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## Company Information



### Board of Directors

Mr. Saeed Iqbal Chaudhry	- Chairman
Mr. Nusrat Yar Ahmad	- Chief Executive
Mr. Qasim Rabbani	
Mr. Sulaiman Ahmad Saeed Al-Hoqani	
Syed Abid Raza	
Mr. Rehman Ghani	
Mr. Aamer Saeed	

### Audit Committee

Mr. Aamer Saeed	- Chairman
Mr. Rehman Ghani	
Syed Abid Raza	

### Company Secretary

Mr. Shamir S. Ismail

### Bankers

Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Mybank Limited  
NIB Bank Limited  
The Royal Bank of Scotland Limited  
Saudi Pak Commercial Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Khyber  
United Bank Limited

### Auditors

HLB Ijaz Tabussum & Co., Chartered Accountants

### Legal Advisors

Mohsin Tayebaly & Co.

### Share Registrar

Noble Computer Services (Pvt) Limited  
2nd Floor, Sohni Centre, BS 5& 6, Main Karimabad, Block-4,  
Federal B. Area, Karachi-75950, Pakistan  
Tel: (021) 6801880-82 Fax: (021) 6801129

### Registered Office

Room No 816 , 8th Floor, Progressive Plaza  
Beaumont Road, Karachi  
Tel: (021) 5215226 - 28 Fax: (021) 5215200

**Website:** [www.investbank.com.pk](http://www.investbank.com.pk)

## Directors Report For the first quarter ended September 30, 2008



On behalf of the Board of Directors, I am pleased to present the first quarter financial statements of your bank for the quarter ended September 30, 2008.

### **Economic Outlook**

A higher rise in imports (US\$10.8 billion in 1Q09 vs US\$8.06 billion in 1Q08 - up 34%), versus exports (US\$5.2 billion vs 4.4 billion - up 19%), has led to a sharp increase in the trade deficit, up 53% to US\$5.5 billion. The need to finance this rising trade deficit, coupled with a net outflow of US\$173 million on account of foreign portfolio investment, has led to a 52% decline in the foreign exchange reserves of the country, which stood at US\$7.7 billion as at September 30, 2008.

While international commodity prices have witnessed sharp declines during the period under review, however, the declining reserves have played havoc with the Rupee's exchange rate parity versus the US Dollar, with a further decline of 14.4% in the rupee since the start of the current fiscal year. The cumulative decline in the rupee's parity vs the US Dollar since July 01, 2007 stood at 29.6% as at September 30, 2008.

The net effect has been a continuing surge in inflation as the lower commodity prices have been more than offset by the weaker rupee. Year on year inflation in 1Q09 stood at 24.5%, a huge increase over the corresponding figure of 1Q08 of 7.1%.

Remittances from Non-Resident Pakistanis have increased by 25% in 1Q09 to US\$1,879.7 million, providing some comfort on the foreign exchange front. Similarly, revenue collection has also improved by 25% in the period, with total revenue collected of Rs. 253.3 billion in the first quarter.

The weakening macro economic fundamentals have taken their toll on the equity markets, with the KSE-100 share index registering a further decline of 25.3% in 1Q09. Due to the constant weakness in share prices, the Karachi Stock Exchange took the unprecedented step of freezing share prices at the level prevailing on August 27, 2008. While this has preserved the notional price of listed equities, however, volumes on the ready market have fallen to 13 year lows as all participants expect share prices to decline further once the freeze is removed on October 27, 2008.

The Average Daily Turnover (ADTO) of the KSE for FY08, stood at 246.5 million shares, however, this has declined by 94% to 15.4 million shares since the market was frozen. In the past three weeks, the daily volume has mostly remained below one million shares!

### **Financial Statements**

For the quarter ended September 30, 2008 your company has posted an after tax loss of Rs. 40.4mn, which equates to Rs. 0.54 per share.

Your bank has faced tremendous challenges in the period under review. The decline in equity market volumes has directly impacted the brokerage business, and brokerage revenues have declined by 38% as a consequence. Capital gain of Rs. 4.3 million in 1Q09 compensates for the reduction in brokerage revenue. Thus the net decline in total revenues is 17% for the period.

**Directors Report**  
For the first quarter ended September 30, 2008



Despite the deterioration in the economic conditions, and the consequent reduction in revenues, your bank has made a conscious decision to retain its human resource base. As elaborated in the annual report for FY08, the awarding of the investment banking license to your bank in February 2008 has opened up a vast array of new avenues for revenue generation, and additional staff has been inducted to build up the infrastructure of the bank for future expansion into new areas. This has also necessitated the requirement to enhance the physical infrastructure of the bank, resulting in a rising expense for office rental. Your bank has rented an office premises situated at Khayaban-e-Ittehad which was being renovated during the period under review, thus the bank was bearing the rental expense of two premises. However, during September 2008, renovation work was completed on the bank's new premises and the bank has relocated to the new premises, thus going forward the office rental expenses will be reduced.

Administrative expenses had remained constant as for the full year, financial charges of the company reduced through continuous efforts by negotiating for reduction in rates on borrowings from financial institutions and effective cash management.

**Future Outlook**

Your bank continues to work towards increasing diversification of revenues in order to improve our ability to weather such shocks. Your bank was the first corporate member of the National Commodities Exchange Ltd. (NCEL) to launch an active full service commodities brokerage desk. As new products are being introduced on the commodities exchange, including the recent addition of the mini-gold contract, the attractiveness of trading in commodities is increasing exponentially, and your bank is well placed to benefit from this increased interest.

At the same time, we also remain committed to pursue continuous improvements in our existing services in order to offer our clients the best investment banking solutions. Large investments in infrastructure, both physical, as well as technological (hardware and software), have been made over the past few months and we are now able to offer even better support to our clients backed up by state of the art technology, and a modern and elegant office environment. I remain confident that we will come through the current malaise stronger than before and will maximize the available opportunities to deliver value to our investors.

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

**For and Behalf of Board of Directors**

**Karachi**  
October 30, 2008

**Nusrat Yar Ahmad**  
Chief Executive Officer

## Condensed Interim Balance Sheet As at September 30, 2008 (Unaudited)



	Note	Unaudited September 30, 2008 Rupees	Audited June 30, 2008 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		226,883,012	157,652,617
Intangibles		1,367,126	1,367,126
Membership cards & room	3	97,500,000	97,500,000
Goodwill	4	92,238,600	92,238,600
Long term loans		23,969,607	19,761,385
Long term deposits		13,482,612	13,293,609
		<u>455,440,957</u>	<u>381,813,337</u>
<b>Current assets</b>			
Short-term investments		109,863,426	127,635,483
Trade debtors		1,455,328,424	1,352,383,735
Current maturity of non-current assets		7,015,153	6,451,816
Advances, deposits, prepayments and other receivables		78,197,466	100,520,683
Cash and bank balances		17,482,632	59,434,825
		<u>1,667,887,101</u>	<u>1,646,426,543</u>
<b>TOTAL ASSETS</b>		<u><b>2,123,328,058</b></u>	<u><b>2,028,239,879</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 285,000,000 (2008: 285,000,000) ordinary shares of Rs.10/- each	5	<u>2,850,000,000</u>	<u>2,850,000,000</u>
Issued, subscribed and paid-up capital	5	746,423,700	746,423,700
Capital reserve on amalgamation		(347,923,700)	(347,923,700)
Accumulated loss		(58,743,878)	(18,261,890)
Subordinated loan		121,000,000	121,000,000
		460,756,122	501,238,110
Fair value reserve / (deficit)		(36,479,080)	(12,076,479)
Surplus on revaluation of fixed assets		81,552,224	81,552,224
<b>Non-current liabilities</b>			
Liability against assets subject to finance lease		183,029	1,291,051
<b>Current liabilities</b>			
Current liability against assets subject to finance lease		3,585,686	3,603,698
Short-term finance		1,439,556,581	1,262,703,702
Creditors, accrued and other liabilities		174,173,497	189,927,573
		<u>1,617,315,764</u>	<u>1,456,234,973</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,123,328,058</b></u>	<u><b>2,028,239,879</b></u>

The annexed notes 1 to 9 form an integral part of these financial statements.

Saeed Iqbal Chaudhry  
Chairman

Nusrat Yar Ahmad  
Chief Executive

**Condensed Interim Profit and Loss Account**  
For the period ended September 30, 2008 (Unaudited)



	1st Quarter Ended		Period Ended	
	September 30, 2008 Rupees	September 30, 2007 Rupees	September 30, 2008 Rupees	September 30, 2007 Rupees
<b>INCOME</b>				
Brokerage revenue	23,367,465	37,848,728	23,367,465	37,848,728
Commission and fees	-	26,188	-	26,188
Capital gain / (loss)	4,385,719	(10,217,268)	4,385,719	(10,217,268)
Other income	2,688,161	9,152,386	2,688,161	9,152,386
	<b>30,441,345</b>	36,810,034	<b>30,441,345</b>	36,810,034
<b>EXPENDITURE</b>				
Administrative and operating expenses	60,587,888	36,768,199	60,587,888	36,768,199
Financial charges	4,550,291	8,648,782	4,550,291	8,648,782
Provision for diminution in value of investments	4,681,144	-	4,681,144	-
	<b>69,819,323</b>	45,416,981	<b>69,819,323</b>	45,416,981
<b>Loss before taxation</b>	<b>(39,377,978)</b>	(8,606,947)	<b>(39,377,978)</b>	(8,606,947)
Provision for taxation	(1,104,010)	(2,671,772)	(1,104,010)	(2,671,772)
<b>Loss after taxation</b>	<b>(40,481,988)</b>	(11,278,719)	<b>(40,481,988)</b>	(11,278,719)
<b>Basic &amp; diluted earning per share</b>	<b>(0.542)</b>	(0.322)	<b>(0.542)</b>	(0.322)

The annexed notes 1 to 9 form an integral part of these financial statements.

Saeed Iqbal Chaudhry  
Chairman

Nusrat Yar Ahmad  
Chief Executive

**Condensed Interim Cash Flow Statement**  
For the period ended September 30, 2008 (Unaudited)



	Unaudited September 30, 2008 Rupees	Unaudited September 30, 2007 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(39,377,978)	(8,606,947)
<b><u>Adjustments for non cash charges and other items:</u></b>		
Depreciation	7,771,436	2,935,984
Amortization	103,054	-
Provision for diminution in value of investments	4,681,144	-
Financial charges	4,550,291	8,648,782
Gain on disposal of fixed assets	(1,876)	(70,645)
	<b>17,104,049</b>	<b>11,514,121</b>
<b>Cash flows from operating activities before working capital changes</b>	<b>(22,273,929)</b>	<b>2,907,174</b>
<b>Working capital changes</b>		
<b><u>(Increase) / decrease in current assets</u></b>		
Short term investments	(11,311,688)	(296,818,636)
Trade Debtors	(102,944,689)	111,547,165
Current maturity of long term loans	(563,337)	-
Advances, deposits, prepayments and other receivables	22,323,217	201,803,460
	<b>(92,496,497)</b>	<b>16,531,989</b>
<b><u>Increase / (decrease) in current liabilities</u></b>		
Short-term finance	176,852,879	1,227,907,071
Creditors, accrued and other liabilities	(15,754,076)	(1,305,450,020)
	<b>161,098,803</b>	<b>(77,542,949)</b>
<b>Net change in working capital</b>	<b>68,602,306</b>	<b>(61,010,960)</b>
<b>Cash generated from / (used in) operation</b>	<b>46,328,377</b>	<b>(58,103,786)</b>
Financial charges paid	(4,550,291)	(8,648,782)
Income tax paid	(1,104,010)	(2,671,772)
	<b>(5,654,301)</b>	<b>(11,320,554)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>40,674,076</b>	<b>(69,424,340)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(78,325,688)	(2,333,287)
Long term loans	(4,208,222)	20,746,011
Long term deposit	(189,003)	(578,760)
Sale proceeds from disposal of tangible fixed assets	1,222,677	465,000
Net cash (used in) / generated from investing activities	<b>(81,500,236)</b>	<b>18,298,964</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance lease liability	(1,126,034)	(938,718)
<b>Net cash used in financing activities</b>	<b>(1,126,034)</b>	<b>(938,718)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(41,952,193)</b>	<b>(52,064,094)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>59,434,825</b>	<b>374,868,732</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>17,482,632</b>	<b>322,804,638</b>

The annexed notes 1 to 9 form an integral part of these financial statements.

**Saeed Iqbal Chaudhry**  
Chairman

**Nusrat Yar Ahmad**  
Chief Executive

**Condensed Interim Statement of Changes in Equity**  
For the period ended September 30, 2008 (Unaudited)



	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	Revenue reserves / accumulated profit / (loss)	Subordinated loan	Total
<b>Balance as at July 1, 2007</b>					
Shares of legal parent	100,000,000	-	764,088	-	100,764,088
Issue of shares on amalgamation to ICSL shareholders in ratio 1:7	2,450,000,000	-	-	-	2,450,000,000
Capital reserve on amalgamation	-	(2,388,554,050)	-	-	(2,388,554,050)
Issue of shares to creditors	237,054,050	-	-	-	237,054,050
Loss for the period (Jul'07-Sept'07)	-	-	(11,278,719)	-	(11,278,719)
<b>Balance as at September 30, 2007</b>	<u>2,787,054,050</u>	<u>(2,388,554,050)</u>	<u>(10,514,631)</u>	<u>-</u>	<u>387,985,369</u>
<b>Balance as at July 1, 2008</b>	746,423,700	(347,923,700)	(18,261,890)	121,000,000	501,238,110
Loss for the period (Jul'08-Sept'08)	-	-	(40,481,988)	-	(40,481,988)
<b>Balance as at September 30, 2008</b>	<u>746,423,700</u>	<u>(347,923,700)</u>	<u>(58,743,878)</u>	<u>121,000,000</u>	<u>460,756,122</u>

The annexed notes 1 to 9 form an integral part of these financial statements.

**Saeed Iqbal Chaudhry**  
Chairman

**Nusrat Yar Ahmad**  
Chief Executive

**1. LEGAL STATUS AND OPERATIONS**

Invest Capital Investment Bank Limited-ICIBL (formerly Asset Investment Bank Limited-AIBL) was formed after the amalgamation of AIBL with Invest Capital and Securities (Private) Limited-ICSL through the order of Lahore High Court, Rawalpindi Bench dated March 27, 2007 for the sanction of the arrangement of amalgamation. Subject to the restrictions, if any, the Bank will perform all the businesses and the activities that the two separate entities were performing before the amalgamation. Pursuant to the same order the name of the company was changed to Invest Capital Investment Bank Limited.

ICIBL is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. Securities and Exchange Commission of Pakistan (SECP) on February 29, 2008 has issued a license to the company to carry out Investment Finance Services as a Non Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non Banking Finance Companies (Establishment and Regulations) Rules, 2003. ICIBL's shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated in Karachi.

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

In compliance with rule no. 7 (2) (n) of the NBFC Rules, 2003, the company has to separate its brokerage business from the investment services by the end of this year.

**2. STATEMENT OF COMPLIANCE**

- 2.1 These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). Further, these Interim Financial Statements are being circulated to the Shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.
- 2.2 These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2008.
- 2.3 The significant judgment, estimates and assumptions used by the management in preparation of these condensed interim financial statements are the same as those applied to the annual financial statements as at and for the year ended June 30, 2008.

**3. MEMBERSHIP CARDS AND ROOM**

Membership card of Karachi Stock Exchange & National Commodity Exchange

Unaudited September 30, 2008 Rupees	Audited June 30, 2008 Rupees
<b>82,500,000</b>	82,500,000
<b>15,000,000</b>	15,000,000
<b>97,500,000</b>	97,500,000

Room

**Notes to the Condensed Interim Financial Statements  
For the period ended September 30, 2008 (Unaudited)**



**4. GOODWILL**

The acquisition was accounted for under the purchase method and was identified as reverse acquisition. The calculation of goodwill arrived is as follows;

	<b>Unaudited September 30, 2008 Rupees</b>	Audited June 30, 2008 Rupees
Cost of business combination	<b>48,500,000</b>	48,500,000
Less : Net fair value of assets, liabilities and contingent liabilities	<b>(43,738,600)</b>	(43,738,600)
	<b>92,238,600</b>	<b>92,238,600</b>

**5. SHARE CAPITAL**

Authorised share capital  
285,000,000 (2008 : 285,000,000) Ordinary shares  
of Rs. 10 /- each

<b>2,850,000,000</b>	<b>2,850,000,000</b>
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Issued, subscribed & paid-up capital  
74,642,370 (2008 : 74,642,370) Ordinary shares  
of Rs. 10 /- each issued for cash.

<b>746,423,700</b>	746,423,700
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<b>746,423,700</b>	<b>746,423,700</b>
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**6. CONTINGENCIES AND COMMITMENTS**

There are no changes in the contingent liabilities since the last audited published financial statements.

**7. BASIC & DILUTED EARNING PER SHARE**

		<b>Unaudited September 30, 2008 Rupees</b>	Unaudited September 30, 2007 Rupees
Loss after taxation	Rupees	<b>(40,481,988)</b>	(11,278,719)
Weighted average number of ordinary shares outstanding		<b>74,642,370</b>	35,000,000
Earning per ordinary share - Basic & Diluted	Rupee	<b>(0.542)</b>	(0.322)

**8. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved by the Board of Directors of the Company in their meeting held on October 30, 2008.

**9. GENERAL**

- (i) The condensed interim financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.
- (ii) Figures have been rounded off to the nearest rupee.

**Saeed Iqbal Chaudhry**  
Chairman

**Nusrat Yar Ahmad**  
Chief Executive

## Our Network



### KARACHI

#### Registered Office

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#### Head Office

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Khayaban-e-Ittehad, Phase-II, Ext. DHA, Karachi  
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#### Stock Exchange Office

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