



**Escorts  
Investment  
Bank**

A Project of BAHRIA TOWN



# **Escorts Investment Bank Limited**

**Condensed Interim Financial Information  
For The Period Ended 31 December 2017**

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# Corporate Information

## Board of Directors

Mr. Zain Malik  
Chairman

Mr. Naveed Amin  
President & Chief Executive Officer

Mr. Rashid Ahmed  
Mr. Umair Rafique Vadria  
Mr. Karim Hatim  
Mr. Tahir Saeed Effendi  
Mr. Khawaja Nadeem Abbas

## Audit Committee

Mr. Karim Hatim  
Chairman / Member

Mr. Zain Malik  
Member

Mr. Tahir Saeed Effendi  
Member

## Human Resource & Remuneration (HRR) Committee

Mr. Umair Rafique Vadria  
Chairman / Member

Mr. Zain Malik  
Member

Mr. Naveed Amin  
Member

## Chief Financial Officer

Mr. Qasim Mansoor

## Company Secretary

Mr. Ajwad Ali

## External Auditors

Tariq Abdul Ghani Maqbool  
Chartered Accountants

## Internal Auditors & Tax Consultants

Riaz Ahmad and Company  
Chartered Accountants

## Legal Advisor

Cornelius, Lane & Mufti  
Advocates & Solicitors

## Share Registrar

Hameed Majeed Associates (Pvt.) Limited

## Bankers to the Company

Askari Bank Limited  
Bank Alfalah Limited  
MCB Bank Limited  
Sindh Bank Limited  
United Bank Limited

## Network

### Registered Office

Alfalah Building, 1<sup>st</sup> Floor, Sector-B,  
Bahria Town Lahore  
Tel: (92-42) 35341845-6  
[www.escortsbank.net](http://www.escortsbank.net)  
[info@escortsbank.net](mailto:info@escortsbank.net)

### Lahore Branch

Bahria Town Corporate Office,  
Bahria Orchard, Raiwind Road.  
Tel: (92-42) 35451300, 35451467

### Karachi Branch

Bahria Town Head Office,  
Bahria Town.  
Tel: (92 -21) 38651556 -7  
Fax: (92-21) 38651558



## Directors' Report

### Dear Shareholders,

The Board of Directors of Escorts Investment Bank Limited ("Company") are pleased to present the condensed interim financial information of the Company for the period ended December 31, 2017.

On January 08, 2018, M/s Bahria Town (Private) Limited (BTPL) acquired 33,628,176 shares of the Company which comprises 76.254% of the total shareholding. Accordingly, the management control of the Company was taken over by new management. The aggregate amount of the investment committed by BTPL to the Securities and Exchange Commission of Pakistan (SECP) was Rs. 1.2 billion. This investment was made in the following manner:

- Subordinated loan of Rs. 650 million;
- Sponsor's Loan of Rs. 176 million;
- Sale of investment in subsidiary company for Rs. 175 million; and
- Repayment of outstanding liabilities by Escorts Capital Limited of Rs. 200 million.

The aim was to meet the Minimum Equity Requirement (MER) within the stipulated time. The permission for subordinated loan terms was approved by SECP on January 05, 2018. By the grace of Almighty Allah, we complied with the MER before the deadline of January 31, 2018 and all other requirements including payments to depositors amounting to Rs. 465.707 million.

As a result of efforts of new management, the Investment Finance Services (IFS) license of the Company was renewed for three years along with permission to raise deposits in accordance with applicable laws. The renewal became possible after successful compliance with MER and other regulatory requirements. At the time of takeover, there were regulatory non-compliances by the Company, including failure to meet MER. The principal element which brought about this gracious grant of license from SECP was the commitment of paying off the overdue amounts owed to depositors along with accrued interest thereon. However, your Company has paid almost all outstanding deposits along with accrued interest thereon.

We would like to inform you that your Company has received full sale consideration of Escorts Capital Limited from BTPL, approved by members in the EOGM held on 27 August 2017, now with effect from January 08, 2018 the loss making entity is no more with your Company.

The new management has put in its best efforts to ensure the accuracy of the information being presented through this condensed interim financial information so that a true and fair view of the Company's financial position could be reflected. The results under review relates to the previous management period. Your Company, during the first half of financial year ending 30 June 2018, has reported after tax loss of Rs. 95.856 million as compared to loss of Rs. 37.538 million during the corresponding period of last year. The primary reasons for increase in loss for the period included

## Directors' Report

provision / impairment of assets, shortfall in income for the period from Rs. 26.816 million to Rs. 8.836 million and balances written off amounting to Rs. 113.913 million. Further, deferred income tax asset of Rs. 62.566 million has been recognized on available tax losses due to foreseeable taxable profits of the Company.

Description	Half Year ended	
	December 2017	December 2016
	<b>Rupees</b>	<b>Rupees</b>
Revenue	<b>8,836,158</b>	26,816,378
Mark-up on Deposits	<b>29,225,814</b>	35,226,779
Loss before taxation	<b>159,424,126</b>	37,340,465
Taxation	<b>63,567,658</b>	(197,126)
Loss after taxation	<b>95,856,468</b>	37,537,591

In a very short period of time after the takeover, we have restructured all of our departments and hired highly experienced and qualified professionals. We have also introduced new deposit products, and housing finance is in the developing phase as management is expecting to launch the house financial business in near future. It is pertinent to mention here that we have already opened two new branches in Bahria Orchard Lahore and Bahria Town Karachi to provide the best services to our customers in their respective areas. We also plan to open two branches in Karachi city and one branch in Rawalpindi in the near future. We have recommenced our business activities under the new management to cater the needs of our highly valued customers and the response has been overwhelming. The PACRA has assigned long term and short term Credit Rating of "BB" and "B" respectively to your Company, however review of Credit Rating is in process and expected that your Company shall be assigned a better Credit Rating in the near future.

We would also take this opportunity to express our gratitude to SECP for their valuable support, guidance and confidence on new management. We are also thankful to the sponsors' support and the Company's team which contribute to achieve our goals efficiently every day.

For and on behalf of the Board,

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

\_\_\_\_\_  
Director

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF  
CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of “Escorts Investment Bank Limited” (“the Company”) as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the financial information for the six months period then ended (here-in-after referred to as the “condensed interim financial information”). Management of the Company is responsible for the preparation and presentation of this condensed 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 quarters ended 31 December 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2017.

**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 condensed interim financial information consists of making inquiries, primarily of persons responsible for 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore  
Date: 26th March 2018

Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants  
Shahid Mchmood



## **Unconsolidated Condensed Interim Financial Information (Un-audited)**

For the Half Year Ended 31 December 2017

# Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2017

ASSETS	Note	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	82,851,632	85,778,162
Intangible assets	6	95,160	114,192
Cards and rooms	7	12,750,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term finances		52,334,386	71,720,368
Net investment in lease finance		-	-
Long term loans and advances		67,562,978	67,835,998
Long term deposits and prepayments		39,424,572	45,754,950
Deferred tax asset	8	166,796,471	112,878,059
		<u>596,819,199</u>	<u>592,535,729</u>
<b>CURRENT ASSETS</b>			
Current maturities of non-current assets		40,149,732	40,345,684
Short term investments	9	79,097,460	80,575,342
Short term finances		16,985,630	16,985,630
Advances		6,111	33,999
Short term deposits and prepayments		15,921	261,408
Interest accrued		20,057,010	20,008,812
Other receivables		68,600,913	80,587,951
Tax refunds due from the government		100,199,043	157,339,190
Cash and bank balances		5,836,725	8,143,505
		<u>330,948,545</u>	<u>404,281,521</u>
		<u>927,767,744</u>	<u>996,817,250</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
200,000,000 (30 June 2017: 50,000,000) ordinary shares of Rs. 10/- each		<u>2,000,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital			
44,100,000 (30 June 2017: 44,100,000) ordinary shares of Rs. 10/- each		441,000,000	441,000,000
Reserves		<u>(302,921,459)</u>	<u>(207,582,381)</u>
		138,078,541	233,417,619
Surplus on revaluation of property - net of deferred tax		20,178,136	29,565,036
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - subordinated loan		154,470,420	154,470,420
Long term certificates of deposit		-	63,711,234
		154,470,420	218,181,654
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities		266,955,135	203,243,901
Short term certificates of deposit		182,337,197	182,937,197
Accrued mark-up		73,800,220	44,588,787
Trade and other payables		79,796,247	71,951,472
Provision for taxation		12,151,848	12,931,584
		615,040,647	515,652,941
Contingencies and commitments	10	-	-
		<u>927,767,744</u>	<u>996,817,250</u>

The annexed notes from 01 to 17 form an integral part of this unconsolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



## Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the half year and quarter ended 31 December 2017

	Note	Half year ended		Quarter ended	
		31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>INCOME</b>					
Profit on financing		5,016,323	8,497,172	2,016,986	3,148,763
Return on investments		2,137,475	16,727,260	1,070,846	13,503,595
Fees and commission		-	176,494	-	-
Profit on bank deposits		111,010	196,864	31,380	84,715
Mark up on lease finances		-	10,852	-	-
Other income		1,571,350	1,207,736	634,694	1,301,244
		<u>8,836,158</u>	<u>26,816,378</u>	<u>3,753,906</u>	<u>18,038,317</u>
<b>EXPENSES</b>					
Mark up on certificates of deposits		29,225,814	35,226,779	14,608,816	13,661,813
Mark-up on borrowings from financial institutions		-	4,152,348	-	1,772,304
Amortization of premium on held to maturity investments		-	775,668	-	758,469
Administrative expenses	11	25,116,062	23,987,682	9,368,550	12,618,974
Other financial charges		5,434	14,366	2,395	6,685
		<u>54,347,310</u>	<u>64,156,843</u>	<u>23,979,761</u>	<u>28,818,245</u>
Operating loss before taxation		<u>(45,511,152)</u>	<u>(37,340,465)</u>	<u>(20,225,855)</u>	<u>(10,779,928)</u>
Other operating charges	12	113,912,974	-	114,096,979	-
Loss before taxation		<u>(159,424,126)</u>	<u>(37,340,465)</u>	<u>(134,322,834)</u>	<u>(10,779,928)</u>
Taxation		63,567,658	(197,126)	63,567,658	(168,603)
Net loss for the period		<u>(95,856,468)</u>	<u>(37,537,591)</u>	<u>(70,755,176)</u>	<u>(10,948,531)</u>
Loss per share-basic and diluted		<u>(2.17)</u>	<u>(0.85)</u>	<u>(1.60)</u>	<u>(0.25)</u>

The annexed notes from 01 to 17 form an integral part of this unconsolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year and quarter ended 31 December 2017

Note	Half year ended		Quarter ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
Net loss for the period	(95,856,468)	(37,537,591)	(70,755,176)	(10,948,531)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(95,856,468)</b>	<b>(37,537,591)</b>	<b>(70,755,176)</b>	<b>(10,948,531)</b>

The annexed notes from 01 to 17 form an integral part of this unconsolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended 31 December 2017

Note	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(159,424,126)	(37,340,465)
Adjustment for non cash expenses and other items:		
Depreciation on property and equipment	2,926,530	3,405,058
Amortization on intangible assets	19,032	28,542
Impairment on cards and rooms	20,700,000	-
Provision against finances	20,923,883	-
Provision on doubtful interest accrued	171,741	-
Provision for doubtful other receivables	14,165,184	-
Compensation on delayed refund written off	57,938,166	-
Gain on sale of treasury bills	-	(162,812)
Gain on sale of long term investment	-	(9,682,963)
Amortization of premium on held to maturity investments	-	775,668
	<u>116,844,536</u>	<u>(5,636,507)</u>
	(42,579,590)	(42,976,972)
<b>Decrease / (increase) in operating assets</b>		
Disbursements of finances - net	(1,297,162)	61,602,693
Net investment in finance lease	-	74,715
Investments - net	1,477,882	12,600,039
Long term and short term advances	176,872	1,393,815
Interest accrued	(219,939)	1,614,011
Other receivables	(1,768,547)	1,043,947
Deposits and prepayments	6,245,515	451,456
	4,614,621	78,780,676
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	-	(100,000,000)
Certificates of deposit	(600,000)	(227,250,152)
Accrued mark-up	29,211,433	4,010,107
Trade and other payables	7,844,774	11,431,054
	<u>36,456,207</u>	<u>(311,808,991)</u>
Net cash used in operations	(1,508,762)	(276,005,287)
Taxation - net	(798,018)	(257,175)
Net cash used in operating activities	(2,306,780)	(276,262,462)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of treasury bills	-	9,644,690
Proceeds from sale of long term investment	-	109,682,964
Proceeds from sale of fixed assets	-	3,372,433
Net cash from investing activities	-	122,700,087
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing - subordinated loans	-	154,470,420
Net cash from financing activities	-	154,470,420
Net (decrease) / increase in cash and cash equivalents	(2,306,780)	908,045
Cash and cash equivalents at the beginning of the period	8,143,505	4,010,051
Cash and cash equivalents at the end of the period	<u>5,836,725</u>	<u>4,918,096</u>

The annexed notes from 01 to 17 form an integral part of this unconsolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2017

	Ordinary share capital	Capital Reserves		Revenue Reserve	Total
		Statutory reserves	Fair value reserve	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 01 July 2016</b>	441,000,000	158,496,746	176	(247,899,232)	351,597,690
Net loss for the half year ended 31 December 2016	-	-	-	(37,537,591)	(37,537,591)
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2016	-	-	-	(37,537,591)	(37,537,591)
Transfer from surplus on revaluation of property on account of incremental depreciation - net of deferred tax	-	-	-	778,026	778,026
<b>Balance as at 31 December 2016</b>	441,000,000	158,496,746	176	(284,658,797)	314,838,125
Net loss for the half year ended 30 June 2017	-	-	-	(82,198,532)	(82,198,532)
Other comprehensive income for the half year ended 30 June 2017	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2017	-	-	-	(82,198,532)	(82,198,532)
Transfer from surplus on revaluation of property on account of incremental depreciation - net of deferred tax	-	-	-	778,026	778,026
<b>Balance as at 30 June 2017 (Audited)</b>	441,000,000	158,496,746	176	(366,079,303)	233,417,619
Net loss for the half year ended 31 December 2017	-	-	-	(95,856,468)	(95,856,468)
Other comprehensive loss for the half year ended 31 December 2017	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2017	-	-	-	(95,856,468)	(95,856,468)
Transfer from surplus on revaluation of property on account of incremental depreciation - net of deferred tax	-	-	-	517,390	517,390
<b>Balance as at 31 December 2017</b>	441,000,000	158,496,746	176	(461,418,381)	138,078,541

The annexed notes from 01 to 17 form an integral part of this unconsolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Selected Notes To The Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the provisions of Companies Ordinance, 1984 on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Pakistan Stock Exchange Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2008. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

## 2 BASIS OF PRESENTATION

### 2.01 Statement of compliance

This unconsolidated 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 Standards (IAS- 34) "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP wide its circular No. 23 \ 2017 dated October 04, 2017 and as clarified by the Institute of Chartered Accountants of Pakistan through its circular no. 17 \ 2017 dated October 06, 2017, this unconsolidated condensed interim financial information has been prepared in accordance with the provisions of the Companies Ordinance, 1984.

This unconsolidated 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 2017. This unconsolidated condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 245 of the Companies Ordinance, 1984.

### 2.02 Significant non-adjusting subsequent events

Subsequent to the reporting date, on 08 January 2018, the M/s Bahria Town (Private) Limited has acquired the majority shares of the Company along with its management control. M/s Bahria Town (Private) Limited has injected Rupees 650 million as subordinated loan to meet the minimum equity requirement of Rupees 750 million and Rupees 176 million has been injected as interest free Sponsor Loan. The Company has disposed off its investment in wholly owned subsidiary, M/s Escorts Capital Limited for Rupees 175 million to M/s Bahria Town (Private) Limited as per resolution of members passed in extra-ordinary general meeting held on 27 August 2017. Further, Rupees 200 million have been received from M/s Escorts Capital Limited on account of finances and other receivables. Thus, funds of Rupees 1,201 million have been received by the Company to liquidate its liabilities including the certificates of deposits and accrued mark-up thereon and resume its operations in effective and efficient manner.

Subsequent to the reporting date, the Company has repaid principal amount of Certificates of Deposits of Rupees 394.006 million along with accrued mark-up of Rupees 71.701 million thereon (at agreed mark-up rates) up till 31 January 2018. The principal amount of Rupees 57.562 million along with accrued mark-up of Rupees 8.662 million thereon remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues. This amount has been kept separately and will be repaid upon submission of valid succession certificates by legal heirs of depositors and completion of other necessary legal formalities.

Moreover, subsequent to the reporting date, the Company has successfully complied with minimum equity requirement. Further, the SECP, being satisfied in respect of repayment of certificates of deposits along with accrued mark-up thereon as mentioned earlier, has renewed the Investment Finance Services license of the Company for the period of three years along with permission to raise Deposits. The Company has resumed the operations with the support of sponsors and two new branches have been established one in Lahore and other in Karachi. Further branches in three major cities of the Pakistan will be set-up in near future. Based on the above and the financial projections as prepared by the Company for future periods, the management is confident that the Company shall continue and further improve its business growth during the coming years resulting in improvement of its profitability.

# Selected Notes To The Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2017 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 year:

- 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 this unconsolidated condensed interim financial information.

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 2017, but are not considered to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this unconsolidated condensed interim financial information.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated 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 2017.

	Note	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>5 PROPERTY AND EQUIPMENT</b>			
Opening written down value		85,778,162	95,873,568
Less: Book value of deletion during the period / year	5.01	-	3,372,433
		85,778,162	92,501,135
Less: Depreciation for the period / year		2,926,530	6,722,973
Closing written down value		82,851,632	85,778,162
<b>5.01 Particulars of vehicles disposed off during the period / year;</b>			
Cost		-	22,111,507
Less: Accumulated depreciation		-	18,739,074
Book value		-	3,372,433
<b>6 INTANGIBLE ASSETS</b>			
Opening written down value		114,192	171,279
Less: Amortization for the period / year		19,032	57,087
Closing written down value		95,160	114,192
<b>7 CARDS AND ROOMS</b>			
Opening carrying value		33,450,000	33,450,000
Less: Impairment charged during the period / year		20,700,000	-
Closing carrying value		12,750,000	33,450,000

## Selected Notes To The Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>8 DEFERRED TAX ASSET</b>	<u>166,796,471</u>	<u>112,878,059</u>

A deferred tax asset has been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management of the Company is certain that EIBL would have taxable profits in foreseeable future. As subsequent to balance sheet date acquisition and injection of funds has been made as explained in note No. 2.02.

	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>9 SHORT TERM INVESTMENTS</b>		
a) Held to maturity Treasury bills	71,044,549	70,386,673
b) Held for trading Shares / units Other than listed	8,052,454	10,188,212
c) Available for sale Listed shares / units	281	281
	<u>79,097,284</u>	<u>80,575,166</u>
Gain on revaluation of shares	176	176
	<u>79,097,460</u>	<u>80,575,342</u>

### 10 CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

There is no significant change in the status of contingencies as reported in the annual audited financial statements for the year ended 30 June 2017.

#### b) Commitments

Commitments as at balance sheet date were Nil (30 June 2017: Rs. 6.3 million).

	Half year ended		Quarter ended	
	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>11 ADMINISTRATIVE EXPENSES</b>				
Salaries, wages, other benefits and allowances	8,522,608	12,131,301	4,272,840	5,979,173
Staff Training and welfare	67,500	26,500	-	-
Advertisement and business promotion	369,120	84,350	68,120	84,350
Rent, rates and taxes	502,330	1,595,907	172,785	1,114,135
Utilities	828,362	1,003,537	114,263	369,249
Communication charges	761,263	601,452	340,648	299,210
Travelling and vehicle maintenance	1,005,771	1,457,370	560,632	745,233
Repair and maintenance	652,562	798,897	349,623	385,423
Entertainment	264,448	317,047	89,644	144,075
Fee and subscriptions	6,568,771	487,952	-	86,502
Legal and professional charges	1,989,638	1,435,314	1,446,889	1,398,544
Printing and stationery	551,758	358,623	428,674	276,041
Fee, brokerage and commission	13,404	18,864	949	-
Donation	30,000	-	30,000	-
Insurance	39,365	236,368	18,802	77,783
Depreciation	2,926,530	3,405,058	1,463,265	1,644,385
Amortization on intangible assets	19,032	28,542	9,516	14,271
Miscellaneous expenses	3,600	600	1,900	600
	<u>25,116,062</u>	<u>23,987,682</u>	<u>9,368,550</u>	<u>12,618,974</u>

## Selected Notes To The Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	Half year ended		Quarter ended	
	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>12 OTHER OPERATING EXPENSES</b>				
Impairment	20,700,000	-	20,700,000	-
Provisions	35,274,808	-	35,458,813	-
Balance written off	57,938,166	-	57,938,166	-
	<u>113,912,974</u>	<u>-</u>	<u>114,096,979</u>	<u>-</u>

### 13 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended	
	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>Transactions during the period / year</b>		
<b>Subsidiary Company:</b>		
Profit paid on certificates of deposit	-	1,052,055
Profit earned	4,000,000	4,000,000
Receipt of deposit against exposure	339,420	-
Margin / price difference on ready future received	6,000,000	-
<b>Associated companies:</b>		
Profit paid on certificates of deposit	-	1,504,046
Donations	30,000	-
<b>Directors:</b>		
Return on finances received	-	436,822
Profit paid on certificates of deposit	-	328,219
Advance against salary received during the period	61,756	-
<b>Executives:</b>		
Return on finances received	634,147	40,601
Profit paid on certificates of deposit	-	979,999
Proceeds from sale of vehicle	-	3,372,433
<b>Others:</b>		
Contribution to staff retirement benefits plan	150,310	397,778
	<b>31-Dec-17 Rupees (Un-audited)</b>	<b>30-Jun-17 Rupees (Audited)</b>
<b>Balance at the end of the period / year</b>		
<b>Subsidiary Company:</b>		
Financing outstanding	50,000,000	50,000,000
Receivable from Subsidiary Company	107,562,566	112,705,900
Profit receivable on financing	36,853,521	32,853,521
<b>Associated companies:</b>		
Advances outstanding	12,188,017	12,188,017
Other receivable	25,242,227	25,408,723
Long term financing- Subordinated loan	34,357,049	34,357,049
<b>Directors:</b>		
Long term financing- Subordinated loan	16,913,371	16,913,371
<b>Executives:</b>		
Advances outstanding	1,347,918	1,457,667
Long term financing- Subordinated loan	50,000,000	50,000,000
<b>Sponsors:</b>		
Long term financing- Subordinated loan	53,200,000	53,200,000



## Selected Notes To The Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

### 14 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 2017		
	Financing activities	Investing activities	Total
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
Profit on financing	5,016,323	-	5,016,323
Return on investments	-	2,137,475	2,137,475
Mark up on lease finances	-	-	-
<b>Total income for reportable segments</b>	<b>5,016,323</b>	<b>2,137,475</b>	<b>7,153,798</b>
Finance costs	(9,853,854)	(19,377,394)	(29,231,248)
Administrative and other operating expenses	(8,466,625)	(16,649,437)	(25,116,062)
<b>Segment result</b>	<b>(13,304,156)</b>	<b>(33,889,356)</b>	<b>(47,193,512)</b>
Other income			1,682,360
Other operating charges			(113,912,974)
Loss before taxation			<b>(159,424,126)</b>

	As at 31 December 2017		
	Financing activities	Investing activities	Total
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
<b>Segment assets</b>	<b>199,166,743</b>	<b>306,634,997</b>	<b>505,801,740</b>
Unallocated assets			421,966,004
			<b>927,767,744</b>
<b>Segment liabilities</b>	<b>2,165,985</b>	<b>372,395,428</b>	<b>374,561,413</b>
Unallocated liabilities			415,127,790
Equity			138,078,541
			<b>927,767,744</b>

	Six months ended 31 December 2016		
	Financing activities	Investing activities	Total
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
Profit on financing	8,497,172	-	8,497,172
Return on investments	-	16,727,260	16,727,260
Mark up on lease finances	10,852	-	10,852
<b>Total income for reportable segments</b>	<b>8,508,024</b>	<b>16,727,260</b>	<b>25,235,284</b>
Finance costs	(13,541,024)	(26,628,137)	(40,169,161)
Administrative and other operating expenses	(8,086,248)	(15,901,434)	(23,987,682)
<b>Segment result</b>	<b>(13,119,248)</b>	<b>(25,802,311)</b>	<b>(38,921,559)</b>
Other income			1,581,094
Other operating charges			-
Loss before taxation			<b>(37,340,465)</b>

## Selected Notes To The Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	AS at 30 June 2017		
	Financing Rupees (Audited)	Investing Rupees (Audited)	Total Rupees (Audited)
<b>Segment assets</b>			
Unallocated assets	<u>197,715,277</u>	<u>308,210,557</u>	505,925,834 490,891,416 <u>996,817,250</u>
<b>Segment liabilities</b>			
Unallocated liabilities	<u>164,692,658</u>	<u>256,732,897</u>	421,425,555 341,974,076 233,417,619 <u>996,817,250</u>
Equity			

### 15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose itself 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 annual audited financial statements for the year ended 30 June 2017.

The Company's financial risk management objective and policies are consistent with those disclosed in the annual financial statements of the company and for the year ended 30 June 2017.

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

### 16 DATE OF AUTHORIZATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Company on 26th March 2018.

### 17 GENERAL

**17.01** These figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 2016 were not subject to limited scope review by the auditors as scope of review by the auditors covered only the cumulative figures.

**17.02** Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



## **Consolidated Condensed Interim Financial Information (Un-audited)**

For the Half Year Ended 31 December 2017

# Consolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Note	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	84,968,662	88,063,878
Intangible assets	6	209,272	258,327
Cards and rooms		6,881,170	6,881,170
Long term investment		44,345,897	49,603,583
Long term finances		2,334,386	21,720,368
Net investment in lease finance		-	-
Long term loans and advances		611,426	884,446
Long term deposits and prepayments		3,803,231	4,133,609
Deferred tax asset	7	166,796,471	112,878,059
		<u>309,950,515</u>	<u>284,423,440</u>
<b>CURRENT ASSETS</b>			
Current maturities of non-current assets		3,298,364	7,492,163
Trade debtors		10,908,385	10,974,234
Short term investments	8	79,097,460	80,575,342
Short term finances		16,985,630	16,985,631
Advances		6,111	33,999
Short term deposits and prepayments		2,155,921	2,401,408
Interest accrued		20,057,010	20,008,812
Other receivables		71,906,510	83,893,546
Tax refunds due from the government		107,710,756	167,502,739
Cash and bank balances		62,232,686	71,421,858
		<u>374,358,833</u>	<u>461,289,732</u>
		<u>684,309,348</u>	<u>745,713,172</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
200,000,000 (30 June 2017: 50,000,000) ordinary shares of Rs. 10/- each		<u>2,000,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital			
44,100,000 (30 June 2017: 44,100,000) ordinary shares of Rs. 10/- each		441,000,000	441,000,000
Reserves		<u>(558,514,768)</u>	<u>(473,856,762)</u>
		(117,514,768)	(32,856,762)
Surplus on revaluation of property - net of deferred tax		20,178,136	29,565,036
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Subordinated loan		154,470,420	154,470,420
Long term certificates of deposit		-	63,711,234
		154,470,420	218,181,654
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities		266,955,135	203,243,901
Short term certificates of deposit		182,337,197	182,937,197
Accrued mark-up		73,800,220	44,588,787
Trade and other payables	9	91,931,160	83,741,013
Provision for taxation		12,151,848	16,312,346
		627,175,560	530,823,244
Contingencies and commitments	10	-	-
		<u>684,309,348</u>	<u>745,713,172</u>

The annexed notes from 01 to 17 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

## Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the half year and quarter ended 31 December 2017

	Note	Half year ended		Quarter ended	
		31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>INCOME</b>					
Profit on financing		1,016,323	2,497,172	16,986	1,148,763
Return on investments		3,117,896	16,727,260	2,051,267	13,503,595
Fees and commission		-	372,980	-	1,298
Profit on bank deposits		1,147,971	475,620	559,194	239,337
Mark up on lease finances		-	10,852	-	10,852
Other income		1,571,350	1,207,736	634,694	701,962
		<u>6,853,540</u>	<u>21,291,620</u>	<u>3,262,141</u>	<u>15,605,807</u>
<b>EXPENSES</b>					
Mark up on certificates of deposits		29,225,814	34,191,182	14,608,816	13,661,813
Mark-up on borrowings from financial institutions		-	4,152,348	-	1,772,304
Amortization of premium on held to maturity investments		-	775,668	-	758,469
Administrative expenses	11	27,894,567	27,936,477	11,005,045	14,302,686
Other financial charges		5,553	25,384	1,807	7,965
		<u>57,125,934</u>	<u>67,081,059</u>	<u>25,615,668</u>	<u>30,503,237</u>
Operating loss before provisions and taxation		<u>(50,272,394)</u>	<u>(45,789,439)</u>	<u>(22,353,527)</u>	<u>(14,897,430)</u>
Other operating charges	12	(93,212,974)	-	(93,396,979)	-
Loss before taxation		<u>(143,485,368)</u>	<u>(45,789,439)</u>	<u>(115,750,506)</u>	<u>(14,897,430)</u>
Taxation		63,567,658	(217,598)	63,567,658	(168,722)
Net loss for the period		<u>(79,917,710)</u>	<u>(46,007,037)</u>	<u>(52,182,848)</u>	<u>(15,066,152)</u>
Loss per share-basic and diluted		<u>(1.81)</u>	<u>(1.04)</u>	<u>(1.18)</u>	<u>(0.34)</u>

The annexed notes from 01 to 17 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year and quarter ended 31 December 2017

Note	Half year ended		Quarter ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
Net loss for the period	(79,917,710)	(46,007,037)	(52,182,848)	(15,066,152)
Other comprehensive income / (loss):				
Items that will not be subsequently reclassified to profit and loss	-	-	-	-
Items that may be subsequently reclassified to profit and loss	-	-	-	-
Unrealized gain on re-measurement of available for sale investments	(5,257,686)	-	(625,151)	-
	(5,257,686)	-	(625,151)	-
<b>Total comprehensive loss for the period</b>	<b>(85,175,396)</b>	<b>(46,007,037)</b>	<b>(52,807,999)</b>	<b>(15,066,152)</b>

The annexed notes from 01 to 17 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended 31 December 2017

Note	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(143,485,368)	(45,789,439)
Adjustment for non cash expenses and other items:		
Depreciation on property and equipment	3,095,216	3,607,482
Amortization on intangible assets	49,055	64,570
Provision against financies	21,107,888	-
Provision against interest accrued	171,741	-
Provision on other receivables	14,179,184	-
Compensation on delayed refund written off	57,938,166	-
Gain on sale of treasury bills	-	(162,812)
Gain on sale of long term investment	-	(9,682,963)
Amortization of premium on held to maturity investments	-	775,668
	<u>96,541,250</u>	<u>(5,398,055)</u>
	(46,944,118)	(51,187,494)
<b>Decrease / (increase) in operating assets</b>		
Disbursements of financies - net	2,488,792	7,347,783
Net investment in lease finance lease	-	4,964,066
Investments - net	1,477,882	12,600,039
Long term and short term advances	190,760	1,597,058
Interest accrued	(219,939)	1,614,011
Other receivables	(1,702,700)	34,482,276
Deposits and prepayments	245,515	5,294,192
	<u>2,480,310</u>	<u>67,899,425</u>
<b>(Decrease) / increase in operating liabilities</b>		
Borrowings from financial institutions	-	(100,000,000)
Certificates of deposit	(600,000)	(137,271,575)
Accrued mark-up	29,211,433	(58,443,911)
Trade and other payables	8,190,146	2,453,374
	<u>36,801,579</u>	<u>(293,262,112)</u>
Net cash used in operations	(7,662,229)	(276,550,181)
Taxation - net	(1,526,943)	(915,440)
Net cash used in operating activities	<u>(9,189,172)</u>	<u>(277,465,621)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of treasury bills	-	9,644,690
Proceeds from sale of long term investment	-	109,682,964
Proceeds from sale of fixed assets	-	3,372,433
Net cash from investing activities	-	<u>122,700,087</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing - subordinated loans	-	154,470,420
Net cash from financing activities	-	<u>154,470,420</u>
Net decrease in cash and cash equivalents	(9,189,172)	(295,114)
Cash and cash equivalents at the beginning of the period	71,421,858	8,232,696
Cash and cash equivalents at the end of the period	<u>62,232,686</u>	<u>7,937,582</u>

The annexed notes from 01 to 17 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2017

	Ordinary share capital	Capital Reserves		Revenue Reserve	Total
		Statutory reserves	Fair value reserve	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 01 July 2016</b>	441,000,000	158,496,746	176	(536,743,446)	62,753,476
Net loss for the half year ended 31 December 2016	-	-	-	(46,007,037)	(46,007,037)
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2016	-	-	-	(46,007,037)	(46,007,037)
Transfer from surplus on revaluation of property on account of incremental depreciation - net of deferred tax	-	-	-	778,026	778,026
<b>Balance as at 31 December 2016</b>	441,000,000	158,496,746	176	(581,972,457)	17,524,465
Net loss for the half year ended 30 June 2017	-	-	-	(76,293,556)	(76,293,556)
Other comprehensive income for the half year ended 30 June 2017	-	-	25,134,303	-	25,134,303
Total comprehensive income / (loss) for the half year ended 30 June 2017	-	-	25,134,303	(76,293,556)	(51,159,253)
Transfer from surplus on revaluation of property on account of incremental depreciation - net of deferred tax	-	-	-	778,026	778,026
<b>Balance as at 30 June 2017 (Audited)</b>	441,000,000	158,496,746	25,134,479	(657,487,987)	(32,856,762)
Net loss for the half year ended 31 December 2017	-	-	-	(79,917,710)	(79,917,710)
Other comprehensive loss for the half year ended 31 December 2017	-	-	(5,257,686)	-	(5,257,686)
Total comprehensive loss for the half year ended 31 December 2017	-	-	(5,257,686)	(79,917,710)	(85,175,396)
Transfer from surplus on revaluation of property on account of incremental depreciation - net of deferred tax	-	-	-	517,390	517,390
<b>Balance as at 31 December 2017</b>	441,000,000	158,496,746	19,876,793	(736,888,307)	(117,514,768)

The annexed notes from 01 to 17 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



# Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited and its subsidiary company ("the Group") comprise of holding company Escorts Investment Bank Limited ("EIBL") and a wholly owned subsidiary company Escorts Capital Limited ("ESCAP").

Escorts Investment Bank Limited ("the holding Company") is a public limited company incorporated in Pakistan under the provisions of Companies Ordinance, 1984 on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Pakistan Stock Exchange Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2008. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

Escorts Capital Limited ("the subsidiary Company") was incorporated as a public limited company in Pakistan on 05 June 2008 under the Companies Ordinance, 1984 and became a wholly owned subsidiary Company of EIBL in June 2008. The subsidiary is principally engaged in brokerage business. The registered office of the Company is situated at Escorts House, 26-Davis Road, Lahore.

## 2 BASIS OF PRESENTATION

### 2.01 Statement of compliance

This consolidated condensed interim financial information 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 the Companies Ordinance, 1984 have been followed. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 \ 2017 dated October 04, 2017 and as clarified by the Institute of Chartered Accountants of Pakistan (ICAP) through its circular no. 17 \ 2017 dated October 06, 2017, this consolidated condensed interim financial information has been prepared in accordance with the provisions of the Companies Ordinance, 1984.

This consolidated 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 Group's annual audited consolidated financial statements for the year ended 30 June 2017.

### 2.02 Significant non-adjusting subsequent events

Subsequent to the reporting date, on 08 January 2018, the M/s Bahria Town (Private) Limited has acquired the majority shares of Escorts Investment Bank Limited (the holding company) along with its management control. M/s Bahria Town (Private) Limited has injected Rupees 650 million as subordinated loan to meet the minimum equity requirement of Rupees 750 million and Rupees 176 million has been injected as interest free Sponsor Loan to provide the holding Company to resume its operations. The holding company (EIBL) has disposed of its investment in wholly owned subsidiary, M/s Escorts Capital Limited for Rupees 175 million to M/s Bahria Town (Private) Limited as per resolution of members passed in extra-ordinary general meeting held on 27 August 2017. Further, the holding Company has received Rupees 200 million from M/s Escorts Capital Limited on account of finances and other receivables upon injection of funds in subsidiary Company. Thus, funds of Rupees 1,201 million have been received by the holding Company to liquidate its liabilities including the certificates of deposits and accrued mark-up thereon and resume its operations in effective and efficient manner.

Subsequent to the reporting date, the holding Company (EIBL) has repaid principal amount of Certificates of Deposits of Rupees 394.006 million along with accrued mark-up of Rupees 71.701 million thereon (at agreed mark-up rates) up till 31 January 2018. The principal amount of Rupees 57.562 million along with accrued mark-up of Rupees 8.662 million thereon remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues. This amount has been kept separately and will be repaid upon submission of valid succession certificates by legal heirs of depositors and completion of other necessary legal formalities.

Moreover, subsequent to the reporting date, the Group has successfully complied with minimum equity and financial requirements. Further, the SECP, being satisfied in respect of repayment of certificates of deposits along with accrued mark-up thereon as mentioned earlier, has renewed the Investment Finance Services license of the holding Company for the period of three years along with permission to raise Deposits with effect from 01 February 2018. The new management is confident that with the support of sponsors, the group will become profitable with resumption of its operations. For this purpose, the holding Company has established two new branches one in Lahore and other in Karachi and further branches in three major cities of the Pakistan will be set-up in near future. Based on the above and the financial projections, the management is confident that the Group shall continue and further improve its business growth during the coming years resulting in improvement of its profitability.

# Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

## 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 Group's consolidated financial statements for the year ended 30 June 2017 except as discussed below:

New/Revised Standards, Interpretations and Amendments

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

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 this consolidated condensed interim financial information.

### 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 2017, but are not considered to be relevant or have any significant effect on the Group's reporting and are therefore, not disclosed in this consolidated condensed interim financial information.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's consolidated financial statements for the year ended 30 June 2017.

	Note	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>5 PROPERTY AND EQUIPMENT</b>			
Opening written down value		88,063,878	98,564,132
Less: Book value of deletion during the period / year	5.01	-	3,372,433
		<u>88,063,878</u>	<u>95,191,699</u>
Less: Depreciation for the period / year		3,095,216	7,127,821
Closing written down value		<u>84,968,662</u>	<u>88,063,878</u>
<b>5.01 Particulars of vehicles disposed off during the period / year;</b>			
Cost		-	22,111,507
Less: Accumulated depreciation		-	18,739,074
Book value		<u>-</u>	<u>3,372,433</u>
<b>6 INTANGIBLE ASSETS</b>			
Opening written down value		258,327	387,467
Less: Amortization for the period / year		49,055	129,140
Closing written down value		<u>209,272</u>	<u>258,327</u>

## Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>7 DEFERRED TAX ASSET</b>	166,796,471	112,878,059

A deferred tax asset has been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management of the holding Company is expecting taxable profits in foreseeable future. Further, subsequent to balance sheet date acquisition and injection of funds has been made as explained in note No. 2.02.

	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>8 SHORT TERM INVESTMENTS</b>		
<b>a) Held to maturity</b>		
Treasury bills	71,044,549	70,386,673
<b>b) Held for trading</b>		
Shares / units		
Other than listed	8,052,454	10,188,212
<b>c) Available for sale</b>		
Listed shares / units	281	281
	79,097,284	80,575,166
Gain on revaluation of shares	176	176
	79,097,460	80,575,342
<b>9 TRADE AND OTHER PAYABLES</b>		
Customers' credit balances	18,072,962	18,176,543
Accrued expenses and other payables	70,120,120	61,906,692
Provision for compensated absences	1,352,424	1,272,124
Unclaimed dividend	2,385,654	2,385,654
	91,931,160	83,741,013

### 10 CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

There is no significant change in the status of contingencies as reported in the audited annual consolidated financial statements for the year ended 30 June 2017.

#### b) Commitments

Commitments as at balance sheet date were Nil (30 June 2017: Rs. 6.3 million).

## Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	Half year ended		Quarter ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
<b>11 ADMINISTRATIVE EXPENSES</b>				
Salaries, wages, other benefits and allowances	9,560,643	13,555,435	4,812,216	6,440,920
Commission paid to traders	-	-	-	514,135
Staff Training and welfare	67,500	26,500	-	-
Advertisement and business promotion	369,120	84,350	68,120	84,350
Rent, rates and taxes	652,300	1,633,607	322,755	1,029,874
Utilities	859,506	1,387,862	145,407	398,851
Communication charges	1,075,343	836,819	584,874	-
Travelling and vehicle maintenance	1,193,105	1,471,170	785,544	712,697
Repair and maintenance	853,662	1,192,917	510,313	563,008
Entertainment	273,097	945,674	94,358	750,978
Fee and subscriptions	6,701,646	597,552	-	144,302
Legal and professional charges	2,249,342	1,510,314	1,534,947	1,390,744
Printing and stationery	577,149	376,913	450,155	279,286
Fee, brokerage and commission	13,404	18,864	949	-
CDC and clearing charges	231,514	332,622	92,441	137,276
Donation	30,000	-	30,000	-
Insurance	39,365	236,368	18,802	77,783
Depreciation	3,095,216	3,607,482	1,530,739	1,745,597
Amortization on intangible assets	49,055	64,570	21,525	32,285
Miscellaneous expenses	3,600	57,458	1,900	600
	<u>27,894,567</u>	<u>27,936,477</u>	<u>11,005,045</u>	<u>14,302,686</u>
<b>12 OTHER OPERATING EXPENSES</b>				
Provisions	35,274,808	-	35,458,813	-
Balances written off	57,938,166	-	57,938,166	-
	<u>93,212,974</u>	<u>-</u>	<u>93,396,979</u>	<u>-</u>
<b>13 TRANSACTIONS WITH RELATED PARTIES</b>				

The related parties and associated undertakings comprise, 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:

Transactions during the period / year	Half year ended	
	31-Dec-17 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)
<b>Associated companies:</b>		
Profit paid on certificates of deposit	-	1,504,046
Donations	30,000	-
<b>Directors:</b>		
Return on finances received	-	436,822
Profit paid on certificates of deposit	-	328,219
Advance against salary received during the period	61,756	-
<b>Executives:</b>		
Return on finances received	634,147	40,601
Profit paid on certificates of deposit	-	979,999
Proceeds from sale of vehicle	-	3,372,433
<b>Others:</b>		
Contribution to staff retirement benefits plan	150,310	397,778

## Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	31-Dec-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
<b>Balance at the end of the period</b>		
<b>Associated companies:</b>		
Loans and Advances	12,188,017	12,188,017
Other receivable	25,242,227	25,408,723
Long term financing- Subordinated loan	34,357,049	34,357,049
<b>Directors:</b>		
Long term financing- Subordinated loan	16,913,371	16,913,371
<b>Executives:</b>		
Loans and Advances	1,347,918	1,457,667
Long term financing- Subordinated loan	50,000,000	50,000,000
<b>Sponsors:</b>		
Long term financing- Subordinated loan	53,200,000	53,200,000

#### 14 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 2017		
	Financing activities Rupees (Un-audited)	Investing activities Rupees (Un-audited)	Total Rupees (Un-audited)
Profit on financing	1,016,323	-	1,016,323
Return on investments	-	3,117,896	3,117,896
Mark up on lease finances	-	-	-
<b>Total income for reportable segments</b>	1,016,323	3,117,896	4,134,219
Finance costs	(9,853,894)	(19,377,473)	(29,231,367)
Administrative and other operating expenses	(9,403,259)	(18,491,308)	(27,894,567)
<b>Segment result</b>	<u>(18,240,830)</u>	<u>(34,750,885)</u>	<u>(52,991,715)</u>
Other income			2,719,321
Other operating charges			(93,212,974)
Loss before taxation			<u>(143,485,368)</u>

## Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended 31 December 2017

	As at 31 December 2017		
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
<b>Segment assets</b>	39,988,452	85,978,630	125,967,082
Unallocated assets			558,342,266
			<u>684,309,348</u>
<b>Segment liabilities</b>	116,527,480	167,575,452	284,102,933
Unallocated liabilities			517,721,183
Equity			(117,514,768)
			<u>684,309,348</u>

	Six months ended 31 December 2016		
	Financing activities Rupees (Un-audited)	Investing activities Rupees (Un-audited)	Total Rupees (Un-audited)
Profit on financing	2,497,172	-	2,497,172
Return on investments	-	16,727,260	16,727,260
Mark up on lease finances		-	-
<b>Total income for reportable segments</b>	<u>2,497,172</u>	<u>16,727,260</u>	<u>19,224,432</u>
Finance costs	(5,084,715)	(34,059,867)	(39,144,582)
Administrative and other operating expenses	(3,628,830)	(24,307,647)	(27,936,477)
<b>Segment result</b>	<u>(6,216,373)</u>	<u>(41,640,254)</u>	<u>(47,856,627)</u>
Other income			2,067,188
Other operating charges			-
Loss before taxation			<u>(45,789,439)</u>

	As at 30 June 2017		
	Financing activities Rupees (Audited)	Investing activities Rupees (Audited)	Total Rupees (Audited)
<b>Segment assets</b>	47,910,205	156,241,310	204,151,515
Unallocated assets			541,561,657
			<u>745,713,172</u>
<b>Segment liabilities</b>	98,900,000	322,525,555	421,425,555
Unallocated liabilities			357,144,379
Equity			(32,856,762)
			<u>745,713,172</u>

# **Selected Notes To The Consolidated Condensed Interim Financial Information (Un-audited)**

For the half year ended 31 December 2017

## **15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

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

The consolidated 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 2017.

The Group's financial risk management objective and policies are consistent with those disclosed in the annual audited consolidated financial statements of the group and for the year ended 30 June 2017.

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

## **16 DATE OF AUTHORIZATION**

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the holding Company on 26th March 2018.

## **17 GENERAL**

Figures have been rounded off to the nearest rupees.

**CHIEF EXECUTIVE OFFICER**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

# ڈائریکٹرز رپورٹ

اور پرانے کھاتوں کو منہا کرنے کی مد میں 113.913 روپے شامل ہیں۔ مزید یہ کہ، کمپنی کے مکمل قابل ٹیکس منافع کی وجہ سے دستیاب ٹیکس خسارہ پر 62.566 ملین روپے کا زیر التوا آئٹم ٹیکس اثاثر ریکارڈ کیا۔

## اہم مالی نکات

اختتام پذیر نصف سال		تفصیلات
دسمبر 2016ء	دسمبر 2017ء	
روپے	روپے	
26,816,378	8,836,158	آمدنی
35,226,779	29,225,814	ڈیپازٹس پر مارک اپ
37,340,465	159,424,126	خسارہ قبل از ٹیکس
(197,126)	63,567,658	ٹیکس
37,537,591	95,856,468	خسارہ بعد از ٹیکس

انتظامی امور حاصل کرنے کے بعد انتہائی قلیل مدت میں ہم نے اپنے تمام شعبہ جات کو دوبارہ منظم کیا اور تجربہ کار اور اعلیٰ تعلیم یافتہ ماہرین کی خدمات حاصل کیں۔ ہم نے ڈیپازٹ کی نئی پروڈکٹس متعارف کرائیں جبکہ ہاؤسنگ فنانس تیار کرنے کے مراحل میں ہے اور مستقبل قریب میں ہماری انتظامیہ ہاؤس فائینشیل کاروبار کے قیام کی توقع رکھتی ہے۔ یہ بیان کرنا ضروری ہے کہ ہم نے متعلقہ شعبوں میں اپنے کسٹمرز کو بہترین خدمات کی فراہمی کی غرض سے بحریہ آرچر ڈھلا ہور اور بحریہ ٹاؤن کراچی میں نئی شاخیں قائم کی ہیں۔ ہم مستقبل قریب میں مزید دو شاخیں کراچی میں اور ایک راولپنڈی میں قائم کرنے کا ارادہ رکھتے ہیں۔ ہم نے نئی انتظامیہ کے زیر سایہ اپنی کاروباری سرگرمیاں شروع کیں ہیں تاکہ ہمارے معزز کسٹمرز کی ضروریات کو پورا کیا جاسکے اور اس کو بڑی پذیرائی مل رہی ہے۔ PACRA نے ہماری کمپنی کو طویل اور قلیل مدتی کریڈٹ ریٹنگ بالترتیب "BB" اور "B" جاری کی ہے۔ تاہم، کریڈٹ ریٹنگ کا جائزہ لیا جا رہا ہے اور امید ہے کہ آپ کی کمپنی مستقبل قریب میں بہتر کریڈٹ ریٹنگ کی حامل ہوگی۔

ہم اس موقع پر SECP کی گراں قدر حمایت، رہنمائی اور نئی انتظامیہ پر اعتماد کو بھرپور انداز میں سراہتے ہیں۔ ہم اپنے ساتھیوں اور کمپنی کی ٹیم کے بھی شکر گزار ہیں جس کی وجہ سے ہم اپنے روزمرہ کے اہداف کو احسن طریقے سے حاصل کرنے کے قابل ہوئے۔

منجانب/بطرف بورڈ،

ڈائریکٹر

چیف ایگزیکٹو آفیسر



# ڈائریکٹرز رپورٹ

معزز حصص داران!

ایس کارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز 31 دسمبر، 2017ء کو اختتام پذیر مدت کے لئے کمپنی کے عبوری مالیاتی معلومات پیش کرنے میں فخر محسوس کرتے ہیں۔

08 جنوری 2018ء کو میسرز بحر یہ ٹاؤن (پرائیویٹ) لمیٹڈ (بی ٹی پی ایل) نے کمپنی کے 33,628,176 حصص حاصل کئے جو مجموعی شیئرز ہولڈنگ کے 76.254 فی صد حصہ پر مشتمل ہے۔ نتیجتاً کمپنی کا انتظامی کنٹرول نئی انتظامیہ کو منتقل ہو گیا۔ BTPL کی جانب سے سیکورٹیز ریٹریبونڈ ایکٹیوٹیج کمیشن آف پاکستان (SECP) کے ساتھ عہد کے مطابق سرمایہ داری کی رقم 1.2 بلین روپے تھی۔ یہ سرمایہ داری حسب ذیل صورت میں کی گئی:

- ✓ 650 ملین روپے کا ماتحتی قرضہ
- ✓ 176 ملین روپے کا سپانسر قرضہ
- ✓ ذیلی کمپنی میں سرمایہ داری کی 175 ملین روپے میں فروخت؛ اور
- ✓ ایس کارٹس کیپٹل لمیٹڈ کے 200 ملین روپے کے واجبات کی ادائیگی؛

مذکورہ بالا اقدامات کا مقصد مقرر وقت میں کم از کم ایکویٹی ضروریات (Minimum Equity Requirement) کو پورا کرنا تھا۔ 05 جنوری 2018ء کو SECP کی منظوری سے ماتحتی قرضہ کی شرائط کی اجازت دی گئی۔ اللہ کے فضل و کرم سے ہم نے 31 جنوری 2018ء کی مقررہ تاریخ سے قبل ہی MER کا ہدف حاصل کر لیا اور تمام دیگر ضروریات بشمول ڈیپازٹرز کو 465.707 ملین روپے کی ادائیگی کا ہدف بھی حاصل کر لیا۔

نئی انتظامیہ کی کاوشوں کے نتیجے میں، کمپنی کے انویسٹمنٹ فنانس سرورسز (IFS) لائسنس کی تین سال کے لئے تجدید نو کی گئی اور اسی طرح سے لاگو قوانین کے تحت ڈیپازٹرز ذخیروں میں اضافہ کی اجازت حاصل کی گئی۔ MER اور دیگر قانونی امور کی کامیاب تعمیل پر ہی یہ تجدید نو ممکن ہوئی۔ انتظامی امور سنبھالنے کے وقت، کمپنی میں لاگو قوانین اور MER کی عدم تعمیل ہوتی رہی۔ SECP کی جانب سے لائسنس کا اجرا میں ڈیپازٹرز کو زائد المیعا واجبات بشمول منافع کی ادائیگی کا ہدف حاصل کرنے کے عہد پر ممکن ہوا۔ تاہم، آپ کی کمپنی نے تمام واجبات اور منافع بحمدہ منافع ادا کر دی ہیں۔

ہم آپ کو آگاہ کرتے ہیں کہ آپ کی کمپنی نے BTPL سے ایس کارٹس کیپٹل لمیٹڈ میں سرمایہ داری کا مکمل معاوضہ وصول کر لیا ہے جس کی منظوری 27 اگست 2017ء کو منعقدہ غیر معمولی اجلاس عام میں اراکین نے دی۔ اور اب 08 جنوری 2018ء سے خسارہ کی حامل یہ کمپنی آپ سے منسلک نہیں ہے۔

نئی انتظامیہ نے اس عبوری مالیاتی معلومات کے ذریعے درست معلومات پیش کرنے میں ہر ممکن اقدامات کئے ہیں۔ تاکہ کمپنی کی حقیقی مالی صورت حال کی عکاسی کی جاسکے۔ زیر جائزہ نتائج گذشتہ انتظامی مدت سے متعلق ہیں۔ 30 جون 2018ء کو اختتام پذیر مالی سال کے پہلے نصف حصہ کے دوران آپ کی کمپنی نے گذشتہ سال کی اسی مدت میں 37.538 ملین روپے کے خسارہ کے مقابلہ میں 95.856 ملین روپے کا خسارہ بعد از ٹیکس درج یارپورٹ کیا۔ اس مدت میں خسارہ میں اضافہ کی بنیادی وجوہات میں اثاثہ جات کی مالیت میں کمی، آمدنی میں 26.816 ملین روپے سے کم ہو کر 8.836 ملین روپے ہونا



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