471,760,998**	**471,760,998**	571,669,843	482,504,010	482,504,010

7.2 Ijarah rentals receivable

	2017 Rupees	2016 Rupees
Ijarah rentals receivable - Due within one year	**58,631,055**	62,644,002
Less : Provision against Ijarah rentals receivable	**(57,151,528)**	(60,969,263)
	1,479,527	1,674,739

7.2.1 Provision against Ijarah rentals receivable

	2017			2016		
	Rental receivable	Suspension required	Suspension held	Rental receivable	Suspension required	Suspension held
	Rupees			Rupees		
Category of classification						
Loss	**57,151,528**	**57,151,528**	**57,151,528**	60,969,263	60,969,263	60,969,263

	Note	2017 Rupees	2016 Rupees

8. LONG TERM MUSHARAKAH FINANCES

	Note	2017 Rupees	2016 Rupees
Secured			
Considered doubtful			
Companies (non-financial institutions)		**83,443,891**	83,443,891
Individuals		**91,063,928**	91,530,125
		174,507,819	174,974,016
Provision against doubtful balances		**(45,406,726)**	(45,406,726)
		129,101,093	129,567,290
Less: Current portion	15	**(129,101,093)**	(129,567,290)
		-	-

8.1 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 (2016: 16.00% to 30.00% per annum). These are receivable in monthly / quarterly / semi-annual installments and in lump sum on maturity.

9. LONG TERM LOANS

	Note	2017 Rupees	2016 Rupees
Secured			
Considered good			
Customers	9.1	**3,034,005**	351,517
Outgoing group	9.2	**71,954,665**	71,954,665
		74,988,670	72,306,182
Considered doubtful			
Customers	9.1	**32,106,318**	33,359,296
Ex-employee		**528,523**	528,523
Provision against doubtful balances		**(20,381,646)**	(21,202,956)
		12,253,195	12,684,863
		87,241,865	84,991,045
Less: Current portion	15	**(34,506,421)**	(20,817,676)
		52,735,444	64,173,369

9.1 These carry mark-up at the rate ranging from 12% to 22.01% per annum (2016: from 11.60% 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.

9.2 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 (2016 : 8.51% to 9.04% per annum)

	Note	2017 Rupees	2016 Rupees
10. LONG TERM SECURITY DEPOSITS	10.1	**2,278,225**	2,278,225

10.1 These represent deposits for utilities, office premises etc.

	Note	2017 Rupees	2016 Rupees
11. DEFERRED TAX ASSET	11.1	**150,000,000**	150,000,000

11.1 As at June 30, 2017 net deferred tax asset works out to Rs. 607.13 million (2016: Rs. 624.67 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 :

	2017 Rupees	2016 Rupees
Deferred tax liability:		
Difference in tax and accounting bases of assets	**(72,015,851)**	(70,919,289)
Deferred tax assets:		
Provisions in respect of non performing receivables	**231,897,925**	249,549,399
Carry forward tax losses	**447,252,745**	446,043,287
	607,134,819	624,673,397

	Note	2017 Rupees	2016 Rupees

12. SHORT TERM INVESTMENTS

	Note	2017 Rupees	2016 Rupees
Investments at fair value through profit or loss			
Quoted securities	12.1	**17,164,860**	35,102,031

12.1 Investments at fair value through profit or loss

2016 Number of shares	**2017 Number of shares**	Name of company	**2017 Rupees**	2016 Rupees
604,500	-	Faysal Bank Ltd.	-	7,924,995
500,000	-	K-Electric Ltd.	-	4,030,000
350,000	-	NIB Bank Ltd.	-	668,500
250,000	-	Hum Network Ltd.	-	2,570,000
80,000	-	Pak Elektron Ltd.	-	5,172,000
75,000	**75,000**	Pakgen Power Ltd.	**1,516,500**	1,803,750
65,000	**55,000**	Habib Metropolitan Bank Ltd.	**1,817,750**	1,844,050
50,000	**20,000**	Engro Fertilizers Ltd.	**1,104,800**	3,224,000
45,000	**80,000**	Pakistan International Bulk Terminal Ltd.	**1,852,800**	1,443,150
25,000	-	Engro Powergen Qadirpur Ltd.	-	723,000
10,000	-	Treet Corporation Ltd.	-	494,300
8,800	-	Crescent Steel and Allied Products Ltd.	-	1,008,568
5,000	-	Engro Corporation Ltd.	-	1,664,850
1,600	-	Siemens (Pakistan) Engineering Co. Ltd.	-	1,591,328
1,000	-	Indus Motor Company Ltd	-	939,540
-	**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**	-
2,070,900	**536,500**		**17,164,860**	35,102,031
		Cost	**22,380,353**	42,339,083

13. SHORT TERM MUSHARAKAH FINANCES

	2017 Rupees	2016 Rupees
Secured		
Considered doubtful	**122,964,514**	122,989,708
Provision against doubtful balances	**(56,807,405)**	(56,807,405)
	66,157,109	66,182,303

13.1 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 (2016 : 10.00% to 34.69% per annum).

14. SHORT TERM FINANCES

	2017 Rupees	2016 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

14.1 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 (2016 : 15.29% to 22.00% per annum).

	Note	2017 Rupees	2016 Rupees

15. CURRENT PORTION OF NON-CURRENT ASSETS

	Note	2017 Rupees	2016 Rupees
Net investment in ijarah finance / assets under ijarah arrangements	7	**181,764,570**	208,301,867
Long term musharakah finances	8	**129,101,093**	129,567,290
Long term loans	9	**34,506,421**	20,817,676
		345,372,084	358,686,833

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017 Rupees	2016 Rupees
Unsecured			
Considered good			
Advances			
- against purchases and expenses		**222,772**	8,372,728
- to staff		-	25,000
- Income tax - net		**10,197,136**	8,874,953
Prepayments		**688,511**	20,594
Other receivables	16	**22,573,720**	10,368,685
		33,682,139	27,661,960
Considered doubtful			
Advances			
- against purchases and expenses		**5,350,757**	5,350,757
- to ex-staff		**484,616**	484,616
Deposit with Privatization Commission	16	**10,000,000**	10,000,000
Other receivables	16.1	**189,684,261**	181,458,725
		205,519,634	197,294,098
Suspension against doubtful income		**(28,666,193)**	(22,963,030)
Provision against doubtful balances		**(176,853,441)**	(174,331,068)
		33,682,139	27,661,960

16.1 Other receivables

	2017 Rupees	2016 Rupees
Unsecured		
Considered good		
Accrued mark up / interest on		
Loans and advances	**36,141**	33,664
Musharakah investment	-	2,091
Operating lease rentals receivable	-	4,708,336
Others	**22,537,579**	5,624,594
	22,573,720	10,368,685
Considered doubtful		
Accrued mark up / interest on		
Long term loan - outgoing group	**28,666,193**	22,963,030
Operating lease rentals receivable	**7,174,104**	7,200,894
Insurance claims receivable	**12,987,760**	12,987,760
Net receivable against terminated leases	**98,269,741**	98,269,741
Others	**42,586,463**	40,037,300
	189,684,261	181,458,725
	212,257,981	191,827,410

16.2 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.

17. BANK BALANCES

	Note	2017 Rupees	2016 Rupees
Balance with banks in local currency:			
In current accounts with:			
- State Bank of Pakistan		**44,694**	44,694
- In PLS and current accounts with Commercial banks	17.1	**14,669,791**	3,174,709
		14,714,485	3,219,403

17.1 PLS bank accounts carry profit at the rates ranging from 2.50% to 4.0% per annum (2016: 2.50% to 4.0% per annum).

18. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale of discontinued operation (Refer Note 18.1) and liabilities directly associated with such assets (Refer Note 18.2) and other non-current assets classified as held for sale (Refer Note 18.1) in their respective categories are summarized hereunder:

	Note	**2017 Rupees**	2016 Rupees
18.1 Assets held for sale of discontinued operation	18.3		
Trade debts - unsecured		**1,127,811**	1,127,811
Advances, deposits, prepayments and other receivables		**31,772,189**	31,772,189
		32,900,000	32,900,000
Non-current assets held for sale	18.4	-	55,000,000
Total assets classified as held for sale		**32,900,000**	87,900,000
18.2 Liabilities directly associated with assets held for sale of discontinued operation	18.3		
Short term borrowings		**32,900,000**	32,900,000

18.3 The Company had received sale consideration of Rs. 24 million (Refer Note 30) 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, 2017.

	Note	**2017 Rupees**	2016 Rupees
18.4 Non-current assets held for sale			
Investment in joint venture	18.4.1	-	15,000,000
Petrol / diesel filing station related assets		-	40,000,000
		-	55,000,000

18.4.1 Agreement has been executed to sell this joint venture. Title of share in joint venture will be transferred on receipt of sale consideration of Rs. 15 million receivable in 26 unequal monthly installments commenced from April 2016 and ending in May 2018. During the year, share of joint venture has been sold against sales consideration of Rs. 11.40 million and balance of Rs. 3.60 million is receivable in unequal monthly installments commencing from November 2017 and ending in May 2018.

	Note	**2017 Rupees**	2016 Rupees
19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
86,742,370 (2016: 86,742,370) Ordinary of Rs. 10 each fully paid in cash		**867,423,700**	867,423,700
198,124,526 (2016: 198,124,526) Ordinary of Rs. 10 each issued as fully paid under scheme of arrangement for amalgamation		**1,981,245,260**	1,981,245,260
		2,848,668,960	2,848,668,960
20. STATUTORY RESERVE	20.1	**101,256,258**	101,256,258

20.1 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	**2017 Rupees**	2016 Rupees
21. SUBORDINATED LOAN FROM DIRECTORS	21.1	**112,012,709**	105,612,586

21.1 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. 112.01 (2016: Rs. 105.61) 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. 6.40 million is recognized in profit and loss account (Refer Note 34)

	Note	2017 Rupees	2016 Rupees
22. LOAN FROM SPONSOR	22.1	**197,542,473**	197,542,473

22.1 It is payable in full in November 2018. It carries mark up at the rate of six month KIBOR. Effective markup rate charged during the year ranges from 6.05% to 6.36% (2016: 6.36% to 7.99%) per annum.

	Note	2017 Rupees	2016 Rupees
23. SECURITY DEPOSITS FROM LESSEES			
Security deposits under lease contracts	23.1	**49,726,745**	55,828,560
Less: Current portion	28	**(6,567,300)**	(22,143,900)
		43,159,445	33,684,660

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

	Note	2017 Rupees	2016 Rupees
24. LONG TERM CERTIFICATES OF MUSHARAKAH			
Unsecured		-	717,492
Less: Current portion	28	-	(15,000)
		-	702,492

24.1 These Certificates were repayable in monthly installments over different periods commencing from July 2017 and ending in November 2017. These certificates have been fully paid during the year.

	Note	2017 Rupees	2016 Rupees
25. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	25.1	-	8,252,027
Murabaha borrowings			
From financial institutions	25.2 & 25.3	**7,437,865**	13,635,669
Less: Current portion	28	**(4,697,604)**	(14,449,832)
		2,740,261	7,437,864

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.

	2017 Rupees	2016 Rupees
25.2 Murabaha borrowings		
Murabaha payable - gross	**7,437,865**	13,635,669

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 last year. 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 will be paid 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 during the year and consent decree has been obtained in this respect. No markup is payable on syndicated murahaba finance.

	Note	2017 Rupees	2016 Rupees
26. REDEEMABLE CAPITAL			
Secured			
Term finance certificates	26.1 & 26.2	**77,890,000**	90,955,000
Less: Current portion		**(77,890,000)**	(83,455,000)
		-	7,500,000

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, agreements have been executed with further two TFC holders. As per terms of the agreements, principal of Rs. 6.73 million (2016: 0.21 million) along with mark up of Rs. 2.90 million (2016: 7.73 million) has been waived off. Overdue principal of Rs. 10.00 million was restructured last year and payable in 20 equal quarterly installments commenced from June 2016 and ending on January 2018. Company's request to the remaining TFC holders for restructuring / settlement of principal and markup is under their consideration.

		Note	**2017 Rupees**	2016 Rupees
27.	**DEFERRED LIABILITY**			
	Mark up on long term musharakah	25.1	**9,747,000**	9,747,000
	Less: Current portion	28	**(4,873,500)**	-
			4,873,500	9,747,000
28.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Security deposit from lessees	23	**6,567,300**	22,143,900
	Long term certificates of musharakah	24	-	15,000
	Long term certificates of investments		-	1,401,625
	Long term musharakah and murabaha borrowings	25	**4,697,604**	14,449,832
	Deferred liability	27	**4,873,500**	-
	Redeemable capital	26 & 28.1	**77,890,000**	83,455,000
			94,028,404	121,465,357

28.1 These certificates alongwith related mark up of Rs. 71.45 million (2016 : Rs. 61.89 million) are over due (Refer Note 26.1).

		Note	**2017 Rupees**	2016 Rupees
29.	**SHORT TERM CERTIFICATES OF MUSHARAKAH**			
	Unsecured			
	Individuals		-	80,000
	Others		-	2,200,000
			-	2,280,000
30.	**ACCRUED AND OTHER LIABILITIES**			
	Accrued expenses		**168,987**	586,847
	Auditors' remuneration payable		**1,480,000**	1,040,000
	Advance against termination of leases		**434,018**	1,194,504
	Unclaimed dividend		**6,055,940**	6,057,357
	Advance against non current assets held for sale			
	Discontinued operation	18.3	**24,000,000**	24,000,000
	Other assets-held for sale		-	44,757,346
	Due to joint venture		**59,322,314**	47,653,314
	Other liabilities		**42,172,914**	39,034,940
			133,634,173	164,324,308
31.	**PROFIT / MARK UP PAYABLE**			
	Profit / mark-up payable on:			
	- Certificates of musharakah / investments		-	2,762,606
	- Redeemable capital		**71,454,615**	61,896,315
	- Loan from sponsor		**138,857,576**	126,702,652
			210,312,191	191,361,573
32.	**CONTINGENCIES & COMMITMENT**			
	Contingencies			
	Liability for alternative corporate tax not acknowledged in view of petition filed by the Company. The Company is claiming exemption from charge of alternative corporate tax.		**18,436,997**	18,436,997
	Demand of income tax not acknowledged in view of pending appeal.		**1,141,501**	1,141,501
	Commitment			
	Under lease financing contracts committed but not executed		**1,372,694**	13,763,876

	Note	2017 Rupees	2016 Rupees
33. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		**4,892,696**	2,859,696
Staff salaries, allowances and other benefits	33.1	**9,544,154**	10,293,297
Traveling, conveyance and vehicle running expenses		**506,626**	376,250
Rent, rates and taxes		**442,766**	1,142,465
Utility charges		**138,781**	391,023
Postage, telephone and telegram		**339,246**	502,533
Repairs and maintenance		**758,665**	1,056,343
Insurance		**137,124**	179,581
Depreciation	4	**9,703,224**	9,889,694
Amortization	5	**417,157**	595,940
Fees and subscriptions		**2,895,404**	670,341
Entertainment		**237,274**	176,664
Newspapers and periodicals		**10,689**	10,118
Printing and stationery		**179,704**	215,962
Legal and professional charges		**1,428,162**	985,339
Auditors' remuneration	33.2	**1,040,000**	1,040,000
Advertisement		**44,456**	30,620
Brokerage and commission		**249,407**	518,922
Other		**226,660**	63,656
		33,192,196	30,998,444

33.1 This includes retirement benefits of Rs. 0.65 million (2016: Rs. 0.63 million) in respect of contribution to the employees' provident fund.

	Note	2017 Rupees	2016 Rupees
33.2 Auditors' remuneration			
Annual audit fee		**750,000**	750,000
Sundry services		**290,000**	290,000
		1,040,000	1,040,000
34. FINANCIAL CHARGES			
Profit / mark up on :			
- Certificates of musharakah		**23,826**	808,746
- Long term musharakah and murabaha borrowings		**352,976**	2,805,483
- Redeemable capital		**12,423,816**	14,406,527
- Long term loans		**-**	120,568
- Loan from sponsors		**12,154,924**	13,667,233
		24,955,542	31,808,557
Bank charges		**19,593**	9,771
		24,975,135	31,818,328
Less: mark-up waived off on settlement of loans	34.1	**(2,865,516)**	(15,726,062)
		22,109,619	16,092,266
Fair value adjustment- subordinated loan from directors		**6,400,123**	-
		28,509,742	16,092,266
34.1 Mark up waived off on settlement of loans:			
Certificates of musharakah		**-**	173,977
Long term musharakah and murabaha borrowings	25.3	**-**	7,824,811
Redeemable capital	26.2	**2,865,516**	7,727,274
		2,865,516	15,726,062
35. OTHER OPERATING EXPENSES			
Impairment loss on investment in joint venture		**-**	2,903,880
36. OTHER INCOME			
From non financial assets :			
Gain on disposal of operating assets		**4,228,598**	285,966
Gain on disposal of non-current assets held for sale		**-**	393,409
Commission and fee		**84,041**	693,499
Gain on settlement of liabilities	36.1	**6,725,000**	55,682,294
Rental Income		**852,219**	139,708
Others		**340,861**	1,322,255
		12,230,719	58,517,131

	Note	2017 Rupees	2016 Rupees

36.1 Gain on settlement of liabilities:

	Note	2017 Rupees	2016 Rupees
Redeemable capital	26.2	**6,725,000**	206,250
Long term musharakah and murabaha borrowings		-	495,585
Short term certificates of investments		-	4,100,000
Liabilities directly associated with assets held for sale of discontinued operation		-	50,880,459
		6,725,000	55,682,294

37. PROVISION FOR TAXATION

	2017 Rupees	2016 Rupees
Current		
For the year	**275,603**	464,566
For prior year	**(80,612)**	(1,530,230)
	194,991	(1,065,664)

37.1 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.

38. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2017 Rupees	2016 Rupees
(Loss) / Profit after taxation for the year	Rupees	**(9,400,005)**	40,257,655
Weighted average number of ordinary shares	Number	**284,866,896**	284,866,896
Earnings per share - Basic and Diluted	Rupees	**(0.033)**	0.141

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

39. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2017			2016		
	Chief Executive Officer	**Director**	**Executives**	Chief Executive Officer	Director	Executives
	------ Rupees ------					
Managerial remuneration	**2,744,900**	**1,800,000**	**3,891,175**	2,664,900	-	3,751,200
Retirement benefits	**167,796**	-	**264,780**	164,796	-	194,784
Meeting fee	-	**180,000**	-	30,000	-	-
	2,912,696	**1,980,000**	**4,155,955**	2,859,696	-	3,945,984
Number of persons	**1**	1	**3**	1	-	3

39.1 The Chief Executive Officer and certain Executives are entitled to free use of Company maintained car and other perquisites. The monetary value of these benefits approximates Rs. 854,700/- (2016: Rs. 836,100/-). Some of the directors have waived off their meeting fee, meeting fee paid to other directors during the year is Rs 180,000/- (2016: Rs. 30,000/-).

40. 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:

Nature of relationship	Nature of transaction	2017 Rupees	2016 Rupees
Major shareholder	Mark up / interest on loan from sponsor	**12,154,924**	13,667,233
Joint venture	Amount received during the year	**11,669,000**	9,739,500
Provident fund	Contribution made during the year	**650,354**	627,268

	2017 Rupees	2016 Rupees

41. NUMBER OF EMPLOYEES

	2017	2016
Total number of employees as at June 30,	**18**	16
Average number of employees during the year	**18**	20

42. DISCLOSURE WITH REGARD TO PROVIDENT FUND

The following information is based on audited financial statements of the fund as at June 30, 2017.

		2017	2016
Size of the fund	(Rupees)	**4,587,590**	4,182,047
Cost of investments made	(Rupees)	**3,000,000**	2,057,500
Percentage of investments made	(% age)	**65%**	49%
Fair value of investments	(Rupees)	**3,034,718**	3,582,970

42.1 Breakup of investments

	2017		2016	
	Amount Rupees	**%age**	Amount Rupees	%age
Defense saving certificates	-	-	2,573,436	71.82%
Certificate of Investments	**3,034,718**	**100.00%**	1,009,534	28.18%
	3,034,718	**100.00%**	3,582,970	100.00%

42.2 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for these purposes.

43. FINANCIAL RISK MANAGEMENT

43.1 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.

43.2 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, and 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:

	2017 Rupees	2016 Rupees
Net investment in Ijarah finance / assets under Ijarah arrangements	**228,098,361**	220,013,378
Long term musharakah finances	**129,101,093**	129,567,290
Long term loans	**87,241,865**	84,991,045
Deposits	**2,278,225**	2,278,225
Short term musharakah finances	**66,157,109**	66,182,303
Short term finances - secured	**6,679,875**	6,679,875
Ijarah rentals receivable	**1,479,527**	1,674,739
Advances and other receivables	**22,796,492**	18,766,413
Bank balances	**14,714,485**	3,219,403
	558,547,032	533,372,671

43.2.1 Past due balances and impairment losses

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

	2017		2016	
	Gross	**Impairment loss recognised**	Gross	Impairment loss recognised
	Rupees			
Past due 91 days - 180 days	**38,694,077**	**17,991,702**	21,768,766	150,236
Past due 181 days to one year	**2,346,685**	**1,964,389**	2,376,780	313,056
Past due one year to two years	**19,489,410**	**12,386,977**	14,987,421	4,399,105
More than two years	**1,246,818,048**	**959,175,054**	1,297,006,261	1,025,401,035
	1,307,348,220	**991,518,122**	1,336,139,228	1,030,263,432
Not past due	**418,280,124**	**-**	423,958,288	-
Total	**1,725,628,344**	**991,518,122**	1,760,097,516	1,030,263,432

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.

	2017 Rupees	2016 Rupees
Long term investments	**116,100,424**	99,854,677
Net investments in Ijarah/ assets under Ijarah arrangements	**49,726,745**	55,828,560
Short term investments	**17,164,860**	35,102,031
Advances and other receivables	**10,885,647**	8,895,547
	193,877,676	199,680,815

43.3 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).

	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**

	2016				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
	Rupees				
Certificates of musharakah	2,997,492	3,121,527	2,419,035	-	702,492
Certificates of investments	1,401,625	1,401,625	525,000	876,625	-
Musharakah and murabaha borrowings	21,887,696	22,240,672	3,824,405	10,978,404	7,437,863
Redeemable capital	90,955,000	90,955,000	81,955,000	1,500,000	7,500,000
Deferred mark up on long term musharakah	9,747,000	9,747,000	-	-	9,747,000
Loan from sponsor	197,542,473	227,010,871	3,274,266	9,822,799	213,913,805
Subordinated loan from directors	105,612,586	126,000,000	-	-	126,000,000
Long term loans	-	-	-	-	-
Accrued and other liabilities	164,324,308	164,324,308	164,324,308	-	-
Profit / mark up payable	191,361,573	191,361,573	191,361,573	-	-
	785,829,753	836,162,576	447,683,587	23,177,828	365,301,160

43.4 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.

43.4.1 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:

	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
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
Loan from sponsor	-	-	197,542,473	197,542,473	-	-	-	-	197,542,473
Security deposits from lessees	-	-	-	-	855,500	5,711,800	43,159,445	49,726,745	49,726,745
Long term musharakah and murabaha borrowings	1,174,401	3,523,203	2,740,261	7,437,865	-	-	-	-	7,437,865
Redeemable capital	77,890,000	-	-	77,890,000	-	-	-	-	77,890,000
Deferred mark up on long term musharakah	-	-	-	-	1,218,375	3,655,125	4,873,500	9,747,000	9,747,000
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
	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)

	2016								
	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	-	-	-	-	-	-	99,854,677	99,854,677	99,854,677
Net investment in Ijarah / assets under Ijarah arrangements	10,642,261	23,682,254	241,517,423	275,841,938	-	-	-	-	275,841,938
Long term musharakah finances	129,567,290	-	-	129,567,290	-	-	-	-	129,567,290
Long term loans	7,281,701	13,535,975	64,173,369	84,991,045	-	-	-	-	84,991,045
Deposits	-	-	-	-	-	-	2,278,225	2,278,225	2,278,225
Short term investments	-	-	-	-	35,102,031	-	-	35,102,031	35,102,031
Short term musharakah finances	66,182,303	-	-	66,182,303	-	-	-	-	66,182,303
Short term finances	6,679,875	-	-	6,679,875	-	-	-	-	6,679,875
Ijarah rentals receivables	1,674,739	-	-	1,674,739	-	-	-	-	1,674,739
Advances, deposits, prepayments and other receivables	-	-	-	-	10,368,685	-	-	10,368,685	10,368,685
Cash and bank balances	3,166,856	-	-	3,166,856	52,547	-	-	52,547	3,219,403
	225,195,025	37,218,229	305,690,792	568,104,046	45,523,263	-	102,132,902	147,656,165	715,760,211
Financial liabilities									
Subordinated loan from directors	-	-	-	-	-	-	105,612,586	105,612,586	105,612,586
Certificates of musharakah	-	-	702,492	702,492	-	-	-	-	702,492
Certificates of investments	-	-	-	-	525,000	-	876,625	1,401,625	1,401,625
Long term musharakah and murabaha borrowings	1,674,406	4,523,403	7,437,863	13,635,672	2,010,037	6,241,987	-	8,252,024	21,887,696
Musharakah term finance certificates	-	-	-	-				-	-
Redeemable Capital	81,955,000	1,500,000	7,500,000	90,955,000	-	-	-	-	90,955,000
Deferred mark up on long term musharakah	-	-	-	-	-	-	9,747,000	9,747,000	9,747,000
Loan from sponsor	-	-	197,542,473	197,542,473	-	-	-	-	197,542,473
Long term loans	-	-	-	-	-	-	-	-	-
Security deposits from lessees	-	-	-	-	10,013,425	9,432,200	36,382,935	55,828,560	55,828,560
liabilities	-	-	-	-	164,324,308	-	-	164,324,308	164,324,308
Accrued and other liabilities	-	-	-	-		-	-	-	-
Profit / mark up payable	-	-	-	-	191,361,573	-	-	191,361,573	191,361,573
	83,629,406	6,023,403	213,182,828	302,835,637	368,234,343	15,674,187	152,619,146	536,527,676	839,363,313
On balance sheet gap 2016	141,565,619	31,194,826	92,507,964	265,268,409	(322,711,080)	(15,674,187)	(50,486,244)	(388,871,511)	(123,603,102)

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, 2017, financial assets of Rs. 511.20 million (2016: Rs. 496.15 million) and financial liabilities of Rs NIL (2016: Rs 0.70 million) 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 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
As at 30 June 2016		
Cash flow sensitivity-variable rate financial liabilities	(3,021,331)	(302,133,145)
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

43.4.2 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, 2017, the fair value of equity securities exposed to price risk was Rs. 39.86 million (2016: Rs. 52.35 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. 1.72 million (2016: Rs. 3.51 million) and equity by Rs. 3.99 million (2016: Rs. 5.23 million). This level of change is considered to be reasonably possible based on observation of current market conditions.

43.5 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.

43.6 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.

44. SEGMENT INFORMATION

	2017				2016			
	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	**2,227,784**	**22,117,468**	**11,054,378**	**35,399,630**	9,131,911	36,013,911	13,629,419	58,775,241
Interest (reversal) / expense - net	**(2,608,868)**	**(25,900,874)**	**-**	**(28,509,742)**	(3,255,077)	(12,837,189)	-	(16,092,266)
Depreciation and amortization	**926,095**	**9,194,286**	**-**	**10,120,382**	2,120,991	8,364,643	-	10,485,634
Provision reversed / (charged) / Impairment of assets	**(1,701,063)**	**6,567,638**	**-**	**4,866,575**	(14,607,631)	(13,448,160)	(2,953,880)	(31,009,671)
Reportable segment profit	**(1,156,052)**	**11,978,518**	**11,054,378**	**21,876,845**	(6,609,806)	18,093,205	10,675,539	22,158,938
Reportable segment assets	**758,592,310**	**279,304,633**	**32,900,000**	**1,070,796,943**	752,683,428	277,516,677	87,900,000	1,118,100,105
Reportable segment liabilities	**(748,142,393)**	**(50,160,763)**	**(32,900,000)**	**(831,203,156)**	(784,635,249)	(57,023,064)	(32,900,000)	(874,558,313)

	2017 Rupee	2016 Rupees
Reconciliation of (loss) / profit		
Total profit from reportable segments	**10,822,466**	11,483,399
Profit from other operations	**11,054,378**	10,675,539
	21,876,844	22,158,938
Unallocated amounts:		
Other administrative and operating expenses	**(43,312,578)**	(41,484,078)
Other income	**12,230,719**	58,517,131
(Loss) / profit before tax	**(9,205,015)**	39,191,991
Reconciliation of assets and liabilities		
Assets		
Total assets of reportable segments	**1,037,896,943**	1,030,200,105
Assets of other operations	**32,900,000**	87,900,000
Total assets	**1,070,796,943**	1,118,100,105
Liabilities		
Total liabilities of reportable segments	**(798,303,156)**	(841,658,313)
Liabilities of other operations	**(32,900,000)**	(32,900,000)
Total liabilities	**(831,203,156)**	(874,558,313)

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 9th October 2017 by the Board of Directors of the Company.

46. GENERAL

46.1 REARRANGEMENT

Prior year figures have been rearranged where ever considered necessary for the purpose of better presentation. Significant rearrangements made in these financial statements are as under;

- Suspension against doubtful income was previously included in "Provision against doubtful balances". This is now presented as a separate line item under "Advances, deposits, prepayments and other receivables.

- Bank balance in PLS account was previously shown as " Bank balance in deposit account". This is now presented as "Bank balance in PLS account" under the same head for better presentation.

Muhammad Asif
Chief Executive Officer

Ayesha Shehryar
Director

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 6:30 a.m. on Tuesday, October 31, 2017 and at any adjournment thereof.

Signed this _____________ day of _____________ 2017.

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.

   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 کیپٹیل انویسٹمنٹ بینک لمیٹڈ

اے604-603 لیکسن سکوائر بلڈنگ نمبر3، سرور شہید روڈ، کراچی

مسمی ________________ ولد/بنت/زوجہ ________________ انویسٹ کیپٹیل

انویسٹمنٹ بینک لمیٹڈ کا/کی ممبر ہوں اور ____________ شیئرز 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 31 اکتوبر 2017 بروز منگل شام 6:30 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 ____________ 2017

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 ڈائریکٹر 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 ٹاون لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور یہ گواہان کی موجودگی میں دوطرفہ 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 سینٹرل 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 آٹارنی بمع نامزد فرد کے دستخط کے کمپنی کے پراکسی فارم کے ساتھ منسلک کریں۔

INVEST CAPITAL INVESTMENT BANK LIMITED

Dear Shareholder(s),

Re: Mandatory Requirement of IBAN for Credit of Dividend into Bank Electronically

This is to inform you that under second proviso to Section 242 of the Companies Act 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders. Accordingly, all registered shareholders holding physical shares of **Invest Capital Investment Bank Limited,** are requested to provide the following information to our Registrar for payment of cash dividend declared / to be declared by the company through electronic mode directaly into bank account designated by you. Shareholders having shares in CDC should update their IBAN details in the CDC through their respective participants.

Sincerely yours,

M. Naim Ashraf
Company Secretary

Please send this information at:
Corptec Associates (Pvt) Limited
503 - E, Johar Town
Lahore.
Ph: 042-35170335-37, Fax: 042-35170338
Email: info@corptec.com.pk

	Folio No.	
	IBAN / BBAN	
	(Including Country Code and Bank Identifier)	
	CNIC Number (For Individuals) (Please attach photocopy)	
	National Tax Number (For Companies)	
	Title of Bank Account	
	Bank Account Number	
	Bank's Name	
	Branch Name and Address	
	Cell Number of Shareholder	
	Landline number of Shareholder	
	Email of Shareholder	

It is stated that the above mentioned information is correct and I will intimate the changes, if any in the above-mentioned information to the concerned Share Registrar, i.e. CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore, as soon as these occur.

Signature of the member/shareholder
(please affix Company stamp in case of Corporate entity)

INVEST CAPITAL INVESTMENT BANK LIMITED

Dear Shareholder(s),

Re: Intimation of Un-claimed dividend or Unpaid amounts under Section 244 of the Companies Act 2017

The Securities and Exchange Commission of Pakistan, pursuant to section 244 read with section 510 of the Companies Act 2017 directs all the Companies to submit a statement to the Commission through eServices portal stating therein the number or amounts, as the case may be, which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of 30th May, 2017 in respect of shares of a company / dividend and any other instrument or amount which remain unclaimed or unpaid, as may be specified.

Through this notice, the shareholders are intimated to contact the company for any unclaimed dividend / shares within a period of seven days of the publishing of this notice to meet the compliance of SECP Direction # 16 of 2017 dated July 7, 2017.

Please note that the following entities are now merged in and are part of INVEST CAPITAL INVESTMENT BANK LIMITED:

1. Al-Zamin Leasing Modaraba
2. Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited)
3. Ghandhara Leasing Company Limited
4. First Professionals Modaraba
5. Universal Leasing Corporation Limited
6. International Multi Leasing Corporation Limited

Any unclaimed dividends of these entities are now payable by INVEST CAPITAL INVESTMENT BANK LIMITED.

Sincerely yours,

For Invest Capital Investment Bank Limited

M. Naim Ashraf
Company Secretary

Our Network

Registered Office - Karachi
603-604, 6Th Floor, Lakson Square
Building No. 3, Sarwar Shaheed Road,
Karachi.
Tel: 021-35661968
Fax: 021-35654022
Website: www.icibl.com

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

Islamabad
Office No. 02, Ground Floor,
Rahim Plaza,
Main Muree Road, Saddar,
Rawalpindi Cantt.
Tel: 0301-8651067

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

Faislalabad
20-Bilal Road, Civil Lines,
Faisalabad.
Tel: 041- 2409221

Gujranwala
51-A, Trust Plaza, G.T Road,
Gujranwala.
Tel: 055-3730308, 3730300
Fax: 055-3731108

INVEST CAPITAL INVESTMENT BANK LIMITED

Registered Office:
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