



Escorts Investment Bank

A Project of BAHRIA TOWN

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Condensed Interim Financial Information **2018**
For The Period Ended 31 December

ESCORTS INVESTMENT BANK LIMITED

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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. Muhammad Usman Khalid, ACA

Company Secretary

Mr. Ajwad Ali

External Auditors

Tariq Abdul Ghani Maqbool & Co.

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

Registered Office

Alfalah Building, 1st Floor, Sector-B,

Bahria Town Lahore

Tel: (92-42) 35341845-6

www.escortsbank.net

info@escortsbank.net

UAN: 08000 3425

Branch Network

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

Rawalpindi/Islamabad Branch

Bahria Town Head Office,

Phase VIII.

Tel: (92-51) 5426528-30

Raiwind Road Branch

Railway Road, Raiwind City

Tehsil & District Lahore.

Tel: (92-42) 35390501- 3

Directors' Report

The Board of Directors of Escorts Investment Bank Limited (the "Company") are pleased to present the condensed interim financial information (un-audited) of the Company for the period ended on December 31, 2018 and the auditor's review report thereon.

The management has now developed and deployed the required systems, manuals and products relating to housing finance business, micro financing business and corporate lending. The Company successfully initiated its microfinance business by launching a micro lending branch at Raiwind, Lahore in December 2018 and following its overwhelming response has initiated the process of opening another micro lending branch in the Kasur District, which is expected to be operational in later half of March 2019 and it will be further followed by more new branches. The Company continues to explore other avenues such as corporate lending business as permissible under the license issued to the Company.

The Company in a short span has been able to over-come its losses and despite the challenges faced by the management since the takeover from the previous management, the Company has during the second quarter of the current financial year posted profits after taxation of Rs. 181,841/- as compared to the corresponding quarter **loss** of Rs. 70,755,176/- during its previous financial year. The Company's half-year period closed with a loss after taxation of Rs. 32.313 million (2017: Rs. 95.856 Million). The financial highlights are given below:

Description	Half Year		Quarter	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----			
Revenue	56,580,033	8,836,158	39,494,861	3,753,906
Mark-up on Deposits	(10,320,058)	(29,225,814)	(4,937,578)	(14,608,816)
Profit/(Loss) before taxation	(31,818,736)	(159,424,126)	569,490	(134,322,834)
Taxation	(495,176)	63,567,658	(387,649)	63,567,658
Profit/ (Loss) after taxation	(32,313,912)	(95,856,468)	181,841	(70,755,176)

The Board of Directors of the Company in their meeting held on October 29, 2018 resolved to raise new capital through a rights issue to increase the Company's capital base (the "Rights Issue"). However, due to the prevalent economic climate in the investment banking sector in Pakistan, Securities and Exchange Commission of Pakistan ("SECP") approved underwriters are reluctant to assume fresh underwriting commitments. The Company is currently discussing available options with both the underwriters and the SECP and the Company has sought permission from the SECP to proceed with the Rights Issue against a commitment from its sponsors and associated companies to subscribe any unsubscribed portion of the Rights Issue, which permission is currently pending with the SECP. The Company's management is cautiously confident of this permission being granted by the SECP or an alternate mechanism being advised by the SECP. Furthermore, subsequent to the reporting period, SECP instructed to curtail the deposit taking permission of the Company from only individuals, sole proprietors, provident/gratuity funds, trusts and charitable institutions which indeed has negligible impact on the Company. In this respect, the Company has sought legal advice and initiated legal remedies and is confident of withdrawal of this restriction/curtailment as the Company has been compliant with all the rules/regulations and commitments made thereon.

The Directors wish to place on record the gratitude to the sponsors for their continued support and the employees of the Company for their commitment, hard work and cooperation throughout the period.

For and on behalf of the Board

Chief Executive Officer

Director

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Independent Auditor's Review Report
To the members of Escorts Investment Bank Limited
Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Escorts Investment Bank Limited** ("the company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows for the six-month period then ended (here-in-after referred to as the "interim financial information") and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of 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 interim financial information does not give a true and fair view of the financial position of the entity as at 31 December 2018, and of its financial performance and its cash flows for the six-month period then ended in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Shahid Mehmood**.

TRGM

Dated: 25th February 2019
Lahore

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants



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

For the Period ended 31 December 2018

Condensed Interim Statement of Financial Position

As at 31 December 2018

	Note	31-Dec-18 Rupees (Un-audited)	30-Jun-18 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	113,241,359	102,822,050
Intangible assets	6	7,040,146	76,132
Cards and rooms		12,750,000	12,750,000
Long term finances	7	39,746,732	216,345
Long term deposits and prepayments		424,600	424,600
Deferred tax asset - net	8	182,879,465	182,542,426
		<u>356,082,302</u>	<u>298,831,553</u>
CURRENT ASSETS			
Current maturities of non-current assets		7,938,289	2,395,545
Short term investments		630,077,317	279,158,608
Short term finances		10,073,945	9,974,445
Short term advances		2,212,899	185,284
Short term deposits and prepayments		796,946	593,943
Interest accrued		5,330,872	2,058,860
Other receivables		67,572,276	67,902,101
Tax refunds due from the government		106,112,112	102,838,785
Cash and bank balances	9	309,148,701	756,000,407
		<u>1,139,263,357</u>	<u>1,221,107,978</u>
		<u>1,495,345,659</u>	<u>1,519,939,531</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 300,000,000 (30 June 2018: 300,000,000) ordinary shares of Rs. 10/- each		<u>3,000,000,000</u>	<u>3,000,000,000</u>
Issued, subscribed and paid up capital		441,000,000	441,000,000
Revaluation surplus on property and equipment		19,576,487	19,941,617
Capital reserves		158,496,922	158,496,922
Revenue reserves		(551,247,528)	(519,439,180)
		<u>67,825,881</u>	<u>99,999,359</u>
NON-CURRENT LIABILITIES			
Long term finances - subordinated loans	10	<u>650,000,000</u>	<u>650,000,000</u>
Long term certificates of deposit		<u>140,250,000</u>	<u>119,000,000</u>
		<u>790,250,000</u>	<u>769,000,000</u>
CURRENT LIABILITIES			
Current maturities of non-current liabilities		139,860,367	139,860,367
Short term finances - sponsor loan	11	176,000,000	176,000,000
Short term certificates of deposit		153,823,524	163,940,000
Accrued markup		33,050,372	20,150,119
Trade and other payables	12	119,039,861	136,185,808
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation		13,110,000	12,418,224
		<u>637,269,778</u>	<u>650,940,172</u>
Contingencies and commitments	13	-	-
		<u>1,495,345,659</u>	<u>1,519,939,531</u>

The annexed notes from note 1 to 20 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Profit or Loss (Un-audited)

For the half year and quarter ended 31 December 2018

Note	Half year ended		Quarter ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
INCOME				
Profit on financing	2,101,423	5,016,323	1,683,145	2,016,986
Return on investments	18,446,994	2,137,475	12,092,504	1,070,846
Profit on bank deposits	20,222,176	111,010	10,624,353	31,380
Other income	15,809,440	1,571,350	15,094,859	634,694
	<u>56,580,033</u>	<u>8,836,158</u>	<u>39,494,861</u>	<u>3,753,906</u>
EXPENSES				
Return on certificates of deposit	10,320,058	29,225,814	4,937,578	14,608,816
Mark-up on borrowings	17,656,230	-	5,259,896	-
Administrative expenses	60,625,820	25,116,062	28,973,233	9,368,550
Other financial charges	65,253	5,434	23,256	2,395
	<u>88,667,361</u>	<u>54,347,310</u>	<u>39,193,963</u>	<u>23,979,761</u>
Operating (loss)/profit before taxation	<u>(32,087,328)</u>	<u>(45,511,152)</u>	<u>300,898</u>	<u>(20,225,855)</u>
Other operating income/(charges)	268,592	(113,912,974)	268,592	(114,096,979)
Loss before taxation	<u>(31,818,736)</u>	<u>(159,424,126)</u>	<u>569,490</u>	<u>(134,322,834)</u>
Taxation (expense)/income	(495,176)	63,567,658	(387,649)	63,567,658
Net (loss)/income for the period	<u>(32,313,912)</u>	<u>(95,856,468)</u>	<u>181,841</u>	<u>(70,755,176)</u>
(Loss)/income per share-basic and diluted	<u>(0.73)</u>	<u>(2.17)</u>	<u>0.00</u>	<u>(1.60)</u>

The annexed notes from note 1 to 20 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of other Comprehensive Income (Un-audited)

For the half year and quarter ended 31 December 2018

	Half year ended		Quarter ended	
	31-Dec-18 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)
Net (loss)/income for the period	(32,313,912)	(95,856,468)	181,841	(70,755,176)
Other comprehensive income:	-	-	-	-
Total comprehensive (loss)/income for the period	(32,313,912)	(95,856,468)	181,841	(70,755,176)

The annexed notes from note 1 to 20 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended 31 December 2018

	31-Dec-18 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(31,818,736)	(159,424,126)
Adjustment for non cash expenses and other items:		
Depreciation on property and equipment	5,245,464	2,926,530
Amortization on intangible assets	843,678	19,032
Impairment of cards and rooms	-	20,700,000
Provisions against finances	(268,592)	20,923,883
Provision on doubtful interest accrued	-	171,741
Provision for doubtful other receivables	-	14,165,184
Balance written off	-	57,938,166
	<u>5,820,550</u>	<u>116,844,536</u>
Cash used in operations before working capital changes	(25,998,186)	(42,579,590)
Decrease / (increase) in operating assets		
Finances - Net	(44,904,039)	(1,297,162)
Investments	(350,918,709)	1,477,882
Loan and advances	(2,027,615)	176,872
Interest accrued	(3,272,012)	(219,939)
Other receivables	329,825	(1,768,547)
Deposits and prepayments	(203,003)	6,245,515
	<u>(400,995,553)</u>	<u>4,614,621</u>
(Decrease)/increase in operating liabilities		
Certificates of deposit	11,133,524	(600,000)
Accrued markup	12,900,253	29,211,433
Trade and other payables	(17,145,947)	7,844,774
	<u>6,887,830</u>	<u>36,456,207</u>
Cash used in operations	(420,105,909)	(1,508,762)
Income tax paid	(3,273,332)	(798,018)
Net cash used in operating activities	<u>(423,379,241)</u>	<u>(2,306,780)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(15,664,773)	-
Capital expenditure on intangible assets	(7,807,692)	-
Net cash used in investing activities	<u>(23,472,465)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	<u>(446,851,706)</u>	<u>(2,306,780)</u>
Cash and cash equivalents at the beginning of the period	<u>756,000,407</u>	<u>8,143,505</u>
Cash and cash equivalents at the end of the period	<u>309,148,701</u>	<u>5,836,725</u>

The annexed notes from note 1 to 20 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

For the half year ended 31 December 2018

	Rupees				Total
	Share capital	Capital Reserves	Surplus on revaluation of property	Revenue Reserve	
		Statutory reserve	Fair value reserve	Accumulated loss	
Balance as at 01 July 2017 (audited) - as restated	441,000,000	158,496,746	176	(366,079,303)	254,113,145
Net loss for the period	-	-	-	(95,856,468)	(95,856,468)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(95,856,468)	(95,856,468)
Transfer from surplus on revaluation of property on account of:					
- Incremental depreciation on revalued asset for the period - net of tax	-	-	-	-	-
- Revaluation of surplus on property - adjustment due to change in tax rate	-	-	(517,390)	517,390	-
Balance as at 31 December 2017 (unaudited) - as restated	441,000,000	158,496,746	176	(461,418,381)	158,256,677
Net loss for the period	-	-	-	(58,552,968)	(58,552,968)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(58,552,968)	(58,552,968)
Transfer from surplus on revaluation of property on account of:					
- Incremental depreciation on revalued asset for the period - net of tax	-	-	-	532,169	-
- Revaluation of surplus on property - adjustment due to change in tax rate	-	-	295,650	-	295,650
Balance as at 01 July 2018 (audited)	441,000,000	158,496,746	176	(519,439,180)	99,999,359
Net loss for the period	-	-	-	(32,313,912)	(32,313,912)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(32,313,912)	(32,313,912)
Transfer from surplus on revaluation of property on account of:					
- Incremental depreciation on revalued asset for the period - net of tax	-	-	-	505,564	-
- Revaluation of surplus on property - adjustment due to change in tax rate	-	-	1,40,434	-	1,40,434
Balance as at 31 December 2018	441,000,000	158,496,746	176	(551,247,528)	67,825,881

The annexed notes from note 1 to 20 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

For the half year and quarter ended 31 December 2018

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 the repealed Companies Ordinance, 1984 (Now the Companies Act, 2017) 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, 2003. The registered office of the Company is situated at Alfalah Building, 1st Floor, Sector B, Bahria Town, Lahore. The Company is a subsidiary of Bahria Town (Private) Limited.

The Pakistan Credit Rating Agency (PACRA) has reviewed Credit Ratings of the Company and maintained long term and short term Credit ratings to "A-" and "A2" respectively with stable outlook on 26 October 2018.

2 BASIS OF PRESENTATION

2.01 Statement of compliance

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where the provisions of and directives issued under the Companies, Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated 13 August 2003 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services. The SECP has also deferred the application of International Financial Reporting Standard (IFRS) 9, 'Financial Instruments' through SRO 229(1) / 2019 in place of IAS 39 (Financial Instruments: Recognition and Measurement) as "Reporting period/ Year ending on or after June 30, 2019 (earlier application is permitted)".

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 2018. This condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 237 of the Companies Act, 2017.

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

For the half year and quarter ended 31 December 2018

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018. This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

	Note	31-Dec-18 Rupees (Un-audited)	30-Jun-18 Rupees (Audited)
5 PROPERTY AND EQUIPMENT			
Operating fixed assets	5.01	107,211,657	97,389,870
Advances for purchase of assets		6,029,702	5,432,180
		<u>113,241,359</u>	<u>102,822,050</u>
5.01 Operating fixed assets			
Opening net book value		97,389,870	85,778,162
Cost of addition	5.01.1	15,067,251	19,689,629
Less: Book value of deletion during period / year	5.01.2	-	1,184,727
Depreciation for the period / year		5,245,464	6,893,194
Closing net book value		<u>107,211,657</u>	<u>97,389,870</u>
5.01.1 Cost of addition			
Improvement on leasehold premises		4,480,623	6,479,296
Office furniture and fixtures		2,866,181	2,425,362
Computers		352,641	4,665,612
Office equipment		2,860,306	1,610,979
Vehicles		4,507,500	4,508,380
		<u>15,067,251</u>	<u>19,689,629</u>
5.01.2 Book value of deletion during the period/year:			
Cost		-	5,528,064
Less: Accumulated depreciation		-	4,343,337
Book value		<u>-</u>	<u>1,184,727</u>

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

For the half year and quarter ended 31 December 2018

		31-Dec-18 Rupees (Un-audited)	30-Jun-18 Rupees (Audited)
6 INTANGIBLE ASSETS	Note		
Accounting software	6.01	6,712,092	76132
Advance for Accounting software		328,054	-
		<u>7,040,146</u>	<u>76,132</u>
6.01 Accounting software			
Opening net book value		76,132	114,192
Cost of addition		7,479,638	-
Less: Amortization for the period / year		843,678	38,060
Closing net book value		<u>6,712,092</u>	<u>76,132</u>
7 LONG TERM FINANCES			
Secured and considered good	7.01	45,519,036	445,905
Considered doubtful			
Others		52,673,515	52,283,570
Less: Provision for doubtful finances		(52,673,515)	(52,283,570)
		-	-
Less: Current maturity		(5,772,304)	(229,560)
Closing balance		<u>39,746,732</u>	<u>216,345</u>

7.01 It includes amount of Rs. 46.10 million (30 June 2018: Rs. Nil) disbursed to House finance customers during the period of return ranges from 15.53% to 17.34% per annum for tenure of 02 to 20 years.

8 DEFERRED TAX ASSET - NET

Net deferred tax asset has been recognised for all 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 the Company would have taxable profits in foreseeable future.

		31-Dec-18 Rupees (Un-audited)	30-Jun-18 Rupees (Audited)
9 CASH AND BANK BALANCES	Note		
Cash in hand		73,015	26,785
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		274,575	258,617
Others		90,261,580	71,494
		90,536,155	330,111
Saving and deposit accounts		218,539,531	755,643,511
		<u>309,148,701</u>	<u>756,000,407</u>
10 LONG TERM FINANCES - SUBORDINATED LOANS			
From the Holding Company:			
Subordinated loan	10.01	650,000,000	650,000,000
From others			
Others - subordinated loans	10.02	137,694,382	137,694,382
		787,694,382	787,694,382
Less: Current maturity shown under current liabilities		137,694,382	137,694,382
		<u>650,000,000</u>	<u>650,000,000</u>

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

For the half year and quarter ended 31 December 2018

10.01 This subordinated loan received from holding company for meeting Minimum Equity Requirement (MER) and repayable on demand after expiry of minimum tenure of 24 months. It carries mark-up at the rate of 03-months KIBOR as on date of receipt of loan.

10.02 These loans are converted from Certificates of Deposits (COD) of outgoing sponsors and its associated undertakings. It carries mark-up at rate of 06- month KIBOR as on date of takeover transaction i.e. 08 January 2018, duly approved by SECP and repayment of principal and mark-up is subject to prior approval of SECP.

	Note	31-Dec-18 Rupees (Un-audited)	30-Jun-18 Rupees (Audited)
11 SHORT TERM FINANCES - SPONSOR LOAN			
Related party - unsecured			
Sponsor loan - Bahria Town (Private) Limited	11.01	176,000,000	176,000,000

11.01 This represents interest free unsecured loan, repayable on demand by the lender.

12 TRADE AND OTHER PAYABLES

This includes an amount of Rupees 58.506 million (30 June 2018: Rs. 58.506 million) payable to successor of depositors.

13 CONTINGENCIES AND COMMITMENTS

13.01 Contingencies

There is no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended 30 June 2018.

13.02 Commitments in respect of

i) Outstanding guarantees amount to Rs. Nil (30 June 2018: Nil)

ii) House finance customers amount to Rs. 2.4 million (30 June 2018: Nil)

	Half year ended		Quarter ended	
	31-Dec-18 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)
14 ADMINISTRATIVE EXPENSES				
Salaries, allowance and other benefits	30,101,964	8,522,608	14,156,862	4,272,840
Staff training and welfare	25,000	67,500	25,000	-
Advertisement and business promotion	3,900,537	369,120	913,537	68,120
Rent, rates and taxes	396,808	502,330	(1,756,952)	172,785
Utilities	1,460,980	828,362	493,550	114,263
Communication charges	1,325,155	761,263	861,722	340,648
Travelling and vehicle maintenance	2,011,044	1,005,771	1,326,822	560,632
Repair and maintenance	468,486	652,562	290,427	349,623
Entertainment	525,015	264,448	406,922	89,644
Fee and subscriptions	1,494,788	6,568,771	566,475	-
Legal and professional charges	10,285,780	1,989,638	6,025,737	1,446,889
Printing and stationery	1,607,075	551,758	1,248,429	428,674
Fee, brokerage and commission	-	13,404	-	949
Donation	-	30,000	-	30,000
Insurance	933,659	39,365	751,655	18,802
Depreciation	5,245,464	2,926,530	3,033,461	1,463,265
Amortization on intangible assets	843,678	19,032	629,586	9,516
Miscellaneous expenses	387	3,600	-	1,900
	<u>60,625,820</u>	<u>25,116,062</u>	<u>28,973,233</u>	<u>9,368,550</u>

14.01 Rent, rates and taxes includes rent expense related to holding company amounting to Rs 4.5 million that was waived off by the holding company.

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

For the half year and quarter ended 31 December 2018

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise, holding company, local associated undertakings, other related parties and key management personnel. The Company carried out transactions with the related parties in the normal course of business which are as follows:

	Half year ended	
	31-Dec-18 Rupees (Un-audited)	31-Dec-17 Rupees (Un-audited)
Transactions during the period		
Holding Company:		
Mark-up on long term financing	13,380,822	-
Utilities expense	1,344,660	-
Rent expense - waived off by the Holding company	(8,500,000)	-
Associated companies:		
Escorts Capital Limited		
Profit paid on certificates of deposit	1,643,395	-
Profit earned	-	4,000,000
Receipt of deposit against exposure	-	339,420
Margin/price difference on ready future received	-	6,000,000
Bahria Grand Hotel and Resorts		
Entertainment expense	221,937	
Other related parties		
Profit paid on certificates of deposit	1,725,508	-
Donations	-	30,000
Directors:		
Advance against salary received during the period	-	61,756
Executives:		
Return of finances received	-	634,147
Others:		
Contribution to staff retirement benefits plan	632,030	150,310
	31-Dec-18 Rupees (Un-audited)	30-Jun-18 Rupees (Audited)
Balances at the end of the period/year		
Holding company:		
Markup accrued on finances	30,542,795	17,161,973
Subordinated loan	650,000,000	650,000,000
Sponsors loan	176,000,000	176,000,000
Trade and other payables	1,200,515	4,333,000
Associated company:		
Escorts Capital Limited		
Certificate of deposit	46,000,000	52,000,000
Profit accrued on certificates of deposit	158,792	840,603
Other related parties		
Certificates of deposit	57,733,524	-
Profit accrued on certificates of deposit	124,056	-

16 SEGMENTAL ANALYSIS

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

Financing activities

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

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

For the half year and quarter ended 31 December 2018

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 2018 (Un-audited)

	Financing activities	Investing activities	Total
	-----Rupees-----		
Profit on financing	2,101,423	-	2,101,423
Return on investments	-	38,669,170	38,669,170
Total income for reportable segments	2,101,423	38,669,170	40,770,593
Finance costs	1,445,334	26,596,207	28,041,541
Administrative expenses	3,124,813	57,501,007	60,625,820
Segment result	(2,468,725)	(45,428,043)	(47,896,768)
Other income			15,809,440
Other operating charges/(income)			(268,592)
Loss before taxation			(31,818,736)

As at 31 December 2018 (Un-audited)

	Financing activities	Investing activities	Total
	-----Rupees-----		
Segment assets	130,662,114	642,827,317	773,489,431
Unallocated assets			721,856,228
			1,495,345,659
Segment liabilities	94,508,256	1,027,730,453	1,122,238,709
Unallocated liabilities			305,281,069
Equity			67,825,881
			1,495,345,659

Six months ended 31 December 2017 (un-audited)

	Financing activities	Investing activities	Total
	-----Rupees-----		
Profit on financing	5,016,323	-	5,016,323
Return on investments	-	2,248,485	2,248,485
Mark up on lease finances	-	-	-
Total income for reportable segments	5,016,323	2,248,485	7,264,808
Finance costs	(9,853,854)	(19,377,394)	(29,231,248)
Administrative expenses	(8,466,625)	(16,649,437)	(25,116,062)
Segment result	(13,304,156)	(33,778,346)	(47,082,502)
Other income			1,571,350
Other operating charges			(113,912,974)
Loss before taxation			(159,424,126)

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

For the half year and quarter ended 31 December 2018

As at 30 June 2018 (Audited)

	Financing activities	Investing activities	Total
	-----Rupees-----		
Segment assets	13,265,864	293,287,939	306,553,803
Unallocated assets			1,213,385,728
			1,519,939,531
Segment liabilities	47,049,678	1,040,196,343	1,087,246,021
Unallocated liabilities			352,635,768
Equity			80,057,742
			1,519,939,531

17 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 annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2018.

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 2018.

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

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

19 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 25th February 2019.

20 GENERAL

- In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.
- Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

ڈائریکٹرز رپورٹ

31 دسمبر 2018ء کو اختتام پذیر مدت کے لئے ایسکارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کمپنی کے منجملہ عبوری مالیاتی معلومات (غیر پڑتال شدہ) اور اس پر آڈیٹرز کا جائزہ پیش کرنے میں دلی مسرت محسوس کرتے ہیں۔

انتظامیہ نے اب ہاؤسنگ فائننس برنس، مائیکرو فائنٹنگ اور کارپوریٹ لینڈنگ کی مد میں مطلوب سسٹمز، مینیولز اور پروڈکٹس تیار اور نافذ کی ہیں۔ کمپنی نے رائے ونڈ برانچ، لاہور میں دسمبر 2018ء کو مائیکرو فائننس برنس کا کامیابی سے آغاز کر دیا ہے اور اس پر مثبت ردعمل کی وجہ سے کمپنی نے ضلع قصور میں مائیکرو لینڈنگ برانچ کھولنے کے عمل کا آغاز کر دیا ہے۔ جو مارچ 2019ء کے اواخر نصف حصہ میں فعال ہونے کی توقع ہے اور بعد ازاں مزید شاخیں کھولنے کے لئے پرامید ہے۔ کمپنی کو جاری شدہ لائسنس کے تحت کمپنی کارپوریٹ لینڈنگ برنس کی مد میں بھی مزید دوازے کھولنے کے لئے بے قرار ہے۔

قبل عرصہ میں کمپنی نے اپنے خسارہ پر قابو پالیا ہے اور سابقہ انتظامیہ سے انتظامات کے حصول کے بعد درپیش مسائل کے باوجود گذشتہ مالی سال میں اسی مدت میں -/70,755,176 روپے خسارہ کے مقابلہ میں موجودہ مالی سال کی دوسری سہ ماہی کے دوران کمپنی نے -/181,841 روپے کا منافع علاوہ ٹیکسیشن درج کیا۔ کمپنی کی نصف سالہ مدت 32.313 ملین روپے علاوہ ٹیکسیشن خسارہ پر بند ہوا (2017: 95.856 ملین روپے)۔ مالیاتی اشارے حسب ذیل ہیں:

تفصیلات		نصف سالہ		سہ ماہی	
		31 دسمبر 2018ء	31 دسمبر 2017ء	31 دسمبر 2018ء	31 دسمبر 2017ء
..... روپے					
ریونیو	56,580,033	8,836,158	39,494,861	3,753,906	
مارک اپ برائے ڈیپازٹس	(10,320,058)	(29,225,814)	(4,937,578)	(14,608,816)	
نفع / (نقصان) بمعہ ٹیکسیشن	(31,818,736)	(159,424,126)	569,490	(134,322,834)	
ٹیکسیشن	(495,176)	63,567,658	(387,649)	63,567,658	
نفع / (نقصان) علاوہ ٹیکسیشن	(32,313,912)	(95,856,468)	181,841	(70,755,176)	

ڈائریکٹرز رپورٹ

29 اکتوبر 2018ء کو منعقدہ اجلاس میں بورڈ آف ڈائریکٹرز نے رائٹ اجرا کے ذریعے سرمایہ کو بڑھانے کا فیصلہ کیا۔ پاکستان میں سرمایہ کار بینکنگ کے شعبہ میں موجودہ اقتصادی ماحول کی وجہ سے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (”SECP“) کے منظور شدہ انڈر رائٹرز نئی انڈر رائٹنگ پیشکش قبول کرنے میں محتاط ہیں۔ کمپنی فی الحال دستیاب اختیارات کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور انڈر رائٹرز سے بات چیت کر رہی ہے۔ کمپنی نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو رائٹ اجرا کی اجازت کے لیے درخواست کی ہے اس وعدہ کے ساتھ کہ اگر دوسرے شراکت داروں نے رائٹ اجرا نہ وصول کیے تو سپانسرز اور متعلقہ کمپنیاں تمام رائٹ اجرا وصول کریں گی۔ جس کی اجازت فی الحال زیر التوا ہے۔ انتظامیہ پر اُمید ہے کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ہمیں اجازت دے گا یا اس کے برعکس ہدایت جاری کرے گا۔ مزید برآں، رپورٹنگ پیریڈ کے بعد سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے حکم کے تحت انفرادی پراویڈنٹ فنڈ / گریجویٹ فنڈز، ٹرسٹ اور خیراتی ادارے کے علاوہ ڈپازٹ لینے تک محدود کیا ہے۔ جس کے کمپنی پر بہت معمولی اثرات ہوں گے۔ اس سلسلے میں کمپنی نے قانونی مشورہ طلب کیا ہے اور پر اُمید ہے کہ یہ پابندی ختم ہو جائے گی۔ کیونکہ کمپنی تمام قواعد و ضوابط اور وعدوں کے مطابق کام کرتی رہی ہے۔

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