

ESCORTS INVESTMENT BANK LIMITED

## Half Yearly Report for the period ended 31 December 2016



WAY TO SUCCESS

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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 Aleem Ahmed Khan Qaim Mehdi

**Company Secretary / Chief Financial Officer** Muhammad Irfan Choudhry

#### **EXECUTIVE MANAGEMENT**

President & Chief Executive Officer Shazia Bashir

Head of Proprietary Investments Hassan Abid Zaidi

Head of MIS Kamran Chughtai

#### AUDIT COMMITTEE

Chairman Tajamul Hussain Bokharee

Members Bairam Qureishy Mutahir Ahmed

Secretary Muhammad Mukarram

Internal Auditors Nasir Javaid Maqsood Imran & Co. Chartered Accountants

External Auditors Tariq Abdul Ghani Maqbool & Co. 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 Askari Bank Limited MCB Bank Limited NIB Bank Limited Sind Bank Limited

#### NETWORK

Head Office & Lahore Branch Escorts House 26-Davis Road, Lahore Tel: (042) 3637 1931-34 Fax: (042) 3637 5950

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#### **BRANCH OFFICES**

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## **Directors' Review**

The board of directors of Escorts Investment Bank Limited ("the Company") is pleased to present before you the un-audited financial statements of the half year ended 31 December 2016, duly reviewed by the External Auditors.

The NBFC sector in Pakistan is continuously facing obstacles in its business activities due to factors such as reluctance of financial institutions/commercial banks to lend borrowings to NBFCs.

Your company posted as loss after tax of Rs. 37.54 million for the six months ended 31 December 2016 reflecting EPS of Rs. (0.85) as compared to a loss of Rs. 38.10 million and EPS of Rs. (0.86) corresponding period of last year. The primary reason for loss is 83.18% reduction in return on financing and the reduction of 49.19% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also decreased of 23.18% as compared to the corresponding period of last year. Return on investment improved significantly from Rs. 2.952 million to Rs. 13.775 million showing a total in increase as compared to the corresponding period of the last year.

The external auditors of the company have identified in their Review Report the shortage in minimum equity requirement. The management of your company has given its view in note no. 2.02 of condensed interim notes to the Financial Statements.

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

For and on behalf of the Board

Shazia Bashir President and Chief Executive Officer Lahore: February 28, 2017

# Auditor's Report to the Members on Review of Condenses Interim Financial Information

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of "Escorts Investment Bank Limited" as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of 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 "condensed 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 for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2016.

#### 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 condensed 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.

#### **Basis for qualified conclusion**

- (a) As stated in the condensed interim financial information, deferred tax asset amounting to Rs. 136.55 million has been recognized by the management. However, due to liquidity problems more fully explained in note 2.03 to the condensed interim financial information, the future profitability of the Company is uncertain and it is no longer probable that sufficient taxable profits will be available to allow deferred tax asset to be utilized. Therefore, whole amount of Rs. 136.55 million should have been written off in accordance with the provisions of IAS 12 "Income Taxes". Had a reversal against this balance been provided in these condensed interim financial information, non current assets would have been lowered by Rs. 136.55 million with a corresponding increase of Rs. 136.55 million in loss after taxation and accumulated losses.
- (b) As stated in condensed interim financial information, the Company has investment in its wholly owned subsidiary company amounting Rs. 175 million as at 31 December 2016. However, as at period end, the subsidiary company has incurred loss before tax for the period amounting to Rs. 8.46 million, accumulated losses as at period end amounting to Rs. 194.98 million, its equity is negative by Rs. 19.98 million, current liabilities exceeds its currents assets by Rs. 84.28 million and break up value of shares is negative by Rs. 1.14. These conditions along with adverse key financial ratios indicate the existence of material uncertainty regarding future operations of the subsidiary company and the ability of the Company to continue as a going concern. These conditions indicate that recoverable amount of the investment in subsidiary company is materially less than its carrying value and an impairment of the whole investment amount should have been recognized in accordance with the provisions of IAS 36 "Impairment of Assets". Had a reversal against this balance been provided in this condensed interim financial information, non current assets would have been lower by Rs. 175 million with a corresponding increase of Rs. 175 million in loss after taxation and accumulated losses;

#### **Qualified Conclusion**

Based on our review, except for matter referred to in the preceding paragraphs (a) and (b), the extent to which this may affect the annexed condensed interim financial information, nothing has come to our attention that causes us to believe that accompanying condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material aspects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

#### Emphasis of matters paragraph

Notwithstanding the matters as discussed in paragraph (a) and (b) above, we draw users' attention to the matter that during the period ended 31 December 2016, the company has incurred loss before tax of Rs. 37.34 million and its accumulated losses stood at Rs. 284.66 million. Further, equity of the company is falling short by Rs. 435.16 million to meet prescribed equity as required under the Non Banking Finance Companies and Notified Entities Regulation, 2008 for the companies undertaking business of deposit taking investment finance services. These conditions indicates the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and it may be unable to realize its assets and discharge its liabilities in the normal course of business. Financial Information have, however, been prepared on going concern basis for reasons more fully explained in note 2.03 to the condensed interim financial information. Our conclusion is not qualified in respect of this matter.

LAHORE: Date: 28 February 2017 Tariq Abdul Ghani Maqbool and Co. Chartered Accountants (Engagement Partner: Shahid Mehmood)

# 6 Condensed Interim Balance Sheet

As at 31 December 2016

	Note	31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
Non-current Assets Property and equipments	5	89,096,077	95,873,568
Intangible assets Cards and rooms Long term investment in subsidiary company	6	142,737 33,450,000 175,004,000	171,279 33,450,000 175,004,000
Long term investments Long term finances	7	- 69,852,267	100,775,669 120,489,485
Long term loans and advances Long term deposits and prepayments Deferred tax asset		640,720 45,754,950 136,551,607	1,061,523 45,754,950 136,551,607
		55 0,492,358	709,132,081
CURRENT ASSETS Current maturities of non-current assets Short term investments Short term finances Advances Short term deposits and prepayments Interest accrued Other receivables Tax refunds due from the government Cash and bank balances	8	45,484,233 97,629,835 17,948,542 3,170,384 352,503 17,957,197 153,452,106 176,545,786 4,918,096	50,448,299 119,711,752 24,659,107 3,662,219 650,695 19,571,208 154,496,053 176,288,611 4,010,051
		517,458,682	553,497,995
		1,067,951,040	1,262,630,076
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 1	0/- each	500,000,000	500,000,000
Issued, subscribed and paid up capital Reserves		441,000,000 (126,161,875)	441,000,000 (89,402,310)
		314,838,125	351,597,690
Surplus on revaluation of property and equipments		30,343,062	31,121,088
NON-CURRENT LIABILITIES Long term financing - subordinated loans Long term certificates of deposit	9	154,470,420 69,412,192	- 280,535,817
CURRENT LIABILITIES Current maturities of non-current liabilities Short term borrowings Short term certificates of deposit Accrued markup		200,692,943 - 203,243,276 16,913,790	240,671,522 100,000,000 179,391,224 12,903,683
Trade and other payables Provision for taxation	10	65,883,523 12,153,709 498,887,241	54,452,469 11,956,583 599,375,481
Contingencies and commitments	11	-	-
		1,067,951,040	1,262,630,076

## **Condensed Interim Profit and Loss Account**

For the half year ended 31 December 2016 (Un-audited)

		Half yea	ar ended	Quarter ended		
	Note	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	
	Note	Rupees	Rupees	Rupees	Rupees	
INCOME						
Profit on financing		8,497,172	50,518,301	3,148,763	22,742,378	
Return on investments	12	16,727,260	2,952,131	13,503,595	(890,685)	
Income from fees and commission		176,494	827,751	-	201,991	
Profit on bank deposits		196,864	552,292	84,715	201,379	
Mark up on lease finances		10,852	-	-	-	
Other income		1,207,736	9,187,584	1,301,244	4,256,714	
		26,816,378	64,038,059	18,038,317	26,511,777	
EXPENSES						
Mark up on certificates of deposits Mark-up on short term borrowings		35,226,779	69,327,352	13,661,813	31,914,928	
from financial institutions Amortization of premium on		4,152,348	1,410,446	1,772,304	763,645	
held to maturity investments Administrative and other		775,668	31,308	758,469	15,654	
operating expenses	13	23,987,682	31,223,906	12,618,974	15,520,422	
Financial cost		14,366	37,618	6,685	18,977	
		64,156,843	102,030,630	28,818,245	48,233,626	
Operating loss before taxation		(37,340,465)	(37,992,571)	(10,779,928)	(21,721,849)	
Taxation		(197,126)	(112,715)	(168,603)	243,109	
Net loss for the period		(37,537,591)	(38,105,286)	(10,948,531)	(21,478,740)	
Loss per share-basic and diluted		(0.85)	(0.86)	(0.25)	(0.49)	



# Statement of Comprehensive Income For the half year ended 31 December 2016 (Un-audited)

	Half year ended		Quarte	er ended
	31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
Net loss for the period	(37,537,591)	(38,105,286)	(10,948,531)	(21,478,740)
Other comprehensive income:	,			
Items that may be reclassified subsequently to profit and loss account:				
<ul> <li>Net fair value gain on available for sale financial assets</li> </ul>	-	2,700,220	-	4,370,365
Total comprehensive loss for the period	(37,537,591)	(35,405,066)	(10,948,531)	(17,108,375)

### **Condensed Interim Cash Flow Statement**

For the half year ended 31 December 2016 (Un-audited)

	31-Dec-16 Rupees	30-Dec-15 Rupees
Cash flow from operating activities		
Loss before taxation Adjustment for non cash expenses and other items:	(37,340,465)	(37,992,571)
Dividend income Depreciation Amortization on intangible assets Gain on sale of treasury bills Gain on sale of long term investment Amortization of premium on held to maturity investments	- 3,405,058 28,542 (162,812) (9,682,963) 775,668 (5,636,507)	(233,374) 4,086,553 42,814 - - 31,308 3,927,301
Decrease / (increase) in operating assets	(42,976,972)	(34,065,270)
Disbursements of finances - net Net investment in finance lease Investments - net Long term and short term advances Interest accrued Other receivables Deposits and prepayments	61,602,693 74,715 12,600,039 1,393,815 1,614,011 1,043,947 451,456	173,570,399 - 36,343,243 284,831 3,275,040 (62,179,439) 1,421,096
(Decrease) / increase in operating liabilities	78,780,676	152,715,170
Borrowings from financial institutions Certificates of deposit Accrued markup Trade and other payables	(100,000,000) (227,250,152) 4,010,107 11,431,054 (311,808,991) (233,028,315)	48,159,150 (234,591,702) 238,147 59,702,635 (126,491,770) 26,223,400
Net changes in operating assets and liabilities Taxation - net	(276,005,287) (257,175)	(7,841,870) 11,881,111
Net cash (used in) / generated from operating activities CASH FLOW FROM INVESTING ACTIVITIES	(276,262,462)	4,039,241
Fixed capital expenditure Dividend received Proceeds from sale of treasury bills Proceeds from sale of long term investment Proceeds from sale of property and equipments	- 9,644,690 109,682,964 3,372,433	(138,600) 233,374 - - -
Net cash generated from investing activities	122,700,087	94,774
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - subordinated loans	154,470,420	-
Net cash generated from financing activities	154,470,420	-
Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period	908,045 4,010,051	4,134,015 5,489,402
Cash and cash equivalents at the end of the period	4,918,096	9,623,417

**Condensed Interim Statement of Changes in Equity** For the half year ended 31 December 2016 (Un-audited)

ESCORTS INVESTMENT.

	Issued, subscribed	Capital Reserves		Revenue Reserve	c .
	and paid up	Statutory	(Deficit)/gain on	Accumulated	
	Share capital	reserve	revaluation of investments	loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2015	441,000,000	158,496,746	(5,933,149)	(136,922,684)	456,640,913
Total comprehensive income					
for the period:					
Net loss for the half year ended				(20.405.200)	(20.405.200)
31 December 2015	-	-	-	(38,105,286)	(38,105,286)
Other comprehensive income: Items that may be reclassified					
subsequently to profit and loss account					_
- Incremental depreciation on revalued					
assets for the period	_	-	-	818,976	818,976
- Unrealised gain on remeasurement					
of investments available for sale	-	-	2,700,220	-	2,700,220
Items that will not be reclassified					
subsequently to profit and loss account	-	-	-	-	-
	-	-	2,700,220	(37,286,310)	(34,586,090)
Balance as at 31 December 2015	441,000,000	158,496,746	(3,232,929)	(174,208,994)	422,054,823
Total comprehensive income for the period:					
Net loss for the half year ended 30 June 2016	-	-	-	(74,509,214)	(74,509,214)
Other comprehensive income:					
Items that may be reclassified					
subsequently to profit and loss account					
- Incremental depreciation on revalued					
assets for the period	-	-	-	818,976	818,976
- Unrealised loss on remeasurement of			(2 700 220)		(2 700 220)
investments available for sale Items that will not be reclassified	-	-	(2,700,220)	-	(2,700,220)
subsequently to profit and loss account					
Gain during the period transferred to					
profit and loss account on derecognition					
of available for sale investment	-	-	5,933,325	_	5,933,325
			3,233,105	(73,690,238)	(70,457,133)
Balance as at 01 July 2016	441,000,000	158,496,746	176	(247,899,232)	351,597,690
Total comprehensive income for the period:	,,	,, -		( )) - )	, ,
Net loss for the half year ended					
31 December 2016	-	-	-	(37,537,591)	(37,537,591)
Other comprehensive income:					
Items that may be reclassified					
subsequently to profit and loss account	-	-	-	-	-
- Incremental depreciation on revalued					
assets for the period				778,026	778,026
<ul> <li>Unrealised loss on remeasurement of investments available for sale</li> </ul>					
Investments available for sale Items that will not be reclassified	-	-	-		-
subsequently to profit and loss account			_		-
subsequencity to profit and loss decould	-	-		(36,759,565)	(36,759,565)
	-	-	-	(20,739,202)	(20,723,205)
Balance as at 31 December 2016	441,000,000	158,496,746	176	(284,658,797)	314,838,125

### Condensed Interim Notes to the Financial Statements

For the half year ended 31 December 2016 (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 Pakistan Stock Exchange Limited. 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 maintained the long-term credit rating of the Company to "BB" (double B) and also maintained the short-term rating at "B" (single B) dated 16 November 2016. The ratings denote an adequate capacity of timely payment of financial commitments.

These financial statements are separate financial statements of the company. In addition to these financial statements , consolidated financial statements of the company have also been prepared.

#### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed 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 Standard (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 condensed 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 2016.

2.2 The condensed interim financial information of the Company reflects that the equity of the Company as at 31 December 2016 is Rs. 314.84 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 resource including retained earnings.

#### 2.3 Going concern assumption

The Company has incurred loss before tax for the period ended 31 December 2016 amounting to Rs. 37.34 million, accumulated losses of the company amounting to Rs. 284.66 million as at balance sheet date. SECP vide SRO No. 1160/(1)/2015 dated 25 November 2015 has made certain amendments in NBFCs & Notified Entities Regulations, 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs. 750 million and the equity of the Company is short by Rs. 435.16 million. SECP has given time period of one year to the existing lending NBFCs to meet the minimum equity requirement provided that during the interim period of one year, the total deposits of such NBFCs shall be capped at the existing level i.e. outstanding deposits at the date of coming into force of these regulations i.e. 25 November 2015. These conditions along with adverse key financial ratios indicate the existence of material uncertanity regarding the future operations of the Company which may cast significant doubt about the companies ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.



However, the management implemented its multifaceted plans which resulted in improvement in the financial and operational condition of the Company. The management of the Company is curtailing its administrative and other operating expenses to minimum possible level without affecting the operating efficiency of the Company, further, directors have already injected cash in the company, which will result in improving results and equity position of the Company. Based on the above, management is confident that the Company can continue and further improve its business growth in coming years resulting in improvement of its profitability. Hence, these financial statements have been prepared on going concern basis.

#### 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 2016 except as discussed below:

New/Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current period:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Equity Method in Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

### Standards, interpretations and amendments to published standards that are effective but not relevant to the Company

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2016, but are not considered to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions 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 2016.

			31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5.	PROPERTY AND EQUIPMENTS			
	Property and equipments	5.1	90,740,462	95,873,568
5.1	Property and equipments			
	Opening written down value		95,873,568	103,693,637
	Additions:			
	Computer equipments		-	405,136
	Less:			
	Disposals:			
	Vehicles	5.1.1	3,372,433	-
	Depreciation for the period / year		3,405,058	8,225,205
	Closing written down value		89,096,077	95,873,568
5.1.1	Particulars of vehicles disposed off during the period;			
	Cost Less: Accumulated depreciation		20,887,882 17,515,449	-
	Book value		3,372,433	-
6.	INTANGIBLE ASSETS			
	Intangible assets	6.1	142,737	171,279
6.1	Intangible assets			
	Opening written down value Less: Amortization for the period / year		171,279 28,542	256,905 85,626
	Closing written down value		142,737	171,279
7.	LONG TERM INVESTMENTS			
	Held to maturity			
	Pakistan Investment Bonds (PIB's)		-	100,775,669



			31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
8.	SHC	DRT TERM INVESTMENTS		
	a)	Held to maturity		
		Treasury bills	84,849,688	94,331,566
	b)	Held for trading		
		Shares/ units Listed Others	- 12,779,690	15,830,632 9,470,609
	c)	Available for sale		
		Listed shares / units	281	281
		Gain on remeasurement	97,629,659 176	119,633,088 78,664
			97,629,835	119,711,752
9.	LON	IG TERM FINANCING - SUBORDINATED LOANS		
	Lon	g term financing - subordinated loans 9	1 154,470,420	-
9.1	Part	ticulars of subordinated loan		
		n from related parties n from associated companies	120,113,371 34,357,049	-
			154,470,420	-
10.	TRA	DE AND OTHER PAYABLES		
	Acc Prov	tomers' credit balances rued expenses and other payables vision for compensated absences laimed dividend	18,552,946 43,224,325 1,720,598 2,385,654 65,883,523	17,137,715 33,581,530 1,347,570 2,385,654 54,452,469
			00,000,020	5 1, 15 2, 405

#### 11. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

There exist no known contingencies as at balance sheet date.

#### b) Commitments

Outstanding guarantees amounting to Rs. 12.15 million (30 June 2016: Rs. 71.82 million)

#### 12. RETURN ON INVESTMENTS

		Half yea	r ended	Quarte	r ended
		31-Dec-16 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)
	Mark-up / return on investments Dividend income Capital gain/(loss) on listed	7,044,297 -	7,457,011 233,374	3,151,832 -	3,496,543 194,374
	shares/securities	9,682,963	(4,738,254)	10,351,763	(4,581,602)
		16,727,260	2,952,131	13,503,595	(890,685)
13.	ADMINISTRATIVE AND OTHER OPERATING EXPENSES				
	Salaries, wages, other benefits and allowances Staff training and welfare Advertisement and business	12,131,301 26,500	15,864,821 193,163	5,979,173 -	7,465,262 140,194
	promotion Rent, rates and taxes Utilities	84,350 1,595,907 1,003,537	75,700 3,611,903 710,104	84,350 1,114,135 369,249	75,700 2,083,721 338,492
	Communication charges Travelling and conveyance Repair and maintenance Entertainment	601,452 1,457,370 798,897 317,047	833,754 1,843,003 1,238,310 502,481	299,210 745,233 385,423 144,075	406,244 966,116 502,585 250,293
	Fee and subscriptions Legal and professional charges Printing and stationery	487,952 1,435,314 358,623	425,449 624,264 611,813	86,502 1,398,544 276,041	64,242 438,623 447,031
	Fee, brokerage and commission Insurance Depreciation	18,864 236,368 3,405,058	26,614 401,586 4,086,553	- 77,783 1,644,385	15,252 172,375 2,045,437
	Amortization on intangible assets Miscellaneous expenses	28,542 600	42,816 131,572	14,271 600	21,408 87,447
		23,987,682	31,223,906	12,618,974	15,520,422

#### 14. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of 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:



		ar ended
	31-Dec-16	30-Dec-15
	Rupees	Rupees
	(Un-audited)	(Un-audited
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	1,052,055	2,707,3
Return on assets	-	3,156,4
Associated companies:		
Return on finances received	-	298,
Profit paid on certificates of deposit	1,504,046	1,798,
Directors:		
Return on finances received	436,822	436,
Profit paid on certificates of deposit	328,219	3,900,
Executives:		
Return on finances received	40,601	17,
Profit paid on certificates of deposit	979,999	3,367,
Proceeds from sale of vehicle	3,372,433	
Others:		
Contribution to staff retirement benefits plan	397,778	558,
	31-Dec-16	30-Jun-16
	Rupees	Rupees
	(Un-audited)	(Audited)
Balance at the end of the period Subsidiary Company:		
Certificates of deposit outstanding	- 50,000,000	50,000,
		100,000,
Financing outstanding		
Financing outstanding Receivable from subsidiary company	113,562,567	113,024,
Financing outstanding		113,024, 22,853,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD	113,562,567	113,024, 22,853,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD	113,562,567	113,024, 22,853, 378,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding	113,562,567 28,853,521 -	113,024, 22,853, 378, 12,480, 8,336,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding	113,562,567 28,853,521 - 12,188,017 8,336,373	113,024, 22,853, 378, 12,480, 8,336, 34,357,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable)	113,562,567 28,853,521 - 12,188,017	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding	113,562,567 28,853,521 - 12,188,017 8,336,373	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976 - 34,357,049	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976 - 34,357,049	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans	113,562,567 28,853,521 - 12,188,017 8,336,373 26,027,976 - 34,357,049 - 16,150	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans	113,562,567 28,853,521 - 12,188,017 8,336,373 26,027,976 - 34,357,049 - 16,150	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305, 101,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans Executives: Advances outstanding Certificates of deposit outstanding Certificates of deposit outstanding Certificates of deposit outstanding	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305, 101, 2,066,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans Executives: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans	113,562,567 28,853,521 12,188,017 8,336,373 26,027,976 34,357,049 16,150 16,913,371 1,884,451	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305, 101, 2,066, 51,500,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans Executives: Advances outstanding Certificates of deposit outstanding Certificates of deposit outstanding Certificates of deposit outstanding	113,562,567 28,853,521 - 12,188,017 8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305, 101, 2,066, 51,500,
Financing outstanding Receivable from subsidiary company Profit receivable on financing Markup payable on COD Associated companies: Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans Executives: Advances outstanding Certificates of deposit outstanding Certificates of deposit outstanding Markup payable on COD's Long term financing- subordinated loans	113,562,567 28,853,521 12,188,017 8,336,373 26,027,976 34,357,049 16,150 16,913,371 1,884,451	113,024, 22,853, 378, 12,480, 8,336, 34,357, 26,017, 221, 635, 23,305, 101, 2,066, 51,500, 300,

#### 15. 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.

#### Investing activities

Investing 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 2016			
	Financing activities	Investing activities	Total	
Profit on financing Return on investments	8,497,172	- 16,727,260	8,497,172 16,727,260	
Mark up on lease finances <b>Total income for reportable segments</b> Finance costs Administrative and other operating expenses	10,852 8,508,024 13,541,024 8,086,248	- 16,727,260 26,628,137 15,901,434	10,852 25,235,284 40,169,161 23,987,682	
Segment result	(13,119,248)	(25,802,311)	(38,921,559)	
Other operating income Loss before taxation			1,581,094 (37,340,465)	
Segment assets	133,887,401	323,164,403	457,051,804	
Unallocated assets			610,899,236 1,067,951,040	
Segment liabilities	152,651,734	349,165,769	501,817,503	
Unallocated liabilities Equity			251,295,412 314,838,125 1,067,951,040	



	Six Months ended 31 December 2015			
	Financing	Investing		
	activities	activities	Total	
Profit on financing	50,518,301	-	50,518,3	
Return on investments	-	2,952,131	2,952,1	
Total income for reportable segments	50,518,301	2,952,131	53,470,4	
Finance costs	66,655,284	4,151,440	70,806,7	
Administrative and other operating expenses	29,393,220	1,830,686	31,223,9	
Segment result	(45,530,203)	(3,029,995)	(48,560,19	
Other operating income			10,567,6	
Loss before taxation			(37,992,5	
Segment assets	361,014,367	464,544,530	825,558,8	
Unallocated assets			643,889,1	
			1,469,448,0	
Segment liabilities	223 696 158	280 698 581	504 394 7	
Segment liabilities	223,696,158	280,698,581	504,394	
Unallocated liabilities			542,998,	
Equity			422,054,8	
			1,469,448,0	

Siv Months and ad 21 December 2015

#### 16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The condensed interim financial information does not include all financial risk management information and disclosures required in the financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2016.

The Company's financial risk management objective and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2016.

The carrying value of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair value.

#### 17 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the company on 28 February 2017.

#### 18 GENERAL

- **18.1** These figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 2015 were subject to limited scope review by the auditors, as scope of review by the auditors covered only the cumulative figures.
- **18.2** Figures have been rounded off to the nearest rupees.

## Consolidated Financial

Statements - Group

31 December 2016



## Director's Review to Un-Audited Condensed Interim Consolidated Financial Statements

The board of directors of Escorts Investment Bank Limited ("the Company") is pleased to present before you the un-audited financial statements of the half year ended 31 December 2016, duly reviewed by the External Auditors.

The NBFC sector in Pakistan is continuously facing obstacles in its business activities due to factors such as reluctance of financial institutions/commercial banks to lend borrowings to NBFCs.

Your company posted as loss after tax of Rs. 37.54 million for the six months ended 31 December 2016 reflecting EPS of Rs. (0.85) as compared to a loss of Rs. 38.10 million and EPS of Rs. (0.86) corresponding period of last year. The primary reason for loss is 83.18% reduction in return on financing and the reduction of 49.19% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also decreased of 23.18% as compared to the corresponding period of last year. Return on investment improved significantly from Rs. 2.952 million to Rs. 13.775 million showing a total in increase as compared to the corresponding period of the last year.

The external auditors of the company have identified in their Review Report the shortage in minimum equity requirement. The management of your company has given its view in note no. 2.02 of condensed interim notes to the Financial Statements.

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

For and on behalf of the Board

Shazia Bashir President and Chief Executive Officer Lahore: February 28, 2017



## Condensed Interim Consolidated Balance Sheet

As at 31 December 2016

Non-current Assets         Property and equipments         5         91,584,217         98,564,132           Property and equipments         6         322,897         387,467           Cards and rooms         36,441,420         36,441,420           Long term investments         7         48,513,560         192,852,267           Long term innances         919,852,267         20,489,485           Net investment in lease finance         -         640,720         1,061,523           Long term deposits and prepayments         4,133,609         146,551,607         136,551,607           Deferred tax asset         338,040,317         446,918,492         50,448,299           Short term investments         8         97,629,835         17,948,542         42,659,107           Advances         17,948,542         42,659,107         19,571,208         50,448,299           Short term investments         8         97,629,835         17,957,108         50,448,299           Short term deposits and prepayments         17,957,102         19,571,208         50,524,619           Tax refunds due from the government         2,249,203         17,9571,208         65,327,123           Cash and bank balances         100,172,344,758         965,327,123           SHARE CAPITAL AND R		Note	31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
Property and equipments       5       91,584,217       98,564,132         Intangible assets       6       322,897       387,467         Cards and rooms       36,441,420       36,441,420       36,441,420         Long term investments       7       48,513,580       149,289,249         Long term incances       19,852,67       20,489,485         Net investment in lease finance       640,720       1,061,523         Long term loans and advances       640,720       1,061,523         Long term mostist and prepayments       4,133,609       4,133,609         Deferred tax asset       136,551,607       136,551,607         CURRENT ASSETS       338,040,317       446,918,492         Current maturities of non-current assets       85       77,948,542         Short term finances       2,459,107       3,867,004       90,729,274         Atvances       138,740,547       7,786,695       119,571,208         Short term deposits and prepayments       62,246,99       9,729,274       186,226,341         Cash and bank balances       77,734,758       965,327,123       965,327,123         EQUITY AND LIABILITIES       500,000,000       500,000,000       (378,246,524)         Surplus on revaluation of property and equipment       30,	ASSETS		. ,	<u>,                                 </u>
Intangible assets       6       322, 997       387,467         Cards and rooms       36,441,420       36,441,420         Long term investments       7       48,513,580       149,289,249         Long term investments       7       48,513,580       149,289,249         Long term dances       640,720       1,061,523         Long term deposits and prepayments       4,133,609       4,133,609         Deferred tax asset       136,551,607       136,551,607         CURRENT ASSETS       338,040,317       446,918,492         Current maturities of non-current assets       8       97,629,835       119,711,752         Short term inances       45,484,233       50,448,299       19,571,208         Advances       7,948,542       24,659,107       136,521,607         Short term insects       8       97,629,835       19,571,752       19,571,208         Interest accrued       17,957,197       19,571,208       7,786,695       149,209,403       148,232,696         Itax refunds due from the government       62,246,998       7,734,758       965,327,123         EQUITY AND LIABILITIES       500,000,000       500,000,000       500,000,000         Synduc fast capital       30,343,062       31,121,088         <	Non-current Assets			
Cards and rooms         36,441,420         36,441,420           Long term investments         7         48,513,580         149,289,249           Long term finances         19,852,267         20,489,485           Net investment in lease finance         640,720         1,061,523           Long term daposits and prepayments         4,133,600         4,133,600           Defererd tax asset         136,551,607         136,551,607           CURRENT ASSETS         338,040,317         4446,918,492           CURRENT maturities of non-current assets         8         97,629,833         119,711,752           Short term investments         8         97,629,833         119,711,752         24,659,107           Short term investments         8         97,729,834         146,218,429         96,729,274           Advances         17,957,198         96,226,331         119,571,208         96,226,341         518,408,631           Current maturites of nom be government         183,740,547         96,5327,123         8,232,696         439,304,441         518,408,631           Current maturites of non current labilities         777,344,758         965,327,123         8,232,696         439,304,441         518,408,631           Current maturites of non current labilitites         777,344,758         965,	Property and equipments	5	91,584,217	98,564,132
Long term investments 7 48,513,580 149,289,280 20,489,485 Long term finances 19,852,267 20,489,485 Long term deposits and prepayments 64,133,609 4,143,609 136,551,607 136,551,550 (378,246,524 141,518,456,524 156,524,52	Intangible assets	6	322,897	387,467
Long term finances         19,852,267         20,489,485           Net investment in lease finance         640,720         1,061,523           Long term class and advances         640,720         1,061,523           Long term class and prepayments         4,133,600         136,551,607           Deferred tax asset         136,551,607         136,551,607           CURRENT ASSETS         338,040,317         446,918,492           CURRENT asset         50,448,293         119,711,752           Short term investments         8         97,629,833         119,711,752           Short term deposits and prepayments         17,948,542         24,659,107         7,786,695           Interest accrued         17,957,197         19,571,208         06,729,274           Other receivables         62,246,998         66,729,274         8,232,696           Tax refunds due from the government         183,740,547         188,226,631         12,52,2664           Cultr AND LIABILITIES         500,000,000         500,000,000         500,000,000           Subactribe and paid up capital         441,000,000         441,000,000         441,000,000           Reserves         62,475,535         (378,246,524,574,76         500,000,000,000         500,000,000,002           Surplus on revaluation of	Cards and rooms		36,441,420	36,441,420
Net investment in lease finance       -         Long term loans and advances       640,720         Long term doposits and prepayments       4,133,609         Deferred tax asset       136,551,607         CURRENT ASSETS       338,040,317         CURRENT maturities of non-current assets       45,484,283         Short term investments       8         Short term innances       45,484,283         Advances       7,629,833         Short term deposits and prepayments       2,4492,503         Tax refunds due from the government       183,740,547         Tax refunds due from the government       183,240,547         Cash and bank balances       7,937,582         SHARE CAPITAL AND RESERVES       433,304,441         SHARE CAPITAL AND RESERVES       500,000,000         Surplus on revaluation of property and equipment       30,343,062         Surplus on revaluation of property and equipment       30,343,062         NON-CURRENT LIABILITIES       200,692,943         Short term certificates of deposit       200,692,943         Long term certificates of deposit       200,692,943         Current maturities of non-current liabilities       200,692,943         Short term corrowings       203,243,276         Short term certificates of deposit	Long term investments	7	48,513,580	
Long term loans and advances         640,720         1,061,523           Long term deposits and prepayments         4,133,609         4,133,609           Deferred tax asset         136,551,607         136,551,607           CURRENT ASSETS         338,040,317         446,918,492           CURRENT ASSETS         50,488,299         50,729,835         119,711,752           Short term investments         8         97,629,835         119,711,752           Short term deposits and prepayments         7,986,695         17,957,197         19,571,208           Other receivables         62,246,998         66,729,741         186,226,341           Cash and bank balances         62,246,998         965,327,123         8,232,696           EQUITY AND LIABILITIES         500,000,000         500,000,000         500,000,000           Issued, subscribe and paid up capital         441,000,000         441,000,000         441,000,000           Reserves         130,343,062         31,121,088         -           NON-CURRENT LIABILITIES         500,425,293         -         -           Surplus on revaluation of property and equipment         30,343,062         31,121,088           NON-CURRENT LIABILITIES         200,692,943         -         -           Long term financing - Subord			19,852,267	20,489,485
Long term deposits and prepayments         4,133,609         4,133,609         136,551,607           Deferred tax asset         338,040,317         446,918,492           CURRENT ASSETS         338,040,317         446,918,492           CURRENT maturities of non-current assets         8         57,629,835         119,711,752           Short term innances         45,484,233         50,448,299         119,711,752           Advances         3,867,004         5,043,259         5,746,598         19,571,208           Short term deposits and prepayments         2,246,598         19,571,208         66,729,274           Other receivables         62,246,998         96,729,274         186,226,341         186,226,341           Cash and bank balances         773,344,758         965,327,123         8,232,696           EQUITY AND LIABILITIES         777,344,758         965,327,123           EQUITY AND RESERVES         (242,375,553)         (378,246,524)           Authorized share capital         (242,375,553)         (378,246,524)           Soung con revaluation of property and equipment         30,343,062         31,121,088           NON-CURRENT LIABILITIES         200,692,943         240,671,522           Short term certificates of deposit         200,692,943         240,671,522			-	-
Deferred tax asset         136,551,607         136,551,607           CURRENT ASSETS         338,040,317         446,918,492           Current maturities of non-current assets         45,484,233         50,448,299           Short term investments         8         97,629,835         119,711,752           Advances         136,551,607         24,69,184,293         24,659,107           Advances         17,948,542         24,659,107         2,462,903         7,786,695           Short term deposits and prepayments         17,957,197         19,571,197         19,571,208         96,729,274           Tax refunds due from the government         7,733,7582         439,304,441         518,408,631           Current maturities         500,000,000         500,000,000         500,000,000           SHARE CAPITAL AND RESERVES         441,000,000         441,000,000           Authorized share capital         500,000,000         500,000,000           Souge subscribe and paid up capital         441,000,000         441,000,000           RON-CURRENT LIABILITIES         17,524,465         62,753,476           Surplus on revaluation of property and equipment         30,343,062         31,121,088           NON-CURRENT LIABILITIES         200,692,943         240,671,522         10,000,000	•			
CURRENT ASSETS         338,040,317         446,918,492           CURRENT mustimest for more turned assets         45,484,233         50,448,299           Short term finances         45,484,233         50,448,299           Advances         97,629,835         119,971,17,52         24,659,107           Short term deposits and prepayments         2,492,503         17,954,642         24,659,107           Interest accrued         17,957,197         19,571,208         186,226,341         186,226,341           Cash and bank balances         777,344,758         965,327,123         8,232,696         439,304,441         518,408,631           T77,344,758         965,327,123         8,232,696         439,300,404         518,408,631           T777,344,758         965,327,123         8,232,696         439,300,404         518,408,631           T777,344,758         965,327,123         8,232,696         439,300,404         518,400,000           Issued, subscribe and paid up capital         441,000,000         441,000,000         (41,000,000           Reserves         17,524,465         62,753,476         500,000,000         500,000,000           Surplus on revaluation of property and equipment         30,343,062         31,121,088         11,21,088           NON-CURRENT LIABILITIES				
CURRENT ASSETS         45,484,233         50,448,299           Current maturities of non-current assets         8         50,448,299         50,448,299           Short term finances         17,948,542         24,659,107         5,043,259           Advances         17,948,542         24,659,107         5,043,259           Short term deposits and prepayments         17,957,197         19,571,208         96,729,274           Other receivables         249,2503         186,226,341         96,729,274           Tax refunds due from the government         183,740,547         186,226,341         186,226,341           Cash and bank balances         777,344,758         965,327,123         8,232,696           439,304,441         518,408,631         777,344,758         965,327,123           EQUITY AND LIABILITIES         500,000,000         500,000,000         500,000,000           Issued, subscribe and paid up capital         441,000,000         441,000,000         (378,246,524)           Surplus on revaluation of property and equipment         30,343,062         31,121,088         0           NON-CURRENT LIABILITIES         200,692,943         240,671,522         10,000,000         240,671,522         10,000,000         129,391,226         10,000,000         129,391,226         10,000,000,00	Deterred tax asset			
Current maturities of non-current assets         45,484,233         50,448,299           Short term investments         8         97,629,835         119,711,752           Advances         17,948,542         24,659,107           Advances         3,867,004         5,043,259           Short term deposits and prepayments         17,957,197         19,571,208           Interest accrued         62,246,998         96,729,274           Tax refunds due from the government         183,740,547         8,232,696           Advances         777,344,758         965,327,123           EQUITY AND LIABILITIES         777,344,758         965,327,123           EQUITY AND LIABILITIES         500,000,000         500,000,000           Solodo,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each         500,000,000         500,000,000           Souplus on revaluation of property and equipment         30,343,062         31,121,088           NON-CURRENT LIABILITIES         240,671,522         280,535,817           Current maturities of deposit         69,412,192         240,671,522           Short term financing - Subordinated loan         9         154,470,420         -           Long term financing - Subordinated loan         9         154,470,420         -         -			338,040,317	446,918,492
Short term investments       8       97,629,835       119,711,752         Short term finances       17,948,542       24,659,107         Advances       17,948,542       24,659,107         Short term deposits and prepayments       17,977,197       5,043,259         Interest accrued       17,937,197       19,571,208         Other receivables       62,246,998       96,729,274         Tax refunds due from the government       183,740,547       186,226,341         Cash and bank balances       777,344,758       965,327,123         EQUITY AND LIABILITIES       777,344,758       965,327,123         EQUITY AND LIABILITIES       500,000,000       500,000,000         Sude, subscribe and paid up capital       441,000,000       441,000,000         Reserves       17,524,465       62,753,476         Surplus on revaluation of property and equipment       30,343,062       31,121,088         NON-CURRENT LIABILITIES       200,692,943       100,000,000         Short term certificates of deposit       203,243,276       240,671,522         Current maturities of non-current liabilities       200,692,943       10,00,000         Short term certificates of deposit       203,243,276       12,37,945         Current maturities of non-current liabilities <td< td=""><td></td><td></td><td>45 484 233</td><td>50 448 299</td></td<>			45 484 233	50 448 299
Short term finances       17,948,542       24,659,107         Advances       3,867,004       5,043,259         Short term deposits and prepayments       17,957,197       19,571,208         Other receivables       7,786,695       17,957,197       19,571,208         Cash and bank balances       439,304,441       518,408,631       18,6226,341       18,6226,341         EQUITY AND LIABILITIES       777,344,758       965,327,123       965,327,123         EQUITY AND LIABILITIES       777,344,758       965,327,123         Share capital       500,000,000       500,000,000         So,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000       500,000,000         Issued, subscribe and paid up capital       441,000,000       441,000,000         Reserves       17,524,465       62,753,476         Surplus on revaluation of property and equipment       30,343,062       31,121,088         NON-CURRENT LIABILITIES       200,692,943       240,671,522         Long term certificates of deposit       203,243,276       129,391,226         Accrued markup       200,692,943       100,000,000         Short term borrowings       200,692,943       100,000,000         Short term certificates of deposit       203,243,276       129,391,22		8		
Advances       3,867,004       5,043,259         Short term deposits and prepayments       17,957,107       19,571,208         Interest accrued       2,492,503       19,571,208         Other receivables       62,246,998       62,246,998         Tax refunds due from the government       7,737,582       18,5226,341         Cash and bank balances       777,344,758       965,327,123         EQUITY AND LIABILITIES       777,344,758       965,327,123         SHARE CAPITAL AND RESERVES       777,344,758       965,327,123         Authorized share capital       500,000,000       500,000,000         50,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000       500,000,000         Issued, subscribe and paid up capital       441,000,000       441,000,000         Reserves       17,524,465       62,753,476         Surplus on revaluation of property and equipment       30,343,062       31,121,088         NON-CURRENT LIABILITIES       200,692,943       100,000,000       129,391,226         Long term certificates of deposit       203,243,276       100,000,000       129,391,226         Current maturities of non-current liabilities       203,243,276       100,000,000       129,391,226         Short term borrowings       203,243,276		0		
Short term deposits and prepayments       2,492,503       7,786,695         Interest accrued       17,957,197       19,571,208         Other receivables       183,740,547       8,232,696         Tax refunds due from the government       183,740,547       8,232,696         Cash and bank balances       777,344,758       965,327,123         EQUITY AND LIABILITIES       777,344,758       965,327,123         SHARE CAPITAL AND RESERVES       778,246,753       500,000,000         Authorized share capital       500,000,000       500,000,000         50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000       441,000,000         Reserves       17,524,465       62,753,476         Surplus on revaluation of property and equipment       30,343,062       31,121,088         NON-CURRENT LIABILITIES       200,692,943       240,671,522         Current maturities of deposit       203,243,276       100,000,000         Short term certificates of deposit       203,243,276       35,379,122         Short ter				
Interest accrued       17,957,197       19,571,208         Other receivables       62,246,998       96,729,274         Tax refunds due from the government       7,937,582       82,32,696         Cash and bank balances       439,304,441       518,408,631         FOULTY AND LIABILITIES         SHARE CAPITAL AND RESERVES         Authorized share capital       50,000,000       500,000,000         50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000       500,000,000         Issued, subscribe and paid up capital       441,000,000       (423,475,535)       (378,246,524)         Surplus on revaluation of property and equipment       30,343,062       31,121,088         NON-CURRENT LIABILITIES       69,412,192       280,535,817         Current maturities of non-current liabilities       500,692,943       240,671,522         Short term borrowings       100,000,000       129,391,226         Accrued markup       70,337,527       15,337,345         Provision for taxation       10       72,550,90,901       12,153,709         Contingencies and commitments       10       -       -				
Other receivables         62,246,998         96,729,274           Tax refunds due from the government         183,740,547         186,226,341           Cash and bank balances         7,937,582         8,232,696           439,304,441         518,408,631           777,344,758         965,327,123           EQUITY AND LIABILITIES         777,344,758         965,327,123           SHARE CAPITAL AND RESERVES         500,000,000         500,000,000           Authorized share capital         500,000,000         500,000,000           50,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each         500,000,000         500,000,000           Issued, subscribe and paid up capital         441,000,000         441,000,000           Reserves         (423,475,535)         (378,246,524)           Long term financing - Subordinated loan         9         154,470,420         -           Long term certificates of deposit         69,412,192         280,535,817           CUrrent maturities of non-current liabilities         -         -           Short term borrowings         -         -           Short term borrowings         -         -           Short term certificates of deposit         203,243,276         35,379,122           Accrued markup         72,590,901 </td <td>Interest accrued</td> <td></td> <td></td> <td></td>	Interest accrued			
Cash and bank balances       7,937,582       8,232,696         439,304,441       518,408,631         777,344,758       965,327,123         EQUITY AND LIABILITIES         SHARE CAPITAL AND RESERVES         Authorized share capital       500,000,000         500,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000         Issued, subscribe and paid up capital       441,000,000         Reserves       17,524,465         62,753,476       30,343,062         Surplus on revaluation of property and equipment       30,343,062         NON-CURRENT LIABILITIES       69,412,192         Long term financing - Subordinated loan       9         Long term form certificates of deposit       -         Current maturities of non-current liabilities       -         Short term certificates of deposit       203,243,276         Accrued markup       76,937,901         Trade and other payables       100         70,137,527       70,137,527         Provision for taxation       505,594,619         500,9916,742       -         Contingencies and commitments       11	Other receivables			
439,304,441       518,408,631         777,344,758       965,327,123         EQUITY AND LIABILITIES       30,000         SHARE CAPITAL AND RESERVES       500,000,000         Authorized share capital       500,000,000         50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000         Issued, subscribe and paid up capital       441,000,000         Reserves       441,000,000         (423,475,535)       (378,246,524)         Surplus on revaluation of property and equipment       30,343,062         NON-CURRENT LIABILITIES       17,524,465         Long term financing - Subordinated loan       9         Long term certificates of deposit       -         Accrued markup       -         Short term borrowings       -         Short term borrowings       -         Short term certificates of deposit       -         Accrued markup       72,590,901         Trade and other payables       10         Provision for taxation       505,594,619         Sop.904,641       -         Contingencies and commitments       11	Tax refunds due from the government		183,740,547	186,226,341
Tr77,344,758         965,327,123           EQUITY AND LIABILITIES         France         France <td>Cash and bank balances</td> <td></td> <td>7,937,582</td> <td>8,232,696</td>	Cash and bank balances		7,937,582	8,232,696
EQUITY AND LIABILITIESSHARE CAPITAL AND RESERVESAuthorized share capital50,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each500,000,000Issued, subscribe and paid up capital441,000,000Reserves(423,475,535)8000 (223,475,535)(378,246,524)17,524,46562,753,476Surplus on revaluation of property and equipment30,343,06230,343,06231,121,088NON-CURRENT LIABILITIES69,412,192Long term financing - Subordinated Ioan9154,470,420-Current maturities of non-current liabilities200,692,943Short term borrowings203,243,276Short term certificates of deposit203,243,276Accrued markup16,913,790Trade and other payables10Provision for taxation10Contingencies and commitments11			439,304,441	518,408,631
SHARE CAPITAL AND RESERVESSubscribes			777,344,758	965,327,123
Authorized share capital       500,000,000       500,000,000         50,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each       500,000,000       500,000,000         Issued, subscribe and paid up capital       441,000,000       441,000,000       (378,246,524)         Issued, subscribe and paid up capital       17,524,465       62,753,476         Surplus on revaluation of property and equipment       30,343,062       31,121,088         NON-CURRENT LIABILITIES       9       154,470,420       -         Long term financing - Subordinated loan       9       154,470,420       -         Long term certificates of deposit       69,412,192       280,535,817         CURRENT LIABILITIES       200,692,943       100,000,000         Short term borrowings       -       100,000,000         Short term certificates of deposit       203,243,276       16,913,790         Accrued markup       10       72,590,901       129,391,226         Trade and other payables       10       72,590,901       15,337,345         Provision for taxation       505,594,619       590,916,742         Contingencies and commitments       11       -       -	EQUITY AND LIABILITIES			
50,000,000 ( 30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each         500,000,000         500,000,000           Issued, subscribe and paid up capital         441,000,000 (423,475,535)         441,000,000 (378,246,524)           Investment         30,343,062         31,121,088           NON-CURRENT LIABILITIES         30,343,062         31,121,088           Long term financing - Subordinated loan         9         154,470,420         -           Long term certificates of deposit         69,412,192         280,535,817           CURRENT LIABILITIES         200,692,943         240,671,522         100,000,000           Short term borrowings         -         -         100,000,000         129,391,226           Accrued markup         10         72,590,901         129,391,226         35,379,122           Provision for taxation         10         72,590,901         70,137,527         15,337,345           Contingencies and commitments         11         -         -         -	SHARE CAPITAL AND RESERVES			
Reserves(423,475,535)(378,246,524)Surplus on revaluation of property and equipment30,343,06231,121,088NON-CURRENT LIABILITIES Long term financing - Subordinated Ioan Long term certificates of deposit9154,470,420 69,412,192-CURRENT LIABILITIES Current maturities of non-current liabilities Short term borrowings200,692,943 -240,671,522 100,000,000Short term certificates of deposit203,243,276 16,913,790129,391,226 35,379,122 70,137,52712,153,709Provision for taxation1072,590,901 12,153,70970,137,527 15,337,345505,594,619 590,916,742	Authorized share capital 50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 1	0/- each	500,000,000	500,000,000
Reserves(423,475,535)(378,246,524)Surplus on revaluation of property and equipment30,343,06231,121,088NON-CURRENT LIABILITIES Long term financing - Subordinated Ioan Long term certificates of deposit9154,470,420 69,412,192-CURRENT LIABILITIES 			441 000 000	441 000 000
Surplus on revaluation of property and equipment17,524,46562,753,476Surplus on revaluation of property and equipment30,343,06231,121,088NON-CURRENT LIABILITIES Long term certificates of deposit9154,470,420 69,412,192-CURRENT LIABILITIES Current maturities of non-current liabilities Short term borrowings Short term certificates of deposit200,692,943 -240,671,522 100,000,000Short term certificates of deposit Accrued markup Trade and other payables Provision for taxation1072,590,901 72,590,901129,391,226 35,379,122 70,137,527 15,337,345Contingencies and commitments11				
Surplus on revaluation of property and equipment30,343,06231,121,088NON-CURRENT LIABILITIES Long term certificates of deposit9154,470,420 69,412,192-CURRENT LIABILITIES280,535,817CURRENT LIABILITIES200,692,943 -240,671,522 100,000,000Current maturities of non-current liabilities Short term borrowings200,692,943 -240,671,522 100,000,000Short term certificates of deposit Accrued markup Trade and other payables Provision for taxation10203,243,276 16,913,790 12,153,709240,671,522 15,337,345Contingencies and commitments11	nesei ves			
NON-CURRENT LIABILITIES Long term financing - Subordinated loan Long term certificates of deposit9154,470,420 69,412,192-CURRENT LIABILITIES200,692,943240,671,522100,000,000Current maturities of non-current liabilities Short term borrowings Short term certificates of deposit Accrued markup Trade and other payables203,243,276129,391,226Trade and other payables Provision for taxation1072,590,901 12,153,70935,379,122Contingencies and commitments11			17,524,465	62,753,476
Long term financing - Subordinated loan9154,470,420-Long term certificates of deposit69,412,192280,535,817CURRENT LIABILITIESCurrent maturities of non-current liabilities200,692,943240,671,522Short term borrowings-100,000,000Short term certificates of deposit203,243,276129,391,226Accrued markup1072,590,90170,137,527Trade and other payables1072,590,90170,137,527Provision for taxation505,594,619590,916,742Contingencies and commitments11	Surplus on revaluation of property and equipment		30,343,062	31,121,088
Long term certificates of deposit69,412,192280,535,817CURRENT LIABILITIES200,692,943240,671,522Current maturities of non-current liabilities200,243,276100,000,000Short term certificates of deposit203,243,276129,391,226Accrued markup16,913,79035,379,122Trade and other payables1072,590,90170,137,527Provision for taxation11	NON-CURRENT LIABILITIES			
CURRENT LIABILITIES200,692,943240,671,522Current maturities of non-current liabilities200,292,943100,000,000Short term borrowings203,243,276129,391,226Accrued markup16,913,79035,379,122Trade and other payables1072,590,90170,137,527Provision for taxation10505,594,619590,916,742Contingencies and commitments11	Long term financing - Subordinated loan	9	154,470,420	-
Current maturities of non-current liabilities       200,692,943       240,671,522         Short term borrowings       -       100,000,000         Short term certificates of deposit       203,243,276       129,391,226         Accrued markup       16,913,790       35,379,122         Trade and other payables       10       72,590,901       70,137,527         Provision for taxation       505,594,619       590,916,742         Contingencies and commitments       11       -       -	Long term certificates of deposit		69,412,192	280,535,817
Short term borrowings         100,000,000           Short term certificates of deposit         203,243,276         129,391,226           Accrued markup         16,913,790         35,379,122           Trade and other payables         10         72,590,901         70,137,527           Provision for taxation         505,594,619         590,916,742           Contingencies and commitments         11         -         -	CURRENT LIABILITIES			
Short term certificates of deposit       203,243,276       129,391,226         Accrued markup       16,913,790       35,379,122         Trade and other payables       10       72,590,901       70,137,527         Provision for taxation       505,594,619       590,916,742         Contingencies and commitments       11       -       -	Current maturities of non-current liabilities		200,692,943	240,671,522
Accrued markup       16,913,790       35,379,122         Trade and other payables       10       72,590,901       70,137,527         Provision for taxation       10       505,594,619       590,916,742         Contingencies and commitments       11       -       -	Short term borrowings		-	
Trade and other payables       10       72,590,901       70,137,527         Provision for taxation       12,153,709       15,337,345         Contingencies and commitments       11       -				
Provision for taxation         12,153,709         15,337,345           Contingencies and commitments         11         -         -	Accrued markup			
Contingencies and commitments 11 505,594,619 590,916,742		10		
Contingencies and commitments 11 -	Provision for taxation		12,153,709	15,337,345
			505,594,619	590,916,742
777,344,758 965,327,123	Contingencies and commitments	11	-	-
			777,344,758	965,327,123

#### **Condensed Interim Consolidated Profit and Loss Account** For the half year ended 31 December 2016 (Un-audited)

		Half yea	ar ended	Quarter ended	
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	Note	Rupees	Rupees	Rupees	Rupees
INCOME					
Profit on financing		2,497,172	40,242,836	1,148,763	19,623,321
Return on investments	12	16,727,260	26,352,131	13,503,595	(2,790,685)
Income from fees and commission		372,980	40,903,133	1,298	12,959,098
Profit on bank deposits		475,620	2,266,650	239,337	802,147
Mark up on lease finances		10,852	-	10,852	-
Other income		1,207,736	9,187,584	701,962	4,256,714
		21,291,620	118,952,334	15,605,807	34,850,595
EXPENSES					
Mark up on certificates of deposits		34,191,182	64,806,804	13,661,813	28,906,709
Mark-up on short term borrowings from financial institutions Amortization of premium on		4,152,348	1,410,446	1,772,304	763,645
held to maturity investments Administrative and other		775,668	31,308	758,469	15,654
operating expenses	13	27,936,477	62,014,454	14,302,686	28,777,016
Finance cost	15	25,384	60,711	7,965	32,806
				.,	,
		67,081,059	128,323,723	30,503,237	58,495,830
Operating loss before taxation		(45,789,439)	(9,371,389)	(14,897,430)	(23,645,235)
Taxation		(217,598)	(2,401,280)	(168,722)	(479,484)
Net loss for the period		(46,007,037)	(11,772,669)	(15,066,152)	(24,124,719)
Loss per share-basic and diluted		(1.04)	(0.27)	(0.34)	(0.55)

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## Condensed Interim Consolidated

Statement of Comprehensive Income

For the half year ended 31 December 2016 (Un-audited)

	Half year ended		Quarte	er ended
	31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
	hapees	hapees	hapees	hapees
Net loss for the period	(46,007,037)	(11,772,669)	(15,066,152)	(24,124,719)
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss account				
<ul> <li>Net fair value gain on available for sale financial assets</li> </ul>	-	2,700,220	-	4,370,365
Total comprehensive loss for the period	(46,007,037)	(9,072,449)	(15,066,152)	(19,754,354)

## Condensed Interim Consolidated Cash Flow Statement

For the half year ended 31 December 2016 (Un-audited)

	31-Dec-16 Rupees	30-Dec-15 Rupees
Cash flow from operating activities		
Loss before taxation	(45,789,439)	(9,371,389)
Adjustment for non cash expenses and other items: Dividend income Depreciation Amortization on intangible assets Amortization of premium on held to maturity investments Gain on sale of treasury bills Gain on sale of long term investments Fair value gain on held for trading investment	3,607,482 64,570 775,668 (162,812) (9,682,963) - (5,398,055)	(233,374) 4,172,363 55,627 31,308 (23,400,000) (19,374,076)
	(51,187,494)	(28,745,465)
Decrease / (increase) in operating assets Disbursements of finances - net Net investment in lease finance Investments - net Long term and short term advances Interest accrued Other receivables Deposits and prepayments	7,347,783 4,964,066 12,600,039 1,597,058 1,614,011 34,482,276 5,294,192	173,570,399 - 26,343,243 82,551 11,275,040 75,850,472 38,842,517
(Decrease) / Increase in operating liabilities Borrowings from financial institutions Certificates of deposit Accrued markup Trade and other payables	67,899,425 (100,000,000) (137,271,575) (58,443,911) 2,453,374	325,964,222 48,159,150 (234,591,702) (1,274,177) (136,714,065)
	(293,262,112)	(324,420,794)
	(225,362,687)	1,543,428
Net changes in operating assets and liabilities Taxation - net	(276,550,181) (915,440)	(27,202,037) 9,301,510
Net cash used in operating activities	(277,465,621)	(17,900,527)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure Dividend received Proceeds from sale of treasury bills Proceeds from sale of long term investment Proceeds from sale of property and equipment	- 9,644,690 109,682,964 3,372,433	(138,600) 233,374 - -
Net cash generated from investing activities	122,700,087	94,774
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - Subordinated loans	154,470,420	-
Net cash used in financing activities	154,470,420	-
Net decrease in cash and cash equivalents Cash and cash equivalents at the beginning of the period	(295,114) 8,232,696	(17,805,753) 29,359,455
Cash and cash equivalents at the end of the period	7,937,582	11,553,702

## **Condensed Interim Consolidated**

## Statement of Changes in Equity For the half year ended 31 December 2016 (Un-audited)

	lssued, subscribed and paid up Share capital Rupees	Capital Statutory reserve Rupees	Reserves (Deficit)/gain on revaluation of investments Rupees	Revenue Reserve Accumulated Ioss Rupees	25 Total Rupees
Balance as at 01 July 2015	441,000,000	158,496,746	(5,933,149)	(410,612,201)	182,951,396
Total comprehensive income for the period:					
Net loss for the half year ended 31 December 2015 Other comprehensive income Items that may be reclassified subsequently to profit and loss account - Incremental depreciation on revalued	-	-	-	(11,772,669)	(11,772,669)
assets for the period	-	-	-	818,976	818,976
<ul> <li>Unrealised gain on remeasurement of investments available for sale Items that will not to be reclassified</li> </ul>	-	-	2,700,220	-	2,700,220
subsequently to profit and loss account	-	-	-	-	-
	-	-	2,700,220	(10,953,693)	(8,253,473)
Balance as at 31 December 2015	441,000,000	158,496,746	(3,232,929)	(421,565,894)	174,697,923
Total comprehensive income for the period: Net loss for the half year ended					
30 June 2016 Other comprehensive income Items that may be reclassified subsequently to profit and loss account	-	-	-	(115,996,528)	(115,996,528)
<ul> <li>Incremental depreciation on revalued assets for the period</li> <li>Unrealised loss on remeasurement</li> </ul>	-	-	-	818,976	818,976
of investments available for sale Items that will not to be reclassified subsequently to profit and loss account Gain during the period transferred to profit and loss account on derecognition of available for	-	-	3,233,105	-	3,233,105
sale investment	-	-		-	-
	-	-	3,233,105	(115,177,552)	(111,944,447)
Balance as at 01 July 2016	441,000,000	158,496,746	176	(536,743,446)	62,753,476
Total Comprehensive Income for the period:					]
Net loss for the half year ended 31 December 2016 Other comprehensive income Items that may be reclassified	-	-	-	(46,007,037)	(46,007,037)
subsequently to profit and loss account - Incremental depreciation on revalued assets for the period Items that not to be reclassified subsequently to profit and loss account				778,026	778,026
subsequency to profit and loss account				(45.220.011)	(45.220.011)
	-	150 400 740	-	(45,229,011)	(45,229,011)
Balance as at 31 December 2016	441,000,000	158,496,746	176	(581,972,457)	17,524,465

## Condensed Interim Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016 (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 Pakistan Stock Exchange Limited. 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 maintained the long-term credit rating of the Company to "BB" (double B) and also maintained the short-term rating at "B" (single B) dated 16 November 2016. The ratings denote an adequate capacity of timely payment of financial commitments.

These financial statements are separate financial statements of the company. In addition to these financial statements , consolidated financial statements of the company have also been prepared.

#### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim consolidated 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 Standard (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 condensed interim consolidated 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 2016.

2.2 The condensed interim consolidated financial information of the Company reflect that the equity of the group as at 31 December 2016 is Rs. 17.52 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.

#### 2.3 Going concern assumption

The Company has incurred loss before tax for the period ended 31 December 2016 amounting to Rs. 46.01 million, accumulated losses of the company amounting to Rs. 581.97 million as at balance sheet date and as of that date its current liabilities exceeds its current assets by Rs. 66.29 million. SECP vide SRO No. 1160/(1)/2015 dated 25 November 2015 has made certain amendments in NBFCs & Notified Entities Regulations, 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs. 750 million and the equity of the Company is short by Rs. 732.48 million. SECP has given time period of one year to the existing lending NBFCs to meet the minimum equity requirement provided that during the interim period of one year, the total deposits of such NBFCs shall be capped at the existing level i.e. outstanding deposits at the date of coming into force of these regulations i.e. 25 November 2015. These conditions along with adverse key financial ratios indicate the existence of material uncertanity regaring the future operations of the Company which may cast significant doubt about the companies ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.



However, the management implemented its multifaceted plans which resulted in improvement in the financial and operational condition of the Company. The management of the Company is curtailing its administrative and other operating expenses to minimum possible level without affecting the operating efficiency of the Company, further, directors have already injected cash in the company, which will result in improving results and equity position of the Company. Based on the above, management is confident that the Company can continue and further improve its business growth in coming years resulting in improvement of its profitability. Hence, these financial statements have been prepared on going concern basis.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2016.

New/Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current period:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Equity Method in Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

### Standards, interpretations and amendments to published standards that are effective but not relevant to the Company

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2016, but are not considered to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated 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 Group'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 2016.

		31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5.	PROPERTY AND EQUIPMENTS		
	Property and equipments 5.1	91,584,217	98,564,132
5.1	Property and equipments		
	Opening written down value	98,564,132	106,881,695
	Additions:		
	Computer equipment Office equipment	-	419,136 3,000
	Less:		
	Disposals: Vehicles 5.01.1	3,372,433	-
	Depreciation for the period / year	3,607,482	8,739,699
	Closing written down value	91,584,217	98,564,132
5.1.1	Particulars of vehicles disposed off during the period;		
	Cost Less: Accumulated depreciation	20,887,882 17,515,449	-
	Book value	3,372,433	-
6.	INTANGIBLE ASSETS		
	Intangible assets 6.1	322,897	387,467
6.1	Intangible assets		
	Opening written down value Less: Amortization for the period / year	387,467 64,570	581,174 193,707
	Closing written down value	322,897	387,467
7.	LONG TERM INVESTMENTS		
	Held to maturity Pakistan Investment Bonds (PIB's) Available for sale- at cost	-	100,775,669
	Investment in unquoted companies	48,513,580	48,513,580
		48,513,580	149,289,249



			31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
8.	SHC	DRT TERM INVESTMENTS		
	a)	Held to maturity		
		Treasury bills	84,849,688	94,331,566
	b)	Held for trading		
	c)	Shares/ units Listed Others Available for sale	۔ 12,779,690	15,830,632 9,470,609
	-,	Listed shares / units	281	281
		Gain on remeasurement	97,629,659 176	119,633,088 78,664
			97,629,835	119,711,752
9.	LON	IG TERM FINANCING - SUBORDINATED LOANS		
	Lon	g term financing - subordinated loans 9.1	154,470,420	-
9.1	Part	ticulars of subordinated loan		
		n from related parties n from associated companies	120,113,371 34,357,049	-
			154,470,420	-
10.	TRA	ADE AND OTHER PAYABLES		
	Acc Prov	tomers' credit balances rued expenses and other payables vision for compensated absences laimed dividend	21,299,465 47,185,184 1,720,598 2,385,654	24,766,781 41,637,522 1,347,570 2,385,654
			72,590,901	70,137,527

#### 11. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

There exist no known contingencies as at balance sheet date.

#### b) Commitments

Outstanding guarantees amounting to Rs. 12.15 million (30 June 2016: Rs. 71.82 million)

#### 12. RETURN ON INVESTMENTS

		Half yea	r ended	Quarte	r ended
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
		Rupees	Rupees	Rupees	Rupees
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		7.044.207	7 457 044	2 4 5 4 0 2 2	2 406 5 42
	Mark-up / return on investments	7,044,297	7,457,011	3,151,832	3,496,543
	Dividend income	-	233,374	-	194,374
	Capital gain/(loss) on listed	0.000.000	40 664 746	10 351 363	(6 404 602)
	shares/securities	9,682,963	18,661,746	10,351,763	(6,481,602)
		16,727,260	26,352,131	13,503,595	(2,790,685)
13.	ADMINISTRATIVE AND OTHER				
	OPERATING EXPENSES				
	Salaries, wages, other benefits				
	and allowances	13,555,435	21,111,875	6,440,920	10,075,080
	Commission paid to trader	13,333,433	16,940,925	514,135	5,933,233
	Staff training and welfare	26,500	10,940,925	514,135	5,933,233 140,194
	Advertisement and business	20,500	195,105	-	140,194
	promotion	84,350	75,700	84,350	75,700
	Rent, rates and taxes	1,633,607	3,947,128	1,114,135	2,244,958
	Utilities	1,387,862	1,145,460	398,851	2,244,958
	Communication charges	836,819	2,381,553	(84,261)	1,237,598
	Travelling and conveyance	1,471,170	2,063,077	712,697	1,105,429
	Repair and maintenance	1,192,917	1,608,976	563,008	648,671
	Entertainment	945,674	675,283	750,978	343,894
	Fee and subscriptions	597,552	896,049	144,302	345,894
	Legal and professional charges	1,510,314	1,978,464	1,390,744	1,645,823
	Printing and stationery	376,913	738,192	279,286	522,015
	Fee, brokerage and commission	18,864	26,614	279,200	15,252
			,	127.276	
	CDC and clearing charges	332,622	3,049,006	137,276	1,086,701
	Insurance	236,368	803,111	77,783	573,900
	Depreciation	3,607,482	4,172,363	1,745,597	2,088,342
	Amortization on intangible assets	64,570	55,629	32,285	27,814
	Miscellaneous expenses	57,458	151,886	600	89,995
		27,936,477	62,014,454	14,302,686	28,777,016

#### 14. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of 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:



	Half year ended	
	31-Dec-16	30-Dec-15
	Rupees	Rupees
	(Un-audited)	(Un-audited
Transactions during the period		
Associated companies:		
Return on finances received	-	298,6
Profit paid on certificates of deposit	1,504,046	1,798,9
Directors:		
Return on finances received	436,822	436,8
Profit paid on certificates of deposit	328,219	3,900,4
Executives:		
Return on finances received	40,601	17,5
Profit paid on certificates of deposit	979,999	3,367,4
Proceeds from sale of vehicle	3,372,433	
Others:		
Contribution to staff retirement benefits plan	397,778	558,5
	31-Dec-16	30-Jun-16
	Rupees	Rupees
	(Un-audited)	(Audited)
Balance at the end of the period		
Associated companies:		
Associated companies: Advances outstanding	12,188,017	12,480,7
Advances outstanding	12,188,017 8,336,373	
-	12,188,017 8,336,373	8,336,3
Advances outstanding Letter of guarantees outstanding		8,336,3 34,357,0
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding	8,336,373	8,336,3 34,357,0 26,017,6
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable)	8,336,373	8,336,3 34,357,0 26,017,6
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's	8,336,373 - 26,027,976 -	8,336,3 34,357,0 26,017,6
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans	8,336,373 - 26,027,976 -	8,336,3 34,357,0 26,017,6 221,9
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding	8,336,373 - 26,027,976 -	8,336,3 34,357,0 26,017,6 221,9 635,1
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable	8,336,373 - 26,027,976 -	8,336,3 34,357,0 26,017,6 221,9 635,2 23,305,7
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 -	8,336,5 34,357,0 26,017,6 221,9 635,1 23,305,7
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable	8,336,373 - 26,027,976 - 34,357,049 - -	8,336,3 34,357,0 26,017,6 221,9 635,2 23,305,7
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans Directors: Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans Executives:	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371	8,336, 34,357, 26,017, 221,9 635, 23,305, 101,6
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans <b>Executives:</b> Advances outstanding	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 -	8,336, 34,357, 26,017, 221,9 635, 23,305, 101,6 2,066,
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans <b>Executives:</b> Advances outstanding Certificates of deposit outstanding	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371	8,336, 34,357, 26,017, 221,9 635, 23,305, 101,6 2,066, 51,500,6
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans <b>Executives:</b> Advances outstanding Certificates of deposit outstanding Markup payable on COD's	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371 - 1,884,451 - -	8,336,5 34,357,0 26,017,¢ 221,5 635,1 23,305,7 101,¢ 2,066,1 51,500,0
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans <b>Executives:</b> Advances outstanding Certificates of deposit outstanding	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371	8,336,5 34,357,0 26,017,¢ 221,5 635,1 23,305,7 101,¢ 2,066,1 51,500,0
Advances outstanding Letter of guarantees outstanding Certificates of deposit outstanding Other receivable / (payable) Markup payable on COD's Long term financing- subordinated loans <b>Directors:</b> Advances outstanding Certificates of deposit outstanding Other receivable Markup payable on COD's Long term financing- subordinated loans <b>Executives:</b> Advances outstanding Certificates of deposit outstanding Markup payable on COD's	8,336,373 - 26,027,976 - 34,357,049 - - 16,150 - 16,913,371 - 1,884,451 - -	12,480,7 8,336,3 34,357,0 26,017,6 221,9 635,1 23,305,7 101,6 2,066,1 51,500,0 300,5

#### 15. 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.

#### Investing activities

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

	Six Months ended 31 December 2016			
	Financing activities	Investing activities	Total	
Profit on financing Return on investments Total income for reportable segments	2,497,172 - 2,497,172	- 16,727,260 16,727,260	2,497,172 16,727,260 19,224,432	
Finance costs Administrative and other operating expenses Segment result	(5,084,715) (3,628,830) (6,216,373)	(34,059,867) (24,307,647) (41,640,254)	(39,144,582) (27,936,477) (47,856,627)	
Other operating income Loss before taxation			2,067,188 (45,789,439)	
Segment assets Unallocated assets	83,887,401	199,665,403	283,552,804 493,791,954 777,344,758	
Segment liabilities Unallocated liabilities Equity	132,370,052	182,584,835	314,954,887 444,865,406 17,524,465 777,344,758	



	Six Months ended 31 December 2015			
	Financing activities	Investing activities	Total	
Profit on financing	40,242,836	-	40,242,836	
Return on investments	-	26,352,131	26,352,131	
Total income for reportable segments	40,242,836	26,352,131	66,594,967	
Finance costs	40,070,191	26,239,078	66,309,269	
Administrative and other operating expenses Provision for doubtful financing	37,474,867	24,539,587	62,014,454 -	
Segment result	(37,302,221)	(24,426,535)	(61,728,756)	
Other operating income			52,357,367	
Loss before taxation			(9,371,389)	
Segment assets	261,014,367	360,335,914	621,350,281	
Unallocated assets			585,515,694	
			1,206,865,975	
Segment liabilities	107,422,10	07 149,615,731	257,037,837	
Unallocated liabilities			775,130,215	
Equity			174,697,923	
			1,206,865,975	

#### 16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the financial information and should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2016.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2016.

The carrying value of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair value.

#### 17. DATE OF AUTHORIZATION

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the company on 28 February 2017.

#### 18. GENERAL

- 18.1 The figures of condensed interim consolidated profit and loss account and condensed interim consolidated statement of comprehensive income for the quarters ended 31 December 2016 and 2015 were subject to limited scope review by the auditors, as scope of review by the auditors covered only the cumulative figures.
- **18.2** Figures have been rounded off to the nearest rupees.







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