

The logo for Escorts Bank is a square with a white border. It features a grey background with the word "ESCORTS" in white uppercase letters at the top. Below it is a horizontal red bar with the word "BANK" in white uppercase letters. The bottom portion of the square is also grey.

ESCORTS  
BANK

# Half Yearly Report

For the period ended 31 December

**2012**

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# Corporate Information

## BOARD OF DIRECTORS

### Chairman

Bairam Qureishy

### President & Chief Executive Officer

Shazia Bashir

### Directors

Bairam Qureishy

Shazia Bashir

Mutahir Ahmed

Tajamul Hussain Bokharee

Zulfiqar A. Khan

Amjad Mahmood Agha

Muhammad Sharif Baqir

### Company Secretary / Chief Financial Officer

Kamran Hafeez

## EXECUTIVE MANAGEMENT

### President & Chief Executive Officer

Shazia Bashir

### Head of Branch Network

Azmat Baig

### Head of Proprietary Investments

Hassan Abid Zaidi

### Head of MIS

Kamran Chughtai

## AUDIT COMMITTEE

### Chairman

Tajamul Hussain Bokharee

### Members

Bairam Qureishy

Mutahir Ahmed

### Secretary

Kamran Hafeez

### Internal Auditors

Nasir Javaid Maqsood Imran

Chartered Accountants

### External Auditors

Zahid Jamil & Company

Chartered Accountants

### Legal Advisors

Lexium Attorneys at Law

### Tax Consultants

KPMG Taseer Hadi & Co.

Chartered Accountants

### Share Registrars

Hameed Majeed Associates (Pvt.) Ltd.

### Bankers

Bank Alfalah Limited

Bank Al-Habib Limited

Askari Bank Limited

NIB Bank Limited

## NETWORK

### Head Office & Lahore Branch

Escorts House

26-Davis Road, Lahore

Tel: (042) 3637 1931-34

Fax: (042) 3637 5950

mailmanager@escortsbank.net

www.escortsbank.net

## BRANCH OFFICES

### Karachi Office

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Stock Exchange Road, Karachi

Tel: (021) 3247 1671-5

Fax: (021) 3247 237

karachi@escortsbank.net

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### Islamabad Office

Escorts Investment Bank Limited

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www.escortsbank.net

The Board of Directors of Escorts Investment Bank Limited (the "Bank") is pleased to present before you the unaudited financial statements of the half year ended 31 December 2012, duly reviewed by the External Auditors.

Your Bank posted a loss after tax of Rs. 9.67 million for the six months ended December 31, 2012 translating into negative EPS of Rs. (0.22) as compared to a loss of Rs. 7.57 million and negative EPS of Rs. (0.17). This represents additional loss of Rs. 2 million comparing with the previous year. The primary reason for this additional loss is that during the first half of the previous year the Bank earned fee and commission income of Rs. 6.4 million and other income of Rs. 7.8 million which were negligible in the corresponding period of the current year.

Similarly the total income for the half year reduced from Rs. 118 million in the first half of the previous year to Rs. 104 million in the corresponding period of the current year. This, as discussed, is primarily because of reduction in the fees and commission income and other income by Rs. 12 million. The total expenses of the Bank reduced from Rs. 125 million in the half year ended December 31, 2011 to Rs. 113 million in the corresponding period ended December 31, 2012, thereby depicting a decrease of Rs. 12 million. This was due to Rs. 6 million decrease in amortization of premium held to maturity investments, Rs. 4.7 million decrease in return on term finance certificates and Rs. 3.7 million reduction in markup on borrowings from financial institutions. Return on certificates of deposits and administrative and other operating expenses have shown increase of Rs. 1.6 million and Rs. 1 million respectively.

Going forward, your Bank is expected to earn additional revenues through the new initiatives which are high yield. These include transportation bills discounting, market making in crude oil contracts and commodities. The Bank has also established its Johar Town Branch where cross selling of products is being offered. The brokerage revenues of Escorts Capital Limited have crossed Rs. 1 million mark in the month of November 2012 and the trend is expected to continue. The management expects Escorts Capital Limited to be profitable and distribute dividends.

The auditors of the company have identified in their review report the shortage in minimum equity requirement. The management of your Bank is confident that this shortfall would be met by retained earnings and that the shortfall would be met accordingly.

The Board wishes to place on record the gratitude to SECP for their valued support, assistance and guidance. The Board would also like to take this opportunity to express their admiration to the employees of the Bank for their commitment and hard work. The Bank recognizes and records its gratitude for their efforts.

For and on behalf of the Board

**Shazia Bashir**

President and Chief Executive Officer  
Lahore: February 23, 2013

Director

# Review Report to the Members

## Introduction

We have reviewed the accompanying condensed interim balance sheet of ESCORTS INVESTMENT BANK LIMITED as at December 31, 2012 and the related condensed interim profit & loss account including other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit & loss account for the quarters ended December 31, 2011 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

- a) Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our conclusion, we draw attention to:

- i. Note # 2.2. to the accompanying financial information which indicate that the company's equity as at December 31, 2012 has fallen below the minimum equity requirement required under regulation 4 of NBFC and notified entities Regulation 2008.

LAHORE:  
Date: FEBRUARY 23, 2013

**CHARTERED ACCOUNTANTS**  
**(Engagement Partner: Muhammad Amin)**

# Condensed Interim Balance Sheet

As at 31 December 2012

ESCORTS  
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	Note	31-Dec-12 Rupees (Un-audited)	30-Jun-12 Rupees (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets	5	100,362,611	106,182,817
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	101,004,392	100,994,410
Long term finances		161,361,538	128,631,816
Long term loans and advances		51,015,827	50,877,595
Long term deposits and prepayments		4,913,072	9,029,428
Deferred tax asset		95,555,063	95,555,063
		722,666,503	699,725,129
<b>Current Assets</b>			
Current maturities of non-current assets		61,544,759	110,144,097
Short term investments	7	134,160,254	112,086,491
Short term finances		131,007,890	147,963,572
Short term placements		91,958,175	720,647,460
Advances		3,652,562	3,518,121
Short term deposits and prepayments		21,619,479	22,558,586
Interest accrued		28,575,677	24,987,555
Other receivables		85,765,973	68,265,935
Tax refunds due from government		234,947,813	230,689,984
Cash and bank balances		12,219,226	35,934,136
		805,451,808	1,476,795,937
		1,528,118,311	2,176,521,066
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Share capital		441,000,000	441,000,000
Reserves		24,899,245	34,574,874
		465,899,245	475,574,874
Surplus on revaluation of fixed assets		37,253,317	38,208,529
Deficit on Revaluation of Investments	8	(1,356,431)	(7,142,277)
<b>Non-Current Liabilities</b>			
Term finance certificates	9	48,606,997	72,572,347
Long term certificates of deposit		220,922,288	164,380,933
<b>Current Liabilities</b>			
Current maturities of non-current liabilities		93,162,206	112,684,208
Short term borrowings	10	-	599,348,500
Running finance - Secured		43,516,131	-
Short term certificates of deposit		389,435,008	434,629,006
Accrued markup		16,891,741	17,221,726
Trade and other payables	11	178,146,163	234,559,857
Provision for taxation		35,641,646	34,483,363
		756,792,895	1,432,926,660
<b>Contingencies and Commitments</b>	12	-	-
		1,528,118,311	2,176,521,066

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Chief Executive Officer

Director

# Condensed Interim Profit and Loss Account

For the period ended 31 December 2012 (Un-audited)

	Note	Three months ended		Six months ended	
		31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
		2012	2011	2012	2011
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Profit on financing		25,447,160	15,625,067	40,809,165	28,564,391
Mark-up on lease finance		115	46,937	3,040	121,139
Return on placements		6,806,385	13,489,841	25,827,966	36,528,321
Return on investments	13	17,982,313	15,141,876	35,362,488	38,125,279
Fees and Commission		120,392	4,856,950	130,392	6,411,950
Profit on bank deposits		379,133	385,641	707,195	574,232
Other income		986,704	1,571,877	1,864,233	7,963,009
		51,722,202	51,118,189	104,704,479	118,288,321
<b>EXPENSES</b>					
Return on certificates of deposit		21,076,264	19,907,788	41,985,889	40,890,057
Return on term finance certificates		2,014,810	3,022,214	4,410,133	9,112,608
Mark-up on short term running finance		402,206	316,061	492,023	419,055
Mark-up on borrowings from financial institutions		25,397,629	17,482,655	39,468,799	43,264,927
Amortization of premium on held to maturity investments		11,808	3,462,735	572,630	6,925,470
Administrative and other operating expenses	14	13,952,332	11,877,802	26,241,573	24,604,833
Other financial charges		29,510	24,041	50,778	181,296
		62,884,559	56,093,296	113,221,825	125,398,246
Operating loss before provisions and taxation		(11,162,357)	(4,975,107)	(8,517,346)	(7,109,925)
Provision for doubtful financing - reversed		-	605,179	-	605,179
<b>Operating loss before taxation</b>		(11,162,357)	(4,369,928)	(8,517,346)	(6,504,746)
Taxation		(174,257)	(505,722)	(1,158,283)	(1,073,502)
<b>Loss after taxation</b>		(11,336,614)	(4,875,650)	(9,675,629)	(7,578,248)
Other comprehensive income - net of tax		-	-	-	-
<b>Total comprehensive loss - net of tax</b>		(11,336,614)	(4,875,650)	(9,675,629)	(7,578,248)
Loss per share-basic and diluted		(0.26)	(0.11)	(0.22)	(0.17)

The annexed notes from 1 to 18 form an integral part of this interim financial information.

# Condensed Interim Cash Flow Statement

For the period ended 31 December 2012 (Un-audited)

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	31-Dec-12 Rupees	31-Dec-11 Rupees
<b>Cash flow from operating activities</b>		
<b>Loss before taxation</b>	(8,517,346)	(6,504,746)
<b>Adjustment for non cash expenses and other items:</b>		
Dividend income	(21,839,926)	(18,776,575)
Depreciation on property and equipment	5,433,416	5,107,202
Amortization on intangible assets	433,290	433,290
Incremental depreciation on revaluation of fixed assets	(955,212)	-
Provision for doubtful financing - reversed	-	(605,179)
Amortization of premium on held to maturity investments	572,630	6,925,470
Amortization of issuance cost of listed TFCs	1,014,450	786,648
Gain on sale of fixed assets	-	(295,068)
Fair value loss on held for trading investment	238,122	-
	(15,103,230)	(6,424,212)
	(23,620,576)	(12,928,958)
<b>Decrease/(increase) in operating assets</b>		
Disbursements of finances - net	(18,790,104)	14,324,668
Net investment in lease finance	537,965	1,427,830
Placements	628,689,285	634,491,055
Investments - net	33,473,961	208,296,417
Long term and short term advances	(226,359)	(5,168,704)
Interest Accrued	(3,588,122)	9,942,071
Other receivables	(17,500,038)	(58,584,944)
Deposits and prepayments	5,055,474	(15,214,026)
	627,652,062	789,514,367
<b>(Decrease) / Increase in operating liabilities</b>		
Borrowings from financial institutions	(599,348,500)	(761,820,762)
Certificates of deposit	(7,726,145)	(87,033,817)
Running finance facility	43,516,131	(50,000,600)
Accrued markup	(329,985)	(9,561,402)
Trade and other payables	(56,413,694)	133,623,792
	(620,302,193)	(774,792,789)
<b>Net changes in operating assets and liabilities</b>	7,349,869	14,721,578
<b>Net cash generated from operating activities</b>	(16,270,707)	1,792,620
Taxes refund/ paid	(4,257,829)	(4,899,690)
<b>Net cash generated from operating activities</b>	(20,528,536)	(3,107,070)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure incurred	(46,500)	-
Dividend received	21,839,926	18,776,575
Proceeds from sale of fixed assets	-	620,115
<b>Net cash generated from investing activities</b>	21,793,426	19,396,690
<b>Cash flow from financing activities</b>		
Redemption of listed term finance certificates	(24,979,800)	(16,653,200)
<b>Net cash used in financing activities</b>	(24,979,800)	(16,653,200)
<b>Net decrease in cash and cash equivalents</b>	(23,714,910)	(363,580)
<b>Cash and cash equivalents at the beginning of the period</b>	35,934,136	17,441,234
<b>Cash and cash equivalents at the end of the period</b>	12,219,226	17,077,654

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Chief Executive Officer

Director



# Condensed Interim Statement of Changes in Equity

For the period ended 31 December 2012 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated loss Rupees	Total Rupees
<b>Balance as at 01 July 2011</b>	441,000,000	154,050,085	(108,155,197)	486,894,888
Net loss for the period	-	-	(7,578,248)	(7,578,248)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(7,578,248)	(7,578,248)
<b>Balance as at 31 December 2011</b>	441,000,000	154,050,085	(115,733,445)	479,316,640
<b>Balance as at 01 July 2012</b>	441,000,000	154,050,085	(119,475,211)	475,574,874
Net loss for the period	-	-	(9,675,629)	(9,675,629)
Transfer to statutory reserve	-	-	-	-
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(9,675,629)	(9,675,629)
<b>Balance as at 31 December 2012</b>	441,000,000	154,050,085	(129,150,840)	465,899,245

The annexed notes from 1 to 18 form an integral part of this interim financial information.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

# Condensed Interim Notes to the Financial Statements

For the period ended 31 December 2012 (Un-audited)



## 1. LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited (“the Company”) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operations on 16 October 1996. The Company is listed on the Karachi and Lahore stock exchanges. Escorts Investment Bank Limited is licensed 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. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term credit rating of the Company to “BBB” (Triple B) and maintained the short-term rating at “A3” (A three) dated 14 March 2012. A “positive Outlook” has been assigned to these ratings. The ratings denotes an adequate capacity of timely payment of financial commitments. (Previous: BBB-/A3).

## 2. BASIS OF PRESENTATION

- 2.1 This interim financial information is un-audited but subject to limited scope review by the auditors and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

This interim financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 30 June 2012.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, ‘Financial Instruments: Recognition and Measurement’ and International Accounting Standard (IAS) 40, ‘Investment Property’ through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, ‘Financial Instruments: Disclosures’ through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

- 2.2 The financial statements of the company reflect that the equity of the company as at December 31, 2012 is Rs. 465.899 million which is below the minimum capital required under NBFC regulations 2008. The NBFC Reforms Process initiated by Securities and Exchange Commission of Pakistan is also underway and it is expected that the minimum equity requirement would be revised as a result. The management is confident and committed that the equity requirement would be met through internal resources including retained earnings.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2012.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2012.

	Note	31-Dec-12 Rupees (Un-audited)	30-Jun-12 Rupees (Audited)
<b>5. FIXED ASSETS</b>			
Property and equipments	5.1	99,351,341	104,738,257
Intangible assets		1,011,270	1,444,560
		100,362,611	106,182,817
<b>5.1 Property and equipments</b>			
Opening balance written down value.		104,738,257	76,846,098
<b>Additions:</b>			
Surplus on revaluation of fixed assets		-	38,208,529
Computer equipment		-	191,500
Vehicles		46,500	-
<b>Less: Disposals written down value</b>			
Office furniture and fixtures		-	(126,833)
Office equipments		-	(193,963)
		-	(320,796)
Depreciation for the period / year		4,478,204	10,187,074
Incremental depreciation on revaluation of fixed assets		955,212	-
Closing written down value		99,351,341	104,738,257
<b>6. LONG TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Pakistan Investment Bonds		101,004,392	151,577,022
Less: Current maturity of Pakistan Investment Bonds		-	50,582,612
		101,004,392	100,994,410
<b>7. SHORT TERM INVESTMENTS</b>			
<b>Held for Trading</b>			
Listed Shares and units		3,676,050	6,876,527
Commodities			
- Gold		10,503,155	13,912,413
- Others		38,839,500	-
		49,342,655	13,912,413
Others		12,113,531	12,113,531
<b>Available for sale</b>			
Listed Term Finance Certificates		1,641,052	1,642,368
Listed Shares and units		69,700,501	85,402,911
		136,473,789	119,947,750
Deficit on revaluation		(2,313,535)	(7,861,259)
		134,160,254	112,086,491

	31-Dec-12 Rupees (Un-audited)	30-Jun-12 Rupees (Audited)
<b>8. DEFICIT ON REVALUATION OF INVESTMENTS</b>		
<b>Available for sale</b>		
Listed term finance certificates	2,636	8,828
Listed shares / units	(1,359,067)	(7,151,105)
	(1,356,431)	(7,142,277)
<b>9. TERM FINANCE CERTIFICATES</b>		
<b>Listed:</b>		
Face value	500,000,000	500,000,000
Less: Redeemed		
Opening balance	375,101,000	333,468,000
Redeemed during the year	24,979,800	41,633,000
	400,080,800	375,101,000
Less: Current maturity	99,919,200	124,899,000
	49,959,600	49,959,600
	49,959,600	74,939,400
Less: Cost on issuance/ rescheduling		
Opening balance	(4,395,953)	(1,048,842)
Rescheduling cost incurred during the year	-	(6,086,702)
Amortization for the year	1,014,450	2,739,591
	(3,381,503)	(4,395,953)
Less: Current maturity	2,028,900	2,028,900
	(1,352,603)	(2,367,053)
	48,606,997	72,572,347
<b>10. SHORT TERM BORROWINGS</b>		
Financial institutions - Secured	-	599,348,500
<b>10.1</b> These represents borrowings under repurchase agreements and carry mark-up at the rate (2012: 12% to 12.50% per annum and are for a period of 6 days to 33 days).		
	31-Dec-12 Rupees (Un-audited)	30-Jun-12 Rupees (Audited)
<b>11. TRADE AND OTHER PAYABLES</b>		
Customers' credit balances	59,987,411	4,856,469
Accrued expenses and other payables	114,166,514	226,190,377
Provision for compensated absences	1,605,234	1,126,007
Unclaimed dividend	2,387,004	2,387,004
	178,146,163	234,559,857

			<b>31-Dec-12 Rupees (Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>12. CONTINGENCIES AND COMMITMENTS</b>				
Outstanding guarantees			42,121,020	40,301,020
Future purchase contract - Shares			-	173,150,679
Future sale contract - Shares			-	68,852,695
<b>13. RETURN ON INVESTMENTS</b>				
	<b>Three months ended</b>	<b>Six months ended</b>		
	<b>31-Dec-12 2012 Rupees (Un-audited)</b>	31-Dec-11 2011 Rupees (Un-audited)	<b>31-Dec-12 2012 Rupees (Un-audited)</b>	31-Dec-11 2011 Rupees (Un-audited)
Mark-up / return on investments	2,575,492	13,663,164	5,929,521	27,944,375
Dividend income	14,118,065	11,395,728	21,839,926	18,776,575
Fair value loss on held for trading investment	(637,725)	(287,456)	(238,122)	(257,254)
Capital gain/(loss) on investments	1,926,481	(9,629,560)	7,831,163	(8,338,417)
	17,982,313	15,141,876	35,362,488	38,125,279
<b>14. ADMINISTRATIVE AND OTHER OPERATING EXPENSES</b>				
Salaries, wages, other benefits and allowances	4,690,930	3,924,993	8,969,932	7,913,626
Staff Training and Welfare	49,979	20,242	55,335	22,290
Advertisement and business promotion	125,400	65,850	152,250	84,260
Rent, rates and taxes	432,838	865,098	1,096,548	2,538,868
Utilities	331,858	364,753	623,121	609,162
Communication charges	353,913	351,951	783,775	709,444
Traveling and vehicle maintenance	1,373,824	1,075,037	2,619,267	2,165,754
Repair and maintenance	382,029	362,961	849,799	674,038
Entertainment	314,509	249,975	563,271	483,289
Fee and subscriptions	219,439	258,204	1,024,309	433,437
Legal and professional charges	753,471	679,157	1,059,898	1,032,962
Printing and stationery	571,188	346,033	771,010	603,771
Fee, brokerage and commission	9,082	8,189	33,174	35,608
CDC and clearing charges	1,205,278	-	1,426,511	573,882
Insurance	174,935	115,784	286,829	266,075
Amortization of issuance cost of listed TFCs	507,225	393,324	1,014,450	786,648
Depreciation	2,239,489	2,557,046	4,478,204	5,107,202
Amortization on intangible assets	216,645	216,645	433,290	433,290
Loss on sale of fixed assets	-	-	-	-
Staff motor vehicle contribution and insurance	-	19,533	-	39,066
Miscellaneous expenses	300	3,027	600	92,161
	13,952,332	11,877,802	26,241,573	24,604,833

**15. TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise, subsidiary company, local associated companies, staff retirement funds, directors and other key management personnel. Material transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

	<b>31-Dec-12</b> <b>Rupees</b> <b>(Un-audited)</b>	31-Dec-11 Rupees (Un-audited)
<b>Transactions during the period</b>		
<b>Subsidiary Company:</b>		
Profit paid on certificates of deposit	-	6,718,114
Return on finances received	-	18,000,000
Return on assets	3,032,879	2,971,726
<b>Associated companies:</b>		
Return on finances received	532,464	-
Profit paid on certificates of deposit	381,981	320,862
Advisory fee	-	6,000,000
Chairman's secretariat expenses	1,800,000	1,800,000
Guarantee commission earned	110,392	-
<b>Directors:</b>		
Return on finances received	564,921	293,694
Profit paid on certificates of deposit	3,297,341	3,404,310
<b>Executives:</b>		
Return on finances received	118,270	387,200
Profit paid on certificates of deposit	3,554,585	3,857,270
<b>Others:</b>		
Contribution to staff retirement benefits plan	368,878	307,420
	<b>31-Dec-12</b> <b>Rupees</b> <b>(Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>Balance at the end of the period</b>		
<b>Subsidiary Company:</b>		
Certificates of deposit outstanding	50,000,000	50,000,000
Financing outstanding	100,000,000	100,000,000
Receivable/ (Payable) against purchase of shares	43,832,662	(73,349,918)
Profit receivable on financing	23,235,521	15,353,521
Markup payable on COD	8,498,630	5,490,714
<b>Associated companies:</b>		
Financing outstanding	79,908,103	78,325,213
Letter of guarantee outstanding	42,121,020	40,301,020
Certificates of deposit outstanding	51,556,017	6,095,003
Profit receivable on financing	18,836,336	-
Other receivable	15,123,189	10,956,463
<b>Directors:</b>		
Financing outstanding	19,263,854	19,540,227
Certificates of deposit outstanding	60,692,600	60,692,600
<b>Executives:</b>		
Financing outstanding	3,215,798	3,441,731
Certificates of deposit outstanding	52,500,000	56,476,561

## 16. SEGMENTAL ANALYSIS

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities within Pakistan:

### Financing activities

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers.

### Investment activities

Investment activities include money market activities, investment in government securities, advisory services, capital market activities and the management of the Company's liquidity.

	<b>Six Months ended 31 December 2012</b>		
	<b>Financing activities</b>	<b>Investing activities</b>	<b>Total</b>
Profit on financing	40,809,165	-	40,809,165
Mark-up on lease finance	3,040	-	3,040
Return on placements	-	25,827,966	25,827,966
Return on investments	-	35,362,488	35,362,488
<b>Total income for reportable segments</b>	<b>40,812,205</b>	<b>61,190,454</b>	<b>102,002,659</b>
Finance costs	34,801,601	52,178,651	86,980,252
Administrative and other operating expenses	10,499,495	15,742,078	26,241,573
Provision for doubtful financing - reversed	-	-	-
<b>Segment result</b>	<b>(4,488,892)</b>	<b>(6,730,274)</b>	<b>(11,219,166)</b>
Other operating income			2,701,820
Loss before taxation			(8,517,346)
<b>Segment assets</b>	<b>404,407,184</b>	<b>560,867,624</b>	<b>965,274,808</b>
Unallocated assets			562,843,503
			1,528,118,311
<b>Segment liabilities</b>	<b>242,321,555</b>	<b>307,044,757</b>	<b>549,366,312</b>
unallocated liabilities			512,852,755
Equity			465,899,245
			1,528,118,311

## Six Months ended 31 December 2011

	Financing activities	Investing activities	Total
Profit on financing	28,564,391	-	28,564,391
Mark-up on lease finance	121,139	-	121,139
Return on placements	-	36,528,321	36,528,321
Return on investments	-	38,125,279	38,125,279
Fee and commission	-	6,411,950	6,411,950
<b>Total income for reportable segments</b>	<b>28,685,530</b>	<b>81,065,550</b>	<b>109,751,080</b>
Finance costs	26,344,274	74,449,139	100,793,413
Administrative and other operating expenses	6,430,941	18,173,892	24,604,833
Provision for doubtful financing - reversed	(605,179)		(605,179)
<b>Segment result</b>	<b>(3,484,506)</b>	<b>(11,557,481)</b>	<b>(15,041,987)</b>
Other operating income			8,537,241
Loss before taxation			(6,504,746)
<b>Segment assets</b>	<b>323,852,393</b>	<b>714,809,743</b>	<b>1,038,662,136</b>
Unallocated assets			523,309,851
			1,561,971,987
<b>Segment liabilities</b>	<b>175,919,019</b>	<b>303,161,234</b>	<b>479,080,253</b>
unallocated liabilities			603,575,094
Equity			479,316,640
			1,561,971,987

**17. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on 23rd February 2013.

**18. GENERAL**

Figures have been rounded off to the nearest rupee.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director





# Consolidated Financial Statements

31 December 2012

# Condensed Interim Consolidated Balance Sheet

As at 31 December 2012

	Note	30-Dec-12 Rupees (Un-audited)	30-Jun-12 Rupees (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets	6	103,508,670	109,504,081
Cards and rooms		84,955,000	84,955,000
Long term investments	7	101,004,392	100,994,410
Long term finances		61,361,538	28,631,816
Long term loans and advances		1,015,827	877,595
Long term deposits and prepayments		7,158,072	11,253,428
Deferred tax asset		95,555,063	95,555,063
		454,558,562	431,771,393
<b>Current Assets</b>			
Current maturities of non-current assets		61,544,759	110,144,097
Short term investments	8	134,160,254	112,086,491
Short term finances		131,007,890	147,963,572
Short term placements		91,958,175	720,647,460
Advances		3,995,454	3,727,813
Short term deposits and prepayments		31,258,990	32,198,097
Interest accrued		29,278,288	10,464,699
Other receivables		287,191,196	148,124,722
Tax refunds due from government		238,406,226	234,011,965
Cash and bank balances		23,372,590	48,388,873
		1,032,173,822	1,567,757,789
		1,486,732,384	1,999,529,182
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Share capital		441,000,000	441,000,000
Reserves		(192,005,703)	(172,296,751)
		248,994,297	268,703,249
Surplus on revaluation of fixed assets		37,253,317	38,208,529
Deficit on Revaluation of Investments	9	(1,356,431)	(7,142,277)
<b>Non-Current Liabilities</b>			
Term finance certificates	10	48,606,997	72,572,347
Long term certificates of deposit		220,922,288	164,380,933
<b>Current Liabilities</b>			
Current maturities of non-current liabilities		93,162,206	112,684,208
Short term borrowings	11	-	599,348,500
Running finance - Secured		43,516,131	-
Short term certificates of deposit		289,435,008	334,629,006
Accrued markup		8,393,111	11,731,012
Trade and other payables	12	462,163,814	369,930,312
Provision for taxation		35,641,646	34,483,363
		932,311,916	1,462,806,401
Contingencies and Commitments	13	-	-
		1,486,732,384	1,999,529,182

The annexed notes from 1 to 19 form an integral part of this interim financial information.

# Condensed Interim Consolidated Profit and Loss Account

For the period ended 31 December 2012 (Un-audited)



	Note	Three months ended		Six months ended	
		31-Dec-12 2012 Rupees	31-Dec-11 2011 Rupees	31-Dec-12 2012 Rupees	31-Dec-11 2011 Rupees
<b>INCOME</b>					
Profit on financing		19,961,297	14,139,204	29,837,439	21,092,665
Mark-up on lease finance		115	46,937	3,040	121,139
Return on placements		6,806,385	13,489,841	25,827,966	36,528,321
Return on investments	14	17,982,313	15,141,876	35,362,488	38,125,279
Fees and Commission		2,978,319	4,967,335	4,313,386	7,483,369
Profit on bank deposits		421,975	1,056,961	1,822,102	1,914,414
Other income		3,064,318	1,625,829	4,244,885	8,026,314
		51,214,722	50,467,983	101,411,306	113,291,501
<b>EXPENSES</b>					
Return on certificates of deposit		19,563,935	17,827,290	38,977,973	37,394,431
Return on term finance certificates		2,014,810	3,022,214	4,410,133	9,112,608
Mark-up on short term running finance		402,206	316,061	492,023	419,055
Mark-up on borrowings from financial institutions		25,397,629	17,482,655	39,468,799	43,264,927
Amortization of premium on held to maturity investments		11,808	3,462,735	572,630	6,925,470
Administrative and other operating expenses	15	18,888,437	15,123,198	34,992,191	30,804,773
Other financial charges		35,373	26,190	59,186	187,748
		66,314,198	57,260,343	118,972,935	128,109,012
<b>Operating loss before provisions and taxation</b>		(15,099,476)	(6,792,360)	(17,561,629)	(14,817,511)
Provision for doubtful financing - reversed		-	605,179	-	605,179
<b>Operating loss before taxation</b>		(15,099,476)	(6,187,181)	(17,561,629)	(14,212,332)
Taxation		(716,863)	(865,948)	(2,147,323)	(1,911,054)
<b>Loss after taxation</b>		(15,816,339)	(7,053,129)	(19,708,952)	(16,123,386)
Other comprehensive income - net of tax		-	-	-	-
<b>Total comprehensive loss - net of tax</b>		(15,816,339)	(7,053,129)	(19,708,952)	(16,123,386)
loss per share-basic and diluted		(0.36)	(0.16)	(0.45)	(0.37)

The annexed notes from 1 to 19 form an integral part of this interim financial information.

# Condensed Interim Consolidated Cash Flow Statement

For the period ended 31 December 2012 (Un-audited)

	30-Dec-12 Rupees	31-Dec-11 Rupees
<b>Cash flow from operating activities</b>		
<b>Loss before taxation</b>	(17,561,629)	(14,212,332)
<b>Adjustment for non cash expenses and other items:</b>		
Dividend income	(21,839,926)	(18,776,575)
Depreciation on property and equipment	5,652,797	5,320,442
Amortization on intangible assets	433,290	433,290
Incremental depreciation on revaluation of fixed assets	(955,212)	-
Provision for doubtful financing - reversed	-	(605,179)
Amortization of premium on held to maturity investments	572,630	6,925,470
Amortization of issuance cost of listed TFCs	1,014,450	786,648
Gain on sale of fixed assets	-	(295,068)
Fair value loss on held for trading investment	238,122	-
	(14,883,849)	(6,210,972)
	(32,445,478)	(20,423,304)
<b>Decrease/(increase) in operating assets</b>		
Disbursements of finances - net	(18,790,104)	14,324,669
Net investment in lease finance	537,965	1,427,830
Placements	628,689,285	634,491,055
Investments - net	33,473,961	208,296,415
Long term and short term advances	(359,559)	(4,965,893)
Interest Accrued	(18,813,589)	(5,164,705)
Other receivables	(139,066,474)	(19,443,536)
Deposits and prepayments	5,034,474	(10,931,654)
	490,705,959	818,034,181
<b>(Decrease) / Increase in operating liabilities</b>		
Borrowings from financial institutions	(599,348,500)	(761,820,762)
Certificates of deposit	(7,726,145)	(65,578,773)
Running finance facility	43,516,131	(50,000,600)
Accrued markup	(3,337,901)	(5,104,581)
Trade and other payables	92,233,500	81,496,242
	(474,662,915)	(801,008,474)
<b>Net changes in operating assets and liabilities</b>	16,043,044	17,025,707
<b>Net cash generated from operating activities</b>	(16,402,434)	(3,397,597)
Taxes refund/ paid	(5,383,300)	(6,678,651)
<b>Net cash generated from operating activities</b>	(21,785,734)	(10,076,248)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure incurred	(90,675)	-
Dividend received	21,839,926	18,776,575
Proceeds from sale of fixed assets	-	620,115
<b>Net cash generated from investing activities</b>	21,749,251	19,396,690
<b>Cash flow from financing activities</b>		
Redemption of listed term finance certificates	(24,979,800)	(16,653,200)
<b>Net cash used in financing activities</b>	(24,979,800)	(16,653,200)
<b>Net decrease in cash and cash equivalents</b>	(25,016,283)	(7,332,758)
<b>Cash and cash equivalents at the beginning of the period</b>	48,388,873	26,434,601
<b>Cash and cash equivalents at the end of the period</b>	23,372,590	19,101,843

The annexed notes from 1 to 19 form an integral part of this interim financial information.

Chief Executive Officer

Director

# Condensed Interim Consolidated Statement of Changes in Equity

## For the period ended 31 December 2012 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated loss Rupees	Total Rupees
<b>Balance as at 01 July 2011</b>	441,000,000	154,050,085	(290,943,033)	304,107,052
Net loss for the period	-	-	(16,123,386)	(16,123,386)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(16,123,386)	(16,123,386)
<b>Balance as at 31 December 2011</b>	441,000,000	154,050,085	(307,066,419)	287,983,666
<b>Balance as at 01 July 2012</b>	441,000,000	154,050,085	(326,346,836)	268,703,249
Net loss for the period	-	-	(19,708,952)	(19,708,952)
Transfer to statutory reserve	-	-	-	-
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(19,708,952)	(19,708,952)
<b>Balance as at 31 December 2012</b>	441,000,000	154,050,085	(346,055,788)	248,994,297

The annexed notes from 1 to 19 form an integral part of this interim financial information.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

# Condensed Interim Notes to the Consolidated Financial Statements

## For the period ended 31 December 2012 (Un-audited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited and its subsidiary Company ("The Group") comprises of holding Company Escorts Investment Bank Limited (EIBL) and a wholly owned Subsidiary Company Escorts Capital Limited ("ESCAP").

EIBL ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operation on 16 October 1996. The Company is listed on the Karachi and Lahore stock exchanges. Escorts Investment Bank Limited is licensed 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. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

ESCAP ("the Subsidiary") was incorporated as a public Limited company in Pakistan on 5 June 2008 under the Companies Ordinance, 1984 and became a wholly owned subsidiary Company of EIBL in June 2008. The Subsidiary is principally engaged in brokerage business. The registered office of the subsidiary is situated at Escorts House, 26 Davis Road, Lahore.

### 2. BASIS OF PRESENTATION

- 2.1 This interim financial information is un-audited but subject to limited scope review by the auditors and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

This interim financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2012.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

- 2.2 The separate financial statements of the company reflect that the equity of the company as at December 31, 2012 is Rs. 465.899 million which is below the minimum capital required under NBFC regulations 2008. The NBFC Reforms Process initiated by Securities and Exchange Commission of Pakistan is also underway and it is expected that the minimum equity requirement would be revised as a result. The management is confident and committed that the equity requirement would be met through internal resources including retained earnings.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2012.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2012.

## 5. BASIS OF CONSOLIDATION

The basis of consolidation for the preparation of this financial statements are the same as those followed in preparation of the annual audited consolidated financial statements of the Group for the year ended 30 June 2012.

		<b>30-Dec-12</b> <b>Rupees</b> <b>(Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>6. FIXED ASSETS</b>			
Property and equipments	6.1	102,497,400	108,059,520
Intangible assets		1,011,270	1,444,561
		<b>103,508,670</b>	<b>109,504,081</b>
<b>6.1 Property and equipments</b>			
Opening balance written down value.		108,059,520	80,427,846
<b>Additions:</b>			
Surplus on revaluation of fixed assets		-	38,208,529
Computer equipment		44,175	467,950
Vehicles		46,500	-
<b>Less: Disposals written down value</b>			
Office furniture and fixtures		-	(126,833)
Office equipments		-	(193,963)
		-	(320,796)
Depreciation for the period / year		4,697,583	10,724,009
Incremental depreciation on revaluation of fixed assets		955,212	-
Closing written down value		<b>102,497,400</b>	<b>108,059,520</b>
<b>7. LONG TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Pakistan Investment Bonds		101,004,392	151,577,022
Less: Current maturity of Pakistan Investment Bonds		-	50,582,612
		<b>101,004,392</b>	<b>100,994,410</b>
<b>8. SHORT TERM INVESTMENTS</b>			
<b>Held for Trading</b>			
Listed Shares and units		3,676,050	6,876,527
Commodities			
- Gold		10,503,155	13,912,413
- Others		38,839,500	-
		49,342,655	13,912,413
Others		12,113,531	12,113,531
<b>Available for sale</b>			
Listed Term Finance Certificates		1,641,052	1,642,368
Listed Shares and units		69,700,501	85,402,911
		<b>136,473,789</b>	<b>119,947,750</b>
Deficit on revaluation		(2,313,535)	(7,861,259)
		<b>134,160,254</b>	<b>112,086,491</b>



	<b>30-Dec-12</b> <b>Rupees</b> <b>(Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>9. DEFICIT ON REVALUATION OF INVESTMENTS</b>		
<b>Available for sale</b>		
Listed term finance certificates	2,636	8,828
Listed shares / units	(1,359,067)	(7,151,105)
	(1,356,431)	(7,142,277)
<b>10. TERM FINANCE CERTIFICATES</b>		
<b>Listed:</b>		
Face value	500,000,000	500,000,000
Less: Redeemed		
Opening balance	375,101,000	333,468,000
Redeemed during the year	24,979,800	41,633,000
	400,080,800	375,101,000
Less: Current maturity	99,919,200	124,899,000
	49,959,600	49,959,600
Less: Cost on issuance/ rescheduling		
Opening balance	(4,395,953)	(1,048,842)
Rescheduling cost incurred during the year	-	(6,086,702)
Amortization for the year	1,014,450	2,739,591
	(3,381,503)	(4,395,953)
Less: Current maturity	2,028,900	2,028,900
	(1,352,603)	(2,367,053)
	48,606,997	72,572,347
<b>11. SHORT TERM BORROWINGS</b>		
Financial institutions - Secured	-	599,348,500
<b>11.1</b> These represents borrowings under repurchase agreements and carry mark-up at the rate (2012: 12% to 12.50% per annum and are for a period of 6 days to 33 days).		
	<b>31-Dec-12</b> <b>Rupees</b> <b>(Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>12. TRADE AND OTHER PAYABLES</b>		
Customers' credit balances	307,425,226	123,721,973
Accrued expenses and other payables	150,746,350	242,695,328
Provision for compensated absences	1,605,234	1,126,007
Unclaimed dividend	2,387,004	2,387,004
	462,163,814	369,930,312

			<b>31-Dec-12</b> <b>Rupees</b> <b>(Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>13. CONTINGENCIES AND COMMITMENTS</b>				
Outstanding guarantees			42,121,020	40,301,020
Future purchase contract - Shares			-	173,150,679
Future sale contract - Shares			-	68,852,695
<b>14. RETURN ON INVESTMENTS</b>				
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31-Dec-12</b>	31-Dec-11	<b>31-Dec-12</b>	31-Dec-11
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>Rupees</b>	Rupees	<b>Rupees</b>	Rupees
	<b>(Un-audited)</b>	(Un-audited)	<b>(Un-audited)</b>	(Un-audited)
Mark-up / return on investments	2,575,492	13,663,164	5,929,521	27,944,375
Dividend income	14,118,065	11,395,728	21,839,926	18,776,575
Fair value loss on held for trading investment	(637,725)	(287,456)	(238,122)	(257,254)
Capital gain/(loss) on investments	1,926,481	(9,629,560)	7,831,163	(8,338,417)
	17,982,313	15,141,876	35,362,488	38,125,279
<b>15. ADMINISTRATIVE AND OTHER OPERATING EXPENSES</b>				
Salaries, wages, other benefits and allowances	7,579,372	5,393,156	13,955,066	11,359,162
Staff Training and Welfare	49,979	20,242	55,335	22,290
Advertisement and business promotion	125,400	65,850	152,250	84,260
Rent, rates and taxes	1,032,838	1,497,098	2,297,444	3,820,676
Utilities	202,752	521,210	623,121	840,304
Communication charges	422,728	494,084	1,121,428	1,053,901
Traveling and vehicle maintenance	1,528,745	1,141,760	2,879,403	2,298,355
Repair and maintenance	436,188	416,705	1,063,985	827,823
Entertainment	321,033	254,340	586,718	514,892
Fee and subscriptions	304,439	339,464	1,109,309	575,923
Legal and professional charges	928,471	758,157	1,211,278	1,186,962
Printing and stationery	598,003	354,613	848,120	624,711
Fee, brokerage and commission	34,082	8,189	80,274	35,608
CDC and clearing charges	1,820,290	437,279	2,292,161	608,620
Insurance	424,548	115,784	536,442	266,075
Amortization of issuance cost of listed TFCs	507,225	393,324	1,014,450	786,648
Depreciation	2,353,649	2,663,660	4,697,583	5,320,442
Amortization on intangible assets	216,645	216,645	433,290	433,290
Loss on sale of fixed assets	-	-	-	-
Staff motor vehicle contribution and insurance	-	19,533	-	39,066
Miscellaneous expenses	2,050	12,105	34,534	105,765
	18,888,437	15,123,198	34,992,191	30,804,773

## 16. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, subsidiary company, local associated companies, staff retirement funds, directors and other key management personnel. Material transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

	<b>31-Dec-12 Rupees (Un-audited)</b>	31-Dec-11 Rupees (Un-audited)
<b>Transactions during the period</b>		
<b>Associated companies:</b>		
Return on finances received	532,464	6,130,816
Profit paid on certificates of deposit	381,981	320,862
Advisory fee	-	10,072,017
Fixed assets sold	-	600,115
Chairman's secretariat expenses	1,800,000	1,800,000
Guarantee commission earned	110,392	-
<b>Directors:</b>		
Return on finances received	564,921	293,694
Profit paid on certificates of deposit	3,297,341	3,404,310
<b>Executives:</b>		
Return on finances received	118,270	387,200
Profit paid on certificates of deposit	3,554,585	3,857,270
<b>Others:</b>		
Contribution to staff retirement benefits plan	442,507	394,900
	<b>31-Dec-12 Rupees (Un-audited)</b>	30-Jun-12 Rupees (Audited)
<b>Balance at the end of the period</b>		
<b>Associated companies:</b>		
Financing outstanding	79,908,103	78,325,213
Letter of guarantee outstanding	42,121,020	40,301,020
Certificates of deposit outstanding	51,556,017	6,095,003
Profit receivable on financing	18,836,336	-
Other receivable	15,123,189	10,956,463
<b>Directors:</b>		
Financing outstanding	19,263,854	19,540,227
Certificates of deposit outstanding	60,692,600	60,692,600
<b>Executives:</b>		
Financing outstanding	3,215,798	3,441,731
Certificates of deposit outstanding	52,500,000	56,476,561

## 17. SEGMENTAL ANALYSIS

The Group's activities are broadly categorized into two primary business segments namely financing activities and investment activities within Pakistan:

### Financing activities

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers.

### Investment activities

Investment activities include money market activities, investment in government securities, advisory services, capital market activities and the management of the Company's liquidity.

Six Months ended 31 December 2012			
	Financing activities	Investing activities	Total
Profit on financing	29,837,439	-	29,837,439
Mark-up on lease finance	3,040	-	3,040
Return on placements	-	25,827,966	25,827,966
Return on investments	-	35,362,488	35,362,488
<b>Total income for reportable segments</b>	29,840,479	61,190,454	91,030,933
Finance costs	27,529,385	56,451,359	83,980,744
Administrative and other operating expenses	11,470,647	23,521,544	34,992,191
Provision for doubtful financing - reversed	-	-	-
<b>Segment result</b>	(9,159,554)	(18,782,448)	(27,942,002)
Other operating income			10,380,373
Loss before taxation			(17,561,629)
<b>Segment assets</b>	254,407,184	438,071,235	692,478,419
Unallocated assets			794,253,965
			1,486,732,384
<b>Segment liabilities</b>	145,820,646	186,640,718	332,461,364
Unallocated liabilities			905,276,724
Equity			248,994,297
			1,486,732,384

Six Months ended 31 December 2011

	Financing activities	Investing activities	Total
Profit on financing	21,092,665	-	21,092,665
Mark-up on lease finance	121,139	-	121,139
Return on placements		36,528,321	36,528,321
Return on investments		38,125,279	38,125,279
Fee and commission	-	7,483,369	7,483,369
<b>Total income for reportable segments</b>	<b>21,213,804</b>	<b>82,136,969</b>	<b>103,350,773</b>
Finance costs	19,972,691	77,331,548	97,304,239
Administrative and other operating expenses	6,322,995	24,481,778	30,804,773
Provision for doubtful financing - reversed	(605,179)		(605,179)
<b>Segment result</b>	<b>(4,476,703)</b>	<b>(19,676,357)</b>	<b>(24,153,060)</b>
Other operating income			9,940,728
Loss before taxation			(14,212,332)
<b>Segment assets</b>	<b>222,077,080</b>	<b>591,310,743</b>	<b>813,387,823</b>
Unallocated assets			494,390,237
			1,307,778,060
<b>Segment liabilities</b>	<b>97,523,392</b>	<b>190,223,887</b>	<b>287,747,279</b>
Unallocated liabilities			732,047,115
Equity			287,983,666
			1,307,778,060

18. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 23rd February 2013.

19. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director



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