



Escorts Investment Bank

A Project of BAHRIA TOWN

TOGETHER
WE PROSPER



ANNUAL REPORT 2018

ESCORTS INVESTMENT BANK LIMITED

VISION

Value addition for our stakeholders through enhanced business activity and emphasis on Better Risk Identification and Management as apposed to Risk Avoidance



MISSION

To build Escorts Investment Bank Limited into an elite institute comparable with, if not better than, any top quality local or foreign financial institution, in terms of a progressive corporate culture and an autonomous, committed and dedicated executive Management with
An Eye On the Future



Escorts Investment Bank

A Project of BAHRIA TOWN

Who We are?

Escorts Investment Bank Limited started its operations in October 1996.

EIBL is regulated and supervised by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange.

Bahria Town, a leading real estate developer has acquired majority shareholding and management control of Escorts Investment Bank Limited w.e.f. January 8, 2018 and injected PKR 1.2 billion in the bank.

CONTENTS

04	Corporate Information	30	Statement of Financial Position
05	Photo Gallery	31	Statement of Profit or Loss
07	Notice for Calling Annual General Meeting	32	Statement of Comprehensive Income
09	Chairman's Review Report	33	Statement of Cash Flows
10	Chairman's Review Report (Urdu)	34	Statement of Changes in Equity
11	Directors' Report	35	Notes to the Financial Statements
15	Directors' Report (Urdu)	83	Pattern of Shareholding
19	Financial Highlights	87	Investors' Awareness
20	Statement of Compliance with Code of Corporate Governance	88	Branch Network
22	Independent Auditors' Review on the Statement of compliance	89	Form of Proxy
23	Independent Auditors' Report to the Members	91	Form of Proxy (Urdu)

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

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

BRANCH NETWORK REGISTERED OFFICE

Alfalah Building, 1st Floor, Sector-B,

Bahria Town Lahore

Tel: (92-42) 35341845-6

www.escortsbank.net

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

RAWALPINDI/ISLAMABAD BRANCH

Bahria Town Head Office,

Phase VIII.

Tel: (92-51) 5426528 -30

PHOTO GALLERY



Directors at acquisition ceremony (from left to right):
Mr. Umair Rafique Vadria, Mr. Karim Hatim, Mr. Zain Malik, Mr. Naveed Amin, Mr. Rashid Ahmed, Mr. Tahir Saeed Effendi



Acquisition Ceremony

PHOTO GALLERY



Inauguration of Bahria Orchard, Lahore Branch



Inauguration of Bahria Town, Karachi Branch

NOTICE FOR CALLING ANNUAL GENERAL MEETING

Notice is hereby served to all the Members of the Company that the 23rd Annual General Meeting of the Members of **ESCORTS INVESTMENT BANK LIMITED** will be held on Monday October 29, 2018 at 09:30 a.m. at Bahria Grand Hotel & Resort situated at Canal Bank Road, Executive Lodges, Sector-B, Bahria Town, Lahore, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary General Meeting held on April 27, 2018.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2018 together with the Directors' and Auditors' report thereon;
3. To appoint External Auditors for the year ending June 30, 2019 and fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, M/s Tariq Abdul Ghani Maqbool and Company Chartered Accountants who being eligible have offered themselves for re-appointment.

OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

Lahore
Dated: October 08, 2018

By ORDER OF THE BOARD



AJWAD ALI
COMPANY SECRETARY

NOTES:

1. The share transfer books of the Company will remain closed from October 23, 2018 to October 29, 2018 (both days inclusive). Transfers received in order at the office of Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7 – Bank Square, Lahore, by close of business on Monday, October 22, 2018, will be considered in time, to entitle the transferees to attend and vote at the AGM.
2. All members are entitled to attend and vote at the Meeting. A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote in his / her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than forty eight (48) hours before the time of holding meeting.
3. An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's website: www.escortsbank.net
4. The members are requested to submit a copy of their Computerised National Identity Card (CNIC), if not already provided and immediately notify changes if any, in their addresses to our Share Registrar Hameed Majeed Associates (Pvt.) Limited.
5. CDC Account Holders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

NOTICE FOR CALLING ANNUAL GENERAL MEETING

A. For attending the meeting:

- i) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- ii) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her CNIC or original passport at the time of attending the meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

CHAIRMAN'S REVIEW REPORT

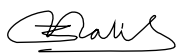
The year 2018 brought about a major change at Escorts Investment Bank Limited ("Company"), in that the majority shareholding and management control was taken over by Bahria Town Private Limited ("BTPL") (the largest private sector real estate developer) on January 8, 2018 after complying with all legal and regulatory formalities. The Company had been suffering from serious financial difficulties and its liabilities towards its depositors alone had run into hundreds of millions of Rupees. The Company had been suffering from a Minimum Capital Requirement (MCR) shortfall. The new sponsor stepped in with the firm commitment of settling all past liabilities and injecting enough fresh equity into the Company to not only meet the MCR shortfall but also to jump-start the Company's stalled business. I can proudly state that by the grace of Almighty Allah and the efforts of the new Board of Directors and Management team we have been able to do that and more. All commitments made to the Securities and Exchange Commission of Pakistan and our customers/clients have been duly met and the Company is well on its way to revival of full business activities. By way of example, the new sponsor has already injected Rs. 1.20 Billion in fresh equity and within a short period of time our credit rating has improved significantly (Long Term: BB to **A-**) and (Short Term: B to **A2**).

The new team aims to revive the Company's business by initially devoting its energies to the housing finance market. The natural synergies between the businesses of the new sponsor, BTPL and the Company are obvious and we hope to successfully undertake the business permitted under IFS license with emphasis on housing finance.

I am very happy to note that the new Board of Directors comprises highly skilled and experienced professionals who need no introduction in the financial services market of Pakistan. Under the guidance of the new Board, our new Management team headed by Mr Naveed Amin, Chief Executive, should be able to revive the fortunes of the Company and take it to new heights.

I am also grateful to the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited, the Central Depository Company of Pakistan and other stakeholders for their continuous guidance and support. I am confident that by grace of Almighty Allah, the new team's hard work and the trust of our clients/customers, the Company shall very soon become a role model for the financial services sector.

Many thanks!



Zain Malik
Chairman

چیرمین کی جائزہ رپورٹ

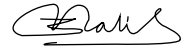
سال 2018ء ایسکاٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") میں یہ بڑی تبدیلی لے کر آیا کہ 08 جنوری 2018ء کو بحریہ ٹاؤن پرائیویٹ لمیٹڈ ("BTPL") (نئی شعبہ کا سب سے بڑا ریل اسٹیٹ ڈیولپر) نے تمام قانونی اور ریگولیٹری تقاضوں کو پورا کر کے کثیر شیعہ ہولڈنگ اور انتظامی کنٹرول سنبھال لیا۔ کمپنی سنجیدہ نوعیت کے مالی بحران کا شکار تھی اور صرف ڈیپازٹرز کو سینکڑوں ملین روپے کی رقم واجب الادا تھیں۔ کمپنی کو کم از کم سرمایہ (Minimum Capital Requirement-MCR) کی ضروریات میں بھی کمی کا سامنا تھا۔ نئے سپانسر نے ماضی کے تمام واجبات ادا کرنے، کم از کم سرمایہ کی حد پوری کرنے اور نئی کاروباری سرگرمیوں کے لیے تازہ سرمایہ فراہم کرنے کا پختہ عزم کیا۔ مجھے فخر ہے کہ اللہ تعالیٰ کے فضل و کرم اور نئے بورڈ آف ڈائریکٹرز اور انتظامی ٹیم کی محنت سے ہم اپنا عزم پورا کرنے میں کامیاب ہوئے۔ وہ تمام عہد جو ہم نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اپنے صارفین سے کیے تھے الحمد للہ پورے ہو چکے ہیں اور کمپنی اپنے اخیا کی جانب تیزی سے گامزن ہے اور بہت جلد تمام کاروباری سرگرمیاں شروع کر دے گی۔ نئے سپانسر نے 1.2 ارب روپے کی تازہ سرمایہ کاری کر دی ہے اور تھوڑے ہی عرصے میں کمپنی کی کریڈٹ ریٹنگ میں نمایاں بہتری آئی ہے۔ (طویل مدتی: BB- سے A) اور (قلیل مدتی: B- سے A2)۔

نئی ٹیم ابتدائی طور پر ہاؤسنگ فنانس پر توجہ مرکوز کر کے کمپنی کے احیا کے لیے پُر عزم ہے۔ نئے سپانسر BTPL اور کمپنی کے کاروباری امور میں فطری اشتراک یقینی ہے اور ہم IFS لائسنس کے تحت مجوزہ کاروبار خصوصاً ہاؤسنگ فنانس کے شعبے میں کامیابی سے اپنی خدمات پیش کرنے کی امید کرتے ہیں۔

مجھے یہ بیان کر کے خوشی محسوس ہو رہی ہے کہ نیا بورڈ آف ڈائریکٹرز اعلیٰ مہارت اور تجربہ کے حامل افراد پر مشتمل ہے جن کا پاکستان کے مالیاتی شعبے میں نام ہے۔ نئے بورڈ کی رہنمائی اور نوبدائین صاحب، چیف ایگزیکٹو، کی سربراہی میں نئی انتظامی ٹیم کمپنی کی قسمت بدلنے کے قابل ہوگی اور اسے نئی بلند یوں تک لے جائے گی۔

میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان سٹاک ایکسچینج لمیٹڈ، سینٹرل ڈیپازٹری کمپنی آف پاکستان اور دیگر سٹیک ہولڈرز کی مسلسل رہنمائی اور حمایت کے لئے اُن کا شکر گزار ہوں۔ میں پراعتماد ہوں کہ اللہ تعالیٰ کے فضل و کرم سے اور نئی ٹیم کی انتھک محنت اور ہمارے کلائنٹس/صارفین کے ہم پراعتمادی وجہ سے کمپنی مالیاتی خدمات کے شعبہ میں مثالی نمونہ بنے گی۔

بہت شکریہ!



زین ملک

چیرمین

DIRECTORS' REPORT

The Directors of Escorts Investment Bank Limited ("Company") are pleased to present the Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2018 and the auditor's report thereon.

CHANGE OF MANGEMENT

On January 08, 2018, M/s Bahria Town (Private) Limited ("BTPL") acquired 33,628,176 shares of the Company (76.254% of the total shareholding), along with, the management control of the Company. The aggregate investment made by BTPL amounted Rs. 1.2 billion. This investment made in the following manner:

1. Subordinated loan of Rs. 650 million;
2. Sponsors' Loan of Rs. 176 million;
3. Sale of investment in subsidiary company for Rs. 175 million; and
4. Repayment of outstanding liabilities by Escorts Capital Limited of Rs. 200 million.

The purpose of this acquisition was to revive the company through housing finance, and other IFS activities by mobilization the funds through equity and deposits. The company met the Minimum Equity Requirement (MER) within the stipulated time with the deposits taking permission in accordance with applicable laws. As per the arrangement of this acquisition the company paid Rs. 473.424 million to the depositors of pre acquisition period along with the accrued mark -up thereon. As of today company does not owe any money of depositors pertaining to pre-acquisition period except for Rs. 58.5 million, of deceased cases, where the succession certificates were yet to be produced by legal heirs. The suspended Investment Finance Services (IFS) license of the Company was renewed by SECP vide letter no. SC/NBFC-PRDD/EIBL/2017/74 dated November 21, 2017, for three years, on the commitment by BTPL to inject Rs. 1200 million in the company. Further, as per arrangements between the company and BTPL, the loss making segment of your company M/s Escorts Capital Limited ("ESCAP") has been sold out with the permission from SECP letter #SC/NBFC-PRDD/EIBL/2017/76 dated November 21, 2017, and approval from the members in the EOGM held on 27 August 2017. The transaction was completed on January 08, 2018. Now this loss making entity is no more with your Company. Further the condensed Financial Statements of the Company for the period ended on December 31, 2017 were prepared as Consolidated Financial Statements as ESCAP was part of the company at that time.

FINANCIAL RESULTS

The new management has put in its best efforts to ensure the accuracy of the information being presented through the audited Financial Statements for the period ending on 30 June 2018, with the objective that Company's financial position should reflect a true and fair view. During the year the Company was run till January 07, 2018 by the outgoing management and after that new management took over.

Description	Rupees	
	Year ended	
	2018	2017
		Restated
Revenue	31,809,232	35,564,567
Mark-up on Deposits	(37,296,393)	(63,520,059)
Loss before taxation	(233,161,023)	(94,333,498)
Taxation	78,751,587	(24,935,809)
Loss after taxation	(154,409,436)	(119,269,307)

The first half year results pertaining to old management had reported after tax loss of Rs. 95.856 million as compared to loss of Rs. 37.538 million during the first half of the financial year 2017. The primary reasons for increase in loss for the period included 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.

In the 2nd half of the new management control, the Company has reported after tax loss of Rs. 58.553 million thus aggregating loss for the year ended 30 June 2018 to Rs. 154.409 million. The primary reason for further increase in loss in second half relates to expenditures incurred to strengthen the Company's operations through development of policies, manuals and procedures along with investment on human resource for effective and efficient team building. The Company

DIRECTORS' REPORT

has earned revenue of Rs. 22.973 million through investment in treasury market and other income in initial period after acquisition. Based on multifaceted business plan, favorable socio-economic environment and foreseeable future, further deferred tax of Rs. 15.672 million has been recognized on available tax losses.

BUSINESS REVIEW

The new management after acquisition focused on developing a strong structure for running the business efficiently and effectively, hired experienced & qualified professional team. The team worked on the development of strong control systems, started work on IT system improvements, development of products, marketing strategies, reshaping the web site and also concentrated on branding of the company.

Your Company has IFS license therefore the Company can execute any finance activity. Your company focused on the House Finance model during the year and by the Grace of Almighty Allah the house finance loan disbursement has been started subsequent to the year end.

During the year your Company has relocated its head office/ registered office from 26 Davis Road, Lahore to Alfalah building Bahria Town Lahore, to provide the services to the residence of Bahria town and its vicinity. Two new branches in Bahria Orchard, Lahore and Bahria Town, Super highway, Karachi became operational in the month of February, 2018.

ECONOMY REVIEW

The overall economy seems to be moving in a positive direction with respect to Pakistan, a new elected government has taken the charge along with good hopes and commitments, the vital issue of WATER has been addressed and serious efforts for the construction of Dams have been initiated by Government. The response from the rest of the world is also very positive to this change of Government in Pakistan. All these factors will lead to the flourishing of business activity in the near future in Pakistan.

FUTURE OUTLOOK

Housing finance business has a very good potential in Pakistan, It is estimated that annual demand for new homes is approximately 700,000 a year, whereas, only about half of this demand is met. Overall, the housing deficit is estimated at 10 million units and is growing.

Recent studies indicate that the lack of finance is problem in Pakistan. Only 1 to 2 percent of all house construction activities are financed by financial sectors. Most housing finance comes from personal resources.

Your company is primarily focused on the housing finance activities, it takes time to develop a handsome portfolio, however the management has decided that the business permitted under IFS license with emphasis on house finance shall be undertaken. Further management has decided to start micro lending as a pilot project with the objective to provide resources to women and unemployed young people in backward areas especially in rural areas for small business. This pilot project shall be initiated in the near future.

We would like to inform you that two more branches of your company shall be opened in Bahria town phase 8 Rawalpindi/ Islamabad and in Tariq Road Karachi respectively in near future.

DIVIDEND

No dividend has been recommended by the Board of Directors for the year June 30, 2018 (2017: Nil)

CREDIT RATING

PACRA has recently revised the company's credit rating (long term credit rating to "A-" and short term credit rating to "A2") with stable outlook on April 18, 2018. (Previously, the rating was long term BB and Short term B)

DIRECTORS' REPORT

RISK MANGEMENT

The Board of Directors is responsible for establishing the risk management framework, which includes company risk management policies, review, approvals and continued monitoring to ensure that an appropriate sound and effective internal control and compliance system is in place. An independent outsourced internal audit team is assisting the Audit Committee, who is reportable to the Board of Directors.

DIRECTORS DECLARATION

The Board hereby confirms that:

- a) these financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) proper books of accounts of the Company have been maintained;
- c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) the system of internal controls is sound in design and has been effectively implemented and efficiently monitored;
- f) there are no significant doubts upon the Company's ability to continue as going concern;
- g) there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) the statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Company

BOARD OF DIRECTORS MEETING

During the year due to a change of management, all old Board of Directors have resigned and new Directors were co-opted in place of outgoing Directors in the Board of Directors meeting held on January 08, 2018.

On January 08, 2018 two Board of Directors meetings were held, one by the old Board and the other by new Board.

The Board presently comprises one executive and four non- executive and two independent Directors. During the year, three meetings of the outgoing Board of Directors were held and three meetings of new board of directors were held and following are the details of attendance by the Directors:

DIRECTORS' REPORT

OUTGOING DIRECTORS	
Directors	Attended
Mr. Bairam Qureishy	2
Ms. Shazia Bashir	3
Mr. Tajamal Hussain Bokharee	3
Mr. Mutahir Ahmed	3
Mr. Zulfiqar Ali Khan	2
Mr. Aleem Ahmed Khan	1
Mr. Qaim Mehdi	1

Leave was granted to directors who could not attend some or all of the Board meetings

CO-OPTED DIRECTORS	
Directors	Attended
Mr. Zain Malik	3
Mr. Naveed Amin	3
Mr. Rashid Ahmed	3
Mr. Karim Hatim	3
Mr. Tahir Saeed Effendi	3
Mr. Umair Rafique Vadria	3
Mr. Khawaja Nadeem Abbas	2*

*Khawaja Nadeem Abbas was co-opted as Director of the company during the Board of Directors meeting held on March 26, 2018 after being duly approved by SECP vide letter no.SC/NBFC-5/FDIB/2018-.

AUDIT COMMITTEE MEETINGS		
Committee members-Directors	Meetings held	Attended
Mr. Karim Hatim	2	2
Mr. Zain Malik	2	2
Mr. Tahir Saeed Effendi	2	2

HUMAN RESOURCE AND REMUNERATION MEETINGS		
Committee members-Directors	Meetings held	Attended
Mr. Umair Rafique Vadria	1	1
Mr. Zain Malik	1	1
Mr. Naveed Amin	1	1

AUDITORS

The Bank's External Auditors' M/s Tariq Abdul Ghani Maqbool & Co. Chartered Accountants retired and are eligible and offer themselves for reappointment. The Board and Audit Committee recommend their reappointment.

PATTERN OF SHAREHOLDINGS

The Pattern of Shareholding as on June 30, 2018 is given on page number 83.

ACKNOWLEDGEMENT

The Directors wish to place on record the gratitude to Securities and Exchange Commission of Pakistan for their valued support, assistance and guidance. The Board would like to thank the sponsors for their continued support which will continue to enhance our capabilities to achieve our objectives. We would also take this opportunity to express their admiration to the employees of the Company for their commitment, hard work and cooperation throughout the year. The Company recognizes and records its gratitude for all their efforts.

For and on behalf of the Board,



Naveed Amin
Chief Executive/Director



Director

ڈائریکٹرز کی رپورٹ

ایسکارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2018ء کو اختتام پذیر ہونے والے مالی سال کے لئے کمپنی کی سالانہ رپورٹ ہمراہ پڑھنا شروع شدہ مالی گوشوارے پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

انتظامیہ میں تبدیلی

08 جنوری 2018ء کو میسرز جریہ ٹاؤن (پرائیویٹ) لمیٹڈ ("BTPL") نے کمپنی کے 33,628,176 حصص (کل شیئر ہولڈنگ کا 76.254 فی صد) حاصل کئے اور کمپنی کا انتظامی کنٹرول بھی سنبھال لیا۔ BTPL کی جانب سے سرمایہ کی مجموعی رقم 1.2 بلین روپے تھی۔ یہ سرمایہ داری مندرجہ ذیل صورت میں کی گئی:

1. 650 ملین روپے کا subordinate قرضہ۔
2. 176 ملین روپے کا sponsor قرضہ۔
3. ذیلی کمپنی کی سرمایہ داری کی فروخت کے لئے 175 ملین روپے۔ اور
4. ایسکارٹس کیپٹل لمیٹڈ کی جانب سے 200 ملین روپے کے غیر ادا شدہ واجبات کی ادائیگی۔

اس حصول کا مقصد ہاؤسنگ قرضہ جات کی فراہمی اور ایکویٹی اور ڈیپازٹس کے ذریعے فنڈز کی موبلائزیشن اور دیگر IFS سرگرمیوں کے ذریعے کمپنی کو خود مختار بنانا تھا۔ کمپنی نے لاگو قوانین کے تحت، ڈیپازٹس کے حصول کی اجازت کے ساتھ مطلوبہ وقت میں کم از کم ایکویٹی ضروریات کو پورا کیا۔ اس حصول کے طے شدہ انتظامات کے تحت کمپنی نے ڈیپازٹرز کو واجب الادا مارک اپ کے ساتھ 473.424 ملین روپے ادا کیے۔ فی الوقت حصول سے قبل کی مدت کے ڈیپازٹرز کو کوئی رقم واجب الادا نہیں ماسوائے فوت شدگان کے معاملات کی مدد میں 58.5 ملین روپے جس میں قانونی ورتاؤ کی جانب سے ورثی سرٹیفکیٹ مطلوب ہیں۔ SECP نے کمپنی کے معلق شدہ لائسنس کی تین سال کے لیے تجدید اپنے مراسلہ نمبر SC/NBFC-PRDD/EIBL/2017/74 بتاریخ 21 نومبر 2017 کر دی ہے۔ جس میں BTPL کی جانب سے کمپنی میں 1200 ملین روپے کی سرمایہ کاری کا وعدہ کیا گیا ہے۔ مزید برآں کمپنی اور BTPL میں طے شدہ معاہدہ کے تحت آپ کی کمپنی کی خسارے میں جانے والی ذیلی کمپنی ایسکارٹس کیپٹل لمیٹڈ کو SECP کے مراسلہ نمبر SC/NBFC-PRDD/EIBL/2017/74 بتاریخ 21 نومبر 2017ء اور 27 اگست 2017ء کو منعقد ہونے والے غیر معمولی اجلاس عام میں اراکین کی منظوری کے تحت فروخت کر دیا گیا ہے۔ یہ ٹرانزیکشن 8 جنوری 2018ء کو مکمل ہو گئی۔ اب یہ خسارہ کا حامل ادارہ آپ کی کمپنی کا حصہ نہیں ہے۔ مزید یہ کہ 31 دسمبر 2017ء کو اختتام پذیر مدت کے مالی گوشوارے مشترکہ تھے کیونکہ اس وقت ESCAP کمپنی کا حصہ تھی۔

مالی نتائج

نئی انتظامیہ نے اپنی بھرپور محنت سے 30 جون 2018ء کو اختتام پذیر ہونے والی مدت کے پڑھنا شروع شدہ مالی گوشواروں کے ذریعے درست معلومات کی فراہمی کو یقینی بنایا ہے تاکہ کمپنی کی درست اور حقیقی مالی حالت کی عکاسی ہو۔ اس مالی سال کے دوران 7 جنوری 2018 تک رخصت ہونے والی انتظامیہ کمپنی چلا رہی تھی اس کے بعد نئی انتظامیہ نے چارج سنبھال لیا۔

روپے

اختتام پذیر سال		تفصیلات
2017	2018	
دو بارہ تعین کردہ		
35,564,567	31,809,232	آمدنی
(63,520,059)	(37,296,393)	ڈیپازٹس پر مارک اپ
(94,333,498)	(233,161,023)	خسارہ قبل از ٹیکس
(24,935,809)	78,751,587	ٹیکسیشن
(119,269,307)	(154,409,436)	خسارہ بعد از ٹیکس

پرانی انتظامیہ کے تحت پہلے نصف سال نتائج میں مالی سال 2017ء کے 37,538 ملین روپے خسارہ کے مقابلہ میں 95,856 ملین روپے خسارہ علاوہ ٹیکس رپورٹ کیا گیا۔ خسارہ میں اضافہ کی بنیادی وجہ اثاثہ جات کی خرابی، اس مدت میں آمدنی میں 26,816 ملین روپے سے 8,836 ملین روپے کمی اور 113,913 ملین روپے کے رائٹ آف بتایا جات ہیں۔ مزید یہ کہ، کمپنی کے آئندہ کے قابل ٹیکس منافع کی وجہ سے دستیاب ٹیکس خسارہ میں 62,566 ملین روپے کی زیر التوا آئٹم ٹیکس اثاثے سامنے آئے۔

نئی انتظامیہ کی دوسری نصف سالہ مدت میں، کمپنی نے 58,553 ملین روپے کا خسارہ علاوہ ٹیکس رپورٹ کیا لہذا 30 جون 2018ء کو اختتام پذیر سال کے لئے مجموعی خسارہ 154,409 ملین روپے رہا۔ دوسری

ڈائریکٹرز کی رپورٹ

نصف سالہ مدت میں خسارہ میں مزید اضافہ کی بنیادی وجہ کمپنی کے آپریشنز کو مستحکم کرنے کے لئے برداشت کئے گئے اخراجات ہیں جس میں موثر اور قابل ٹیم کی تیاری کے لئے ہیومن ریسورس پر سرمایہ داری بھی شامل ہے۔ کمپنی نے حصول کے بعد ابتدائی مرحلہ میں ٹریڈری مارکیٹ میں سرمایہ داری سے 22.973 ملین روپے کی آمدنی حاصل کی۔ کثیر چھٹی کاروباری پلان، موافق سماجی و معاشی ماحول اور قابل قیاس مستقبل کی بنیاد پر دستیاب ٹیکس خساروں پر مزید 15.672 ملین روپے کے زیر التوا ٹیکس سامنے آئے۔

کاروباری جائزہ

نئی انتظامیہ نے کاروباری امور کو موثر انداز میں چلانے کے لئے مستحکم خاکہ تیار کرنے پر بھرپور توجہ دی ہے اور قابل اور تجربہ کار ماہرین کو ٹیم میں شامل کیا ہے۔ اس ٹیم نے مستحکم کنٹرول سسٹم کی تیاری کے لئے کام کیا اور IT سسٹم میں بہتری، مصنوعات کی تیاری، مارکیٹنگ حکمت عملی، ویب سائٹ کی تشکیل نو اور کمپنی کی برینڈنگ کے لئے کام کا آغاز کیا۔

آپ کی کمپنی IFS انسٹنس کی حامل ہے اس لئے کمپنی کسی بھی قسم کی مالی سرگرمی سرانجام دے سکتی ہے۔ آپ کی کمپنی ہاؤس فنانس ماڈل پر توجہ مرکوز کئے ہوئے ہے اور اللہ تعالیٰ کے فضل و کرم سے اس مالی سال کے اختتام کے بعد ہاؤس فنانس کی فراہمی کا آغاز ہو چکا ہے۔

مذکورہ سال میں آپ کی کمپنی نے اپنا مرکزی دفتر/ رجسٹرڈ آفس 26 ڈیوس روڈ، لاہور سے الفلاح بلڈنگ، بحریہ ٹاؤن لاہور میں منتقل کر دیا ہے۔ تاکہ بحریہ ٹاؤن اور اس کے ارد گرد کے رہائشیوں کو ان کی دہلیز پر خدمات فراہم کی جا سکیں۔ فروری 2018ء میں بحریہ آرچر ڈیلاہور اور بحریہ ٹاؤن سپربانڈی وے کراچی میں دفنی شاخوں نے اپنے کاروباری امور کا آغاز کر دیا ہے۔

معاشی جائزہ

پاکستان کی مجموعی معیشت مثبت سمت کی جانب گامزن ہے۔ نئی منتخب حکومت نے بہتر امیدوں اور دعویوں کے ساتھ چارج سنبھال لیا ہے۔ پانی کے اہم ترین مسئلہ کو زیر غور لایا گیا ہے اور حکومت کی جانب سے ڈیم کی تعمیر کے لئے سنجیدہ کوششیں جاری ہیں۔ پاکستان میں اس حکومتی تبدیلی کو دنیا بھر میں سراہا گیا ہے۔ یہ تمام عوامل مستقبل قریب میں پاکستان میں کاروباری سرگرمیوں کو مزید بڑھائیں گی۔

مستقبل کا نقطہ نظر

پاکستان میں ہاؤسنگ فنانس کے کاروبار میں وسیع مواقع موجود ہیں۔ اندازہ لگا جاتا ہے کہ نئے گھروں کی مکمل طلب تقریباً سات لاکھ سالانہ ہے جب کہ صرف نصف طلب پوری ہوتی ہے۔ مجموعی طور پر ہاؤسنگ پوٹنشل کا خسارہ تقریباً 10 ملین پوٹنشل کا ہے اور یہ بڑھ رہا ہے۔

حالیہ تحقیق کے مطابق پاکستان میں سرمایہ کی ناکافی فراہمی ایک مسئلہ ہے۔ رہائشی تعمیرات میں مالیاتی شعبہ کا حصہ صرف ایک سے دو فیصد تک ہے۔ زیادہ تر رہائشی تعمیرات کے لیے سرمایہ ذاتی ذرائع سے حاصل کیا جاتا ہے۔

ابتدائی مرحلہ میں آپ کی کمپنی گھریلو سرمایہ کی سرگرمیوں میں توجہ دے رہی ہے تاہم، اسے بہترین پورٹ فولیو بنانے میں وقت درکار ہے اس لئے انتظامیہ نے فیصلہ کیا ہے کہ دیگر قرضہ جاتی امور کا بھی آغاز کیا جائے۔ مزید یہ کہ انتظامیہ نے مائیکرو لینڈنگ کو پائلٹ پروجیکٹ کے طور پر متعارف کرنے کا فیصلہ کیا ہے تاکہ پسماندہ علاقوں خصوصاً دیہی علاقوں میں خواتین اور بے روزگار نوجوان طبقہ کے لئے چھوٹے کاروبار کے لئے وسائل فراہم کئے جائیں۔ مستقبل قریب میں اس پائلٹ پروجیکٹ کا آغاز کر دیا جائے گا۔

ہم آپ کو آگاہ کرتے ہیں کہ آپ کی کمپنی کی دو مزیڈ شائیں بحریہ ٹاؤن فیئر 8 راولپنڈی/اسلام آباد اور طارق روڈ کراچی میں مستقبل قریب میں کھولی جائیں گی۔

منافع منقسمہ

30 جون 2018ء کو اختتام پذیر سال کے لئے بورڈ آف ڈائریکٹرز نے کسی منافع منقسمہ کی سفارش نہ کی ہے۔ (کوئی نہیں)

کریڈٹ ریٹنگ

'PACRA' نے 18 اپریل، 2018ء کو کمپنی کی کریڈٹ ریٹنگ: طویل مدتی کریڈٹ ریٹنگ "A" اور قلیل مدتی کریڈٹ ریٹنگ "A2" جاری کی ہے۔ ماضی میں طویل مدتی ریٹنگ "BB" اور قلیل مدتی ریٹنگ "B" تھی۔

ریسک مینجمنٹ

بورڈ آف ڈائریکٹرز ریسک مینجمنٹ کے فریم ورک کے قیام کا ذمہ دار ہے۔ جس میں کمپنی کی ریسک مینجمنٹ پالیسیاں، جائزہ، منظوریاں اور مسلسل نگرانی شامل ہیں تاکہ موثر انٹرنل کنٹرول اور تعمیل کا نظام ہمہ وقت کام کرتا رہے۔ ایک خود مختار بیرونی انٹرنل آڈٹ ٹیم آڈٹ کمپنی کی معاونت کر رہی ہے جو بورڈ آف ڈائریکٹرز کو جواب دہ ہے۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کا اعلامیہ

بورڈ حسب ذیل توثیق کرتا ہے کہ:

- کمپنی کی انتظامیہ کی جانب سے مرتب کردہ یہ مالی اسٹیٹمنٹس کمپنی کے کاروباری امور کی حالت، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی حقیقی عکاسی کرتی ہیں۔
- کمپنی کے کھاتوں کی حساب ضابطہ کتابیں/بکس تیار کی گئی ہیں۔
- مالی اسٹیٹمنٹس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا یکسانیت سے اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے مناسب اور قابل فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- مالی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے۔
- انٹرنل کنٹرول سسٹم بہت مستحکم ہے اور موثر انداز میں نافذ العمل ہے اور اس کی بہترین انداز میں نگرانی کی جاتی ہے۔
- کاروبار جاری رکھنے کی کمپنی کی صلاحیت میں کوئی ابہام موجود نہیں۔
- لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ٹھوس تبدیلی نہیں کی گئی ہے۔
- واجب الادائیکس اور دیگر گورنمنٹ لیویز کی معلومات کھاتوں کے متعلقہ نوٹس میں دی گئی ہیں۔
- ضابطہ اخلاق اور کاروباری عمل داری کی اسٹیٹمنٹ کو مرتب کیا گیا ہے اور ڈائریکٹرز اور کمپنی کے ملازمین نے اس کو تسلیم کیا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

انتظامیہ میں تبدیلی کی وجہ سے سال بھر میں، بورڈ آف ڈائریکٹرز کے تمام سابقہ ڈائریکٹرز نے استعفیٰ دے دیا ہے اور رخصت ہونے والے ڈائریکٹرز کی جگہ نئے ڈائریکٹرز کو 08 جنوری 2018ء کو بورڈ آف ڈائریکٹرز کے اجلاس میں منتخب کیا گیا ہے۔

08 جنوری 2018ء کو بورڈ آف ڈائریکٹرز کے دو اجلاس منعقد کئے گئے ایک اجلاس پر انے بورڈ اور دوسرے بورڈ کا تھا۔

فی الوقت بورڈ ایک ایگزیکٹو اور چار نارن ایگزیکٹو اور دو آزاد ڈائریکٹرز پر مشتمل ہے۔ سال بھر میں، رخصت ہونے والے بورڈ آف ڈائریکٹرز کے تین اور نئے بورڈ آف ڈائریکٹرز کے تین اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری کی تفصیلات حسب ذیل ہیں:

رخصت ہونے والے ڈائریکٹرز	
نام ڈائریکٹرز	حاضری
محترم میر قمریش	2
جنابہ شازیہ بشیر	3
محترم چمن حسین بخاری	3
محترم مطاہر احمد	3
محترم ذوالفقار علی خان	2
محترم علیم احمد خان	1
محترم قائم مہدی	1

جو ڈائریکٹرز کچھ یا تمام بورڈ اجلاسوں میں شرکت نہ کر پائے انہیں حسب ضابطہ رخصت عنایت کی گئی۔

منتخب ڈائریکٹرز	
نام ڈائریکٹرز	حاضری
محترم زین ملک	3
محترم نوید امین	3
محترم رشید احمد	3
محترم کریم حاتم	3
محترم عمیر رفیق وادریہ	3
خواجہ ندیم عباس	2*

*خواجہ ندیم عباس کو SECP کے مراسلہ نمبر SC/NBFC-5/FDIB/2018 کے تحت منظوری کے بعد 26 مارچ 2018ء کو منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس میں کمپنی کے ڈائریکٹرز کی حیثیت سے منتخب کیا گیا۔

ڈائریکٹرز کی رپورٹ

آڈٹ کمیٹی کے اجلاس		
حاضر	منعقدہ اجلاس	کمیٹی کے اراکین۔ ڈائریکٹرز
2	2	محترم کریم حاتم
2	2	محترم زین ملک
2	2	محترم طاہر سعید آفندی

ہیومن ریسورس اینڈ ریمونیشن کمیٹی کے اجلاس		
حاضر	منعقدہ اجلاس	کمیٹی کے اراکین۔ ڈائریکٹرز
1	1	محترم عمیر رفیق وادریہ
1	1	محترم زین ملک
1	1	محترم نوید امین

آڈیٹرز

بینک کے بیرونی آڈیٹرز میسرز طارق عبدالغنی مقبول اینڈ کوچاڑ ڈاکا وٹکنٹس ریٹائر ہو چکے ہیں اور اہل ہونے پر اپنی دوبارہ تقرری کی پیش کش کرتے ہیں۔ بورڈ اور آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

شیئر ہولڈنگ کی وضع

30 جون 2018ء کو شیئر ہولڈنگ کی وضع صفحہ 83 پر دی گئی ہے۔

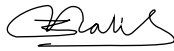
اعتراف

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی گراں قدر حمایت، معاونت اور رہنمائی کو خراج تحسین پیش کرتے ہیں۔ بورڈ سپانسرز کی مسلسل حمایت، جو ہمیں اپنے مقاصد کے حصول کے لئے اپنی صلاحیتوں کو بڑھانے میں مدد کرے گی، کا شکریہ ادا کرتے ہیں۔ ہم اس نادر موقع کا فائدہ اٹھاتے ہوئے کمیٹی کے ملازمین کی ان تھک محنت، جذبہ اور تعاون کو سراہتے ہیں۔ کمیٹی ان کی تمام کاوشوں کو تسلیم کرتی ہے اور ان کو خراج تحسین پیش کرتی ہے۔

برائے/منجانب بورڈ

نوید امین

چیف ایگزیکٹو/ڈائریکٹر



ڈائریکٹر

FINANCIAL HIGHLIGHTS

Last Eight Years of Escorts Bank At a Glance

	2,018	2,017	2,016	2015	2014	2013	2012	2011
	------(Rupees in thousand)-----							
FINANCIAL DATA								
Share Capital	441,000	441,000	441,000	441,000	441,000	441,000	441,000	441,000
Reserves	(360,942)	(207,582)	(89,402)	15,640	33,236	56,808	34,575	45,895
Shareholders' Equity	80,057	233,418	351,598	456,640	474,236	497,808	475,575	486,895
Subordinated Loan	787,694	154,470	-	-	-	-	-	-
Deposits	282,940	447,726	698,358	1,078,539	1,185,538	758,007	659,261	691,974
Borrowings from Financial Institutions	-	-	-	-	44,503	-	599,349	809,821
Current Liabilities	650,940	515,653	599,375	852,456	1,016,131	688,043	1,432,927	1,762,676
Total Liabilities	1,419,940	733,835	879,911	1,175,331	1,445,381	993,420	1,700,946	1,888,768
Tangible Fixed Assets	115,572	119,228	129,324	137,143	143,737	128,046	138,188	110,296
Intangible Fixed Assets	76	114	171	257	385	578	1,444	2,311
Capital Work in Progress	-	-	-	-	-	7,669	-	-
Financing - Net of Provision	10,420	126,325	191,807	527,798	456,453	336,352	326,872	318,710
Net Investment in Finance Lease	2,166	2,166	2,241	2,980	3,065	3,572	5,431	11,846
Investments & Placements	279,159	80,575	220,487	272,524	569,455	307,547	984,310	1,351,149
Current Assets	1,221,108	404,282	485,045	884,614	1,301,120	744,069	1,476,796	1,714,067
Total Assets	1,519,940	987,948	1,252,983	1,631,972	1,919,617	1,491,228	2,176,521	2,375,663
OPERATING RESULTS								
Total Revenue	31,809	35,564	73,626	163,319	164,887	241,185	264,110	239,698
Markup Expense	58,572	67,672	123,803	151,061	118,983	167,961	218,037	197,796
Operating & Other Expenses	206,397	61,449	61,263	65,788	63,171	54,586	68,057	75,832
Provision against Non-Performing Loans	21,158	-	-	(725)	(192)	247	49	(321)
Profit/(loss) before Tax	(233,161)	(94,333)	(111,439)	(52,805)	(17,075)	18,391	(22,033)	(34,021)
Profit/(loss) after Tax	(154,409)	(119,269)	(112,615)	(21,052)	(17,721)	22,233	(11,320)	(31,078)
FINANCIAL RATIOS								
Earnings/(loss)/ per Share (Rs.)	(3.50)	(2.70)	(2.55)	(0.48)	(0.40)	0.46	(0.26)	(0.70)
Net Asset Value per Share (Rs.)	1.82	5.29	7.97	10.35	10.75	11.29	10.78	11.04
Market Value per Share (Rs.)	32.39	15.45	2.50	2.50	2.75	3.70	1.95	1.80
High	52.54	21.99	3.89	4.00	2.75	4.98	2.95	3.85
Low	13.46	2.32	1.41	1.63	2.75	1.75	1.10	1.10
Price Earning Ratio	-	-	-	-	-	8.04	-	-
Profit/(loss) Before Tax Ratio (%)	(733.00)	(265.25)	(151.36)	(32.78)	(10.47)	7.63	(8.34)	(14.19)
Revenue to Expenses (Times)	0.12	0.27	0.40	0.75	0.91	1.08	0.92	0.87
Return on Average Assets (%)	-	-	-	-	-	1.21	-	-
Return on Capital Employed (%)	-	-	-	-	-	4.57	-	-
Total Assets Turnover Ratio (Times)	0.02	0.04	0.06	0.10	0.09	0.16	0.12	0.10
Advances to Deposits (Times)	0.04	0.28	0.27	0.49	0.39	0.44	0.50	0.47
Borrowings to Equity (Times)	-	-	-	-	0.09	-	0.79	0.60
Total Liabilities to Equity (Times)	17.74	3.14	2.50	2.57	3.05	2.00	3.58	3.88
Current Ratio	1.88	0.78	0.81	1.04	1.28	1.08	1.03	0.97

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

For the year ended 30 June 2018

Escorts Investment Bank Limited (hereinafter referred to as the company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:

- a. Male: Seven (7)
- b. Female: Zero (0)

2. The composition of board is as follows:

Category	Name of Directors
a.) Independent Director	i) Mr. Karim Hatim
	ii) Mr. Umair Rafique Vadria
b.) Other Non-executive Director	i) Mr. Zain Malik
	ii) Mr. Rashid Ahmed
	iii) Mr. Tahir Saeed Effendi
	iv) Khawaja Nadeem Abbas
c.) Executive Directors	i) Mr. Naveed Amin

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

- i) Mr. Umair Rafique Vadria (Independent Director)

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

12. The board has formed committees comprising of members given below:
- a) Audit Committee
- | | | |
|------|-------------------------|------------|
| i) | Mr. Karim Hatim | (Chairman) |
| ii) | Mr. Zain Malik | (Member) |
| iii) | Mr. Tahir Saeed Effendi | (Member) |
- b) HR and Remuneration Committee
- | | | |
|------|--------------------------|------------|
| i) | Mr. Umair Rafique Vadria | (Chairman) |
| ii) | Mr. Zain Malik | (Member) |
| iii) | Mr. Naveed Amin | (Member) |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- | | |
|----------------------------------|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Yearly |
15. The board has outsourced the internal audit function to Riaz Ahmad and Company who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Zain Malik
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Review Report on Statement of Compliance contained in Listed Companies (Code of corporate governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Escorts Investment Bank Limited** (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Lahore:
October 05, 2018



Tariq Abdul Ghani Maqbool and Company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Escorts Investment Bank Limited** (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Following are the key audit matters:

S.No	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Promulgation of Companies Act, 2017</p> <p>(Refer to note 4.1.1 to the financial statements)</p> <p>The Companies Act, 2017 ("the Act") was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies. The third and fourth schedules to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.</p> <p>In view of the significant changes in disclosures, we consider it as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> -Obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements. - Reviewed minutes of meetings of Board of Directors for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance. -Reviewed financial statements to ensure completeness and accuracy of disclosure in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.
2.	<p>Change in Accounting Policy</p> <p>(Refer to notes 28 and 61 to the financial statements)</p> <p>The company has changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective affect. The impact of the said changes in accounting policy has been disclosed in note 61 to the accompanying financial statements.</p> <p>In view of the significant change in accounting policy, we consider it as key audit matter.</p>	<p>In respect of change for the accounting policy and presentation of revaluation surplus as referred to note 61 to the accompanying financial statements, we assessed the accounting implications in accordance with applicable financial reporting standards and evaluated its application in the context of the Company.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

S.No	Key Audit Matters	How the matter was addressed in our audit
3.	Deferred Tax Asset	
	<p>Refer to note 18 to the financial statements)</p> <p>Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax asset recognized in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and other deductible temporary differences can be utilized. The future taxable profits are based on projections approved by management. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses and other deductible temporary differences.</p> <p>As at June 30, 2018, the Company had recognized deferred tax assets amounting to Rs. 182.54 million on unused tax losses and other deductible temporary differences.</p> <p>We considered this as key audit matter due to significant value of deferred tax asset and significant management's judgement regarding assumptions used in this area.</p>	<ul style="list-style-type: none"> - Obtained understanding of the income tax process, and evaluated the design and tested management's controls over the calculation of the deferred tax asset and the review of the future recoverability; - Tested management's computation of un-used tax losses and other deductible temporary differences relating to provisions in different heads of accounts; - Analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considering the aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our in-house tax specialist; - Assessed the reasonableness of cash flow projection, taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, by comparing the assumptions to historical results, approved budget and comparing the current year's results with prior year forecast and other relevant information for assessing the quality of Company's forecasting process in determining the future taxable profits; - Tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and - Assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 - (XVIII of 1980).

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

Lahore:
October 05, 2018



Tariq Abdul Ghani Maqbool and Company
CHARTERED ACCOUNTANTS



**Escorts
Investment
Bank**

A Project of BAHRIA TOWN

FINANCIAL STATEMENTS

For the year ended June 30, 2018



STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 Rupees	2017 Rupees Restated	2016 Rupees Restated
ASSETS				
Non-current assets				
Property and equipment	9	102,822,050	85,778,162	95,873,568
Intangible assets	10	76,132	114,192	171,279
Cards and rooms	11	12,750,000	33,450,000	33,450,000
Long term investment in subsidiary company	12	-	175,004,000	175,004,000
Long term investments	13	-	-	100,775,669
Long term finances	14	216,345	71,720,368	120,489,485
Net investment in lease finance	15	-	-	-
Long term loans and advances	16	-	67,835,998	69,514,812
Long term deposits	17	424,600	45,754,950	45,754,950
Deferred tax asset - net	18	182,542,426	104,008,549	126,904,070
		298,831,553	583,666,219	767,937,833
Current assets				
Current maturities of non-current assets	19	2,395,545	40,345,684	50,448,299
Short term investments	20	279,158,608	80,575,342	119,711,752
Short term finances	21	9,974,445	16,985,630	24,659,107
Short term advances	22	185,284	33,999	3,662,219
Prepayments	23	593,943	261,408	650,695
Interest accrued	24	2,058,860	20,008,812	19,571,208
Other receivables	25	67,902,101	80,587,951	86,042,764
Tax refunds due from the government		102,838,785	157,339,190	176,288,611
Cash and bank balances	26	756,000,407	8,143,505	4,010,051
		1,221,107,978	404,281,521	485,044,706
		1,519,939,531	987,947,740	1,252,982,539
EQUITY AND LIABILITIES				
Share Capital and Reserves:				
Authorized Share Capital				
300,000,000 (2017: 50,000,000) ordinary shares of Rs. 10/- each		3,000,000,000	500,000,000	500,000,000
Issued, subscribed and paid up capital	27	441,000,000	441,000,000	441,000,000
Revaluation surplus on property and equipment	28	19,941,617	20,695,526	21,473,551
Capital reserves	29	158,496,922	158,496,922	158,496,922
Revenue reserves	30	(519,439,180)	(366,079,303)	(247,899,232)
		99,999,359	254,113,145	373,071,241
Non-current liabilities				
Long term finances - subordinated loans	31	650,000,000	154,470,420	-
Long term certificates of deposit	32	119,000,000	63,711,234	280,535,817
Long term security deposits	33	-	-	-
		769,000,000	218,181,654	280,535,817
Current liabilities				
Current maturities of non-current liabilities	34	139,860,367	203,243,901	240,671,522
Short term borrowings		-	-	100,000,000
Short term finances - sponsors loan	35	176,000,000	-	-
Short term certificates of deposit	36	163,940,000	182,937,197	179,391,224
Accrued markup	37	20,150,119	44,588,787	12,903,683
Trade and other payables	38	136,185,808	69,565,818	52,066,815
Unclaimed dividend		2,385,654	2,385,654	2,385,654
Provision for taxation	39	12,418,224	12,931,584	11,956,583
		650,940,172	515,652,941	599,375,481
Contingencies and commitments	40	-	-	-
		1,519,939,531	987,947,740	1,252,982,539

The annexed notes from 01 to 64 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
			Restated
INCOME			
Profit on financing	41	4,095,936	13,697,261
Mark-up on lease finance		-	10,852
Return on investments	42	4,771,715	18,973,407
Income from fee and commission	43	120,688	176,494
Profit on bank deposits		19,349,633	457,824
Other income	44	3,471,260	2,248,729
		31,809,232	35,564,567
EXPENSES			
Mark-up on certificates of deposit		37,296,393	63,520,059
Mark-up on short term borrowings from financial institutions		-	4,152,348
Mark up on borrowings from others		21,276,480	-
Amortization of premium on held to maturity investments		-	775,668
Administrative expenses	45	91,852,078	48,190,054
Finance cost		52,134	30,329
		150,477,085	116,668,458
Operating loss before provisions and taxation		(118,667,853)	(81,103,891)
Other operating expenses	46	(114,677,175)	(13,324,183)
Reversal of provision for doubtful finances		184,005	94,576
Loss before taxation		(233,161,023)	(94,333,498)
Taxation - net	47	78,751,587	(24,935,809)
Net loss for the year		(154,409,436)	(119,269,307)
Loss per share - basic and diluted	48	(3.50)	(2.70)

The annexed notes from 01 to 64 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018 Rupees	2017 Rupees
Net loss for the year	(154,409,436)	(119,269,307)
<i>Other comprehensive income</i>	-	-
Total comprehensive loss for the year	(154,409,436)	(119,269,307)

The annexed notes from 01 to 64 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(233,161,023)	(94,333,498)
Adjustment for non cash expenses and other items:			
Depreciation on property and equipment	9.2	6,893,194	6,722,973
Amortization on intangible assets	10.1	38,060	57,087
Impairment of cards and rooms		20,700,000	-
Loss on sale of property and equipment		216,867	-
Provisions of doubtful balances / (reversal)		35,232,137	-
Debit balances written off		57,952,166	-
Amortization of premium on held to maturity investments		-	775,669
		121,032,424	7,555,729
		(112,128,599)	(86,777,769)
Decrease / (increase) in operating assets			
Finances - net		95,570,135	65,480,672
Investments		(198,583,266)	39,136,410
Loans and advances		67,756,749	6,143,592
Interest accrued		1,002,173	(437,604)
Other receivables		(1,069,735)	5,454,813
Deposits and prepayments		44,516,180	542,551
		9,192,236	116,320,434
Increase / (decrease) in operating liabilities			
Borrowings from financial institutions		-	(100,000,000)
Certificates of deposit		(164,786,347)	(250,631,516)
Accrued mark-up		(24,438,668)	31,685,104
Trade and other payables		66,619,990	17,499,003
		(122,605,025)	(301,447,409)
Net changes in operating assets and liabilities		(113,412,789)	(185,126,975)
Cash used in operations		(225,541,388)	(271,904,744)
Taxation-net		(3,451,761)	18,195,345
Net cash used in operating activities		(228,993,149)	(253,709,399)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(25,121,809)	-
Proceeds from sale of long term investment in subsidiary company		175,004,000	-
Proceeds from sale of investment		-	100,000,000
Proceeds from sale of property and equipment		967,860	3,372,433
Net cash generated from investing activities		150,850,051	103,372,433
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated loans received		650,000,000	154,470,420
Proceeds from short term finances		176,000,000	-
Net cash generated from financing activities		826,000,000	154,470,420
Net increase in cash and cash equivalents		747,856,902	4,133,454
Cash and cash equivalents at the beginning of the year		8,143,505	4,010,051
Cash and cash equivalents at the end of the year		756,000,407	8,143,505

The annexed notes from 01 to 64 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Ordinary Shares Fully Paid in Cash	Ordinary Shares Fully Paid in Bonus Shares	Capital Reserves		Revaluation surplus on property and equipment	Revenue Reserve	Total
			Statutory Reserve	(Deficit)/ Gain on Revaluation of Investments		Accumulated Loss	
-----Rupees-----							
Balance as at 01 July 2016	420,000,000	21,000,000	158,496,746	176	-	(247,899,232)	351,597,690
Adjustment due to prior period error and change in accounting policy (note no. 61)	-	-	-	-	21,473,551	-	21,473,551
Balance as at 01 July 2016 - as restated	420,000,000	21,000,000	158,496,746	176	21,473,551	(247,899,232)	373,071,241
Total Comprehensive Income for the year							
Net loss for the year ended 30 June 2017	-	-	-	-	-	(119,269,307)	(119,269,307)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(119,269,307)	(119,269,307)
Transfer from surplus on revaluation of property and equipment on account of							
- Incremental depreciation on revalued assets for the year - net of tax	-	-	-	-	(1,089,236)	1,089,236	-
- Revaluation surplus on property and equipment - adjustment due to change in tax rate (note no. 28)	-	-	-	-	311,211	-	311,211
Balance as at 30 June 2017	420,000,000	21,000,000	158,496,746	176	20,695,526	(366,079,303)	254,113,145
Total Comprehensive Income for the year							
Net loss for the year ended 30 June 2018	-	-	-	-	-	(154,409,436)	(154,409,436)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(154,409,436)	(154,409,436)
Transfer from surplus on revaluation of property and equipment on account of							
- Incremental depreciation on revalued assets for the year - net of tax	-	-	-	-	(1,049,559)	1,049,559	-
- Revaluation surplus on property and equipment - adjustment due to change in tax rate (note no. 28)	-	-	-	-	295,650	-	295,650
Balance as at 30 June 2018	420,000,000	21,000,000	158,496,746	176	19,941,617	(519,439,180)	99,999,359

The annexed notes from 01 to 64 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 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 Company is a subsidiary of Bahria Town (Private) Limited.

The Pakistan Credit Rating Agency (PACRA) has upgraded long term and short term Credit Ratings of the Company from "BB" and "B" to "A-" and "A2" respectively with stable outlook on 18 April 2018. The ratings denote an adequate capacity of timely payment of financial commitments.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Alfalah Building, 1st Floor, Sector B, Bahria Town, Lahore. The regional offices are located as follows:

Regional office	Office address
Lahore	Bahria town, Corporate office, Bahria Orchard, Raiwind road.
Karachi	Bahria town, head office, Bahria town Super Highway.

3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

During the period, on 08 January 2018, the 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.

Immediate after takeover, the Company has repaid principal amount of Certificates of Deposits of Rupees 400.95 million along with accrued mark-up of Rupees 72.48 million thereon (at agreed mark-up rates) up till 30 June 2018. The principal amount of Rupees 50.62 million along with accrued mark-up of Rupees 7.89 million thereon remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues (note no. 38). This amount has been kept separately and is being repaid upon submission of valid succession certificates by legal heirs of depositors and completion of other necessary legal formalities.

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's prime focus is on house finance business along with other lending initiatives including microfinancing. The Company have ample funds available for business and will be in a position to generate profits. Based on adequate liquidity and the financial projections, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

4 BASIS OF PREPARATION

4.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 the financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

4.1.1 Preparation of Financial Statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 9), management assessment of sufficiency of tax provision in the financial statements (refer note 47), change in threshold for identification of executives (refer note 51), additional disclosure requirements for related parties (refer note 50) etc.

4.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

Standards, amendments to published standards and interpretations effective in current year and are relevant to the company

Following are the amendments that are applicable during the year from the dates mentioned below against the respective standard:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
<p>Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:</p> <p>Annual Improvements to IFRSs (2014 – 2016) Cycle:</p>		
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
<p>Amendments not yet effective</p> <p>The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:</p>		
	Conceptual framework for Financial reporting 2018-Original Issue	March 01, 2018
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39 Financial Instruments: Recognition and Measurements-Amendments to permit an entity to elect to continue to apply the hedge accounting requirements AS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IAS 28 Investments in Associates and Joint Ventures	January 01, 2018
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Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 23 Borrowing Costs	January 01, 2019
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Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 9 Financial Instruments	January 01, 2018
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IFRS 15 Revenue from Contracts with Customers	January 01, 2018
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IFRS 16 Leases	January 01, 2019
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The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IAS 14 Regulatory Deferral Accounts	January 01, 2018
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IFRS 17 Insurance Contracts	January 01, 2018
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The effects of IFRS 9 - Financial Instruments, IFRS 15 - Revenues from Contracts with Customers and IFRS 16 - Leases are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

6 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of property and equipment / certain financial instruments at fair value, investment on equity basis, certain liabilities at amortized cost and certain other investments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

7 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property and equipment, doubtful receivables and taxation.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

- Useful life of depreciable assets;
- Provision for doubtful receivables ;
- Provision for current tax and deferred tax;
- Classification and valuation of investment;
- Classification and provision of long term finances, net investment;
in finance lease, short term finances and other receivables;
- Impairment of assets.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

8 SIGNIFICANT ACCOUNTING ESTIMATES

8.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Depreciation is charged to income by applying reducing balance method to write off the cost over estimated remaining useful life of assets at the rates specified in note 9 to the financial statements. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property and equipment. Depreciation on addition to property and equipment is charged from the month when asset is available for use up to the month of its de-recognition.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains / losses on disposal of property and equipment are included in current year's income.

Subsequent costs are included in the asset's carrying amount are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss account during the year in which these are incurred.

Fully depreciated assets are being kept at a token value of Rs. 1/- each.

Intangible assets

Intangible assets represent computer software and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the reducing balance method so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged from the month when asset is available for use up to the month of its de-recognition.

The company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Revaluation surplus

Increase in carrying amounts arising on revaluation of property and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses the decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset - all other decreases are charged to statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the assets original cost, net of tax, is reclassified from revaluation surplus on property and equipment to unappropriated profit. The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and comparative figures have been restated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8.2 Cards and Rooms

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

8.3 Investments

8.3.1 Held to maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held to maturity.

8.3.2 Available for sale

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices are classified as available for sale.

8.3.3 Held for trading

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin are classified as held for trading.

All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, in accordance with the requirements of circulars issued by State Bank of Pakistan, investments at fair value through statement of profit or loss and Investments Available for Sale for which active market exists, are measured at their market value while investments held to maturity are stated at amortized cost using the effective interest rate method less impairment, if any.

All "regular way" purchases and sales of listed shares are recognized on the trade date, i.e. the date that the company commits to purchase/sell the asset.

Any surplus or deficit on revaluation of investments at fair value through statement of profit or loss is charged to income currently, while in case of available for sale investments, the resulting surplus/ (deficit) is kept in a separate capital reserve account. At the time of disposal, the respective surplus or deficit is transferred to income currently.

Amortization cost is charged to statement of profit or loss.

However, as allowed by the BSD circular no. 10 dated 13 July 2004, the Company will be free to determine the extent of holding under the above categories taking into consideration various aspects such as trading strategies, intention of acquisition of securities, capital position, expertise available to manage investment portfolio, and the risk management capabilities. Under exceptional circumstances, shifting from one category to another category may be made subject to the following conditions:

Shifting of investments to/from held to maturity category is allowed once a year only with the approval of the Board of Directors within two months of the commencement of accounting year. Any further shifting to/from this category is not allowed during the remaining part of that accounting year.

Shifting to/from available for sale category is allowed with the approval of the Assets and Liabilities Committee (ALCO) subject to the condition that the reasons for such shifting will be recorded in writing; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Shifting from held for trading category to available for sale or held to maturity categories is generally not be allowed. It is permitted under exceptional circumstances like not being able to sell the securities within the prescribed period of 90 days due to tight liquidity position in market or extreme market volatility with the approval of ALCO. The justification for such exceptional shifting of securities shall be recorded in the minutes of ALCO meeting. Shifting of securities from one category to another shall be done at the lower of the market value or the acquisition cost/book value, and the diminution in value, if any, on such transfer shall be fully provided for.

The surplus/deficit arising as a result of revaluation of held for trading investments is taken to statement of profit or loss. Furthermore, the surplus/deficit on revaluation of available for sale and held to maturity securities is taken to "Surplus/Deficit on revaluation of Available for Sale Investments" account. However, any permanent diminution in the value of available for sale or held to maturity securities is provided for by charging it to the statement of profit or loss. The measurement of surplus/ deficit is done on portfolio basis for each of the above three categories separately.

8.3.4 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

Repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the statement of financial position. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

Trade date accounting

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

Commodities

Commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. These inventories are measured at fair value less cost to sell.

8.4 Net investment in lease finance

Leases, where all the risks and rewards incidental to ownership of the assets are substantially transferred to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

8.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash with banks in current and deposit accounts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8.6 Financial instruments

a) Financial assets

Financial assets are bank balances, placements, investments, financing and other receivables. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivables, while other financial assets are stated at cost except for investments, which have been revalued as per accounting policy.

b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include certificates of deposit, borrowings, trade and other payables. Mark-up based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

c) Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

d) Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

e) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

8.7 Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

8.8 Staff retirement benefits

Employees compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue. As the component of liability involved is not material, the company did not carry out actuarial valuation for the said liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8.9 Provident fund

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by employees and the Company to the fund at 10% of basic salary. The fund is administrated by the Trustees.

8.10 Revenue recognition

Return on finances provided, placements and government securities are recognized on time proportionate basis.

Mark-up on lease finance is recognized using the finance method. Under this method, the unearned lease income i.e. the excess of the aggregate lease rentals and the residual value over the cost of the leased assets, is deferred and taken to income so as to produce a constant periodic rate of return on the outstanding net investment in lease finance. Processing fee, documentation charges and other lease related income are taken to income currently.

Brokerage commission and other advisory fee are recognized when such services are provided.

Guarantee commission is received in advance, and deferred over the guarantee period.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

Consultancy and corporate advisory fee income is recognized using percentage of completion method.

Dividend income is recognized when the right to receive payment is established.

8.11 Return on deposits and borrowings

Return on Certificates of Deposits (CODs) and borrowings are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

8.12 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the date of statement of financial position arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8.13 Operating segment

The Company has structured its key business areas in two segments in a manner that each segment becomes a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Company have been categorized into the following classifications of business segments.

Business segments

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

Financing activities

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

Investment activities

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

8.14 Related party

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

8.15 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where, it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

8.16 Dividend distributions and appropriations

Dividend distribution and appropriations other than statutory appropriations are recorded in the period in which they are approved.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

8.17 Borrowings cost

Finance costs are recognized as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

8.18 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the date of statement of financial position and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

8.19 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

8.20 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

8.21 Contingencies

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

8.22 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in statement of profit or loss as required or permitted by approved accounting standards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
9 PROPERTY AND EQUIPMENT			
Operating assets	9.1	97,389,870	85,778,162
Advances for purchase of assets		5,432,180	-
		102,822,050	85,778,162

9.1 The following is a statement of operating property and equipments (tangible):

	Office Premises	Freehold Improvements	Leasehold Improvements	Office Furniture and Fixtures	Computers Equipments	Office Equipments	Owned Vehicles	Total
	-----Rupees-----							
At 30 June 2016								
Cost	127,901,129	6,712,240	28,404,408	4,381,752	8,209,098	10,176,208	25,355,587	211,140,422
Accumulated depreciation	(50,960,344)	(6,712,240)	(19,294,590)	(3,412,979)	(7,745,069)	(6,943,656)	(20,197,976)	(115,266,854)
Net book value	76,940,785	-	9,109,818	968,773	464,029	3,232,552	5,157,611	95,873,568
Year ended 30 June 2017								
Disposals								
Cost	-	-	-	-	-	-	22,111,507	22,111,507
Accumulated depreciation	-	-	-	-	-	-	(18,739,074)	(18,739,074)
Net book value	-	-	-	-	-	-	3,372,433	3,372,433
Depreciation charge for the year (note no. 9.2)	(3,855,382)	-	(1,821,972)	(96,648)	(175,501)	(323,064)	(450,406)	(6,722,973)
Net book value as at 30 June 2017	73,085,403	-	7,287,846	872,125	288,528	2,909,488	1,334,772	85,778,162
Year ended 30 June 2018								
Additions/transfers	-	-	6,479,296	2,425,362	4,665,612	1,610,979	4,508,380	19,689,629
Disposals								
Cost	-	-	-	-	197,964	4,689,500	640,600	5,528,064
Accumulated depreciation	-	-	-	-	(106,305)	(3,596,432)	(640,600)	(4,343,337)
Net book value	-	-	-	-	91,659	1,093,068	-	1,184,727
Depreciation charge for the year (note no. 9.2)	(3,645,927)	-	(1,888,457)	(166,943)	(459,089)	(315,544)	(417,234)	(6,893,194)
Net book value as at 30 June 2018	69,439,476	-	11,878,685	3,130,544	4,403,392	3,111,855	5,425,918	97,389,870
At 30 June 2017								
Cost	127,901,129	6,712,240	28,404,408	4,381,752	8,209,098	10,176,208	3,244,080	189,028,915
Accumulated depreciation	(54,815,726)	(6,712,240)	(21,116,562)	(3,509,627)	(7,920,570)	(7,266,720)	(1,909,308)	(103,250,753)
Net book value	73,085,403	-	7,287,846	872,125	288,528	2,909,488	1,334,772	85,778,162
Annual rates (%) of depreciation	5.00	20.00	20.00	10.00	33.33	10.00	20.00	
At 30 June 2018								
Cost	127,901,129	6,712,240	34,883,704	6,807,114	12,676,746	7,097,687	7,111,860	203,190,480
Accumulated depreciation	(58,461,653)	(6,712,240)	(23,005,019)	(3,676,570)	(8,273,354)	(3,985,832)	(1,685,942)	(105,800,610)
Net book value	69,439,476	-	11,878,685	3,130,544	4,403,392	3,111,855	5,425,918	97,389,870
Annual rates (%) of depreciation	5.00	20.00	20.00	10.00	33.33	10.00	20.00	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	2018 Rupees	2017 Rupees
9.2 Depreciation charge for the year has been allocated as follows:		
Administrative expenses	6,893,194	6,722,973
	6,893,194	6,722,973

9.3 Had there been no revaluation, the related figures of office premises as on 30 June 2018 would be as follows;

Particulars	Cost	Accumulated Depreciation	Net Book Value
	-----Rupees-----		
Office premises (2018)	89,692,600	48,339,908	41,352,692
Office premises (2017)	89,692,600	46,172,233	43,520,367

9.4 Disposal of property and equipment

The following operating fixed assets with a net book value exceeding Rs. 500,000 were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceed	Gain / Loss	Mode of Disposal	Particulars of purchaser
	------(Rupees)-----						
Generator	3,057,828	(2,359,723)	698,105	168,067	(530,038)	Negotiations	Ms Shazia Bashir, Lahore
Aggregate of items of operating fixed assets with individual book values not exceeding Rs. 500,000	2,470,236	(1,983,614)	486,622	799,793	313,171	Negotiations	-
Rupees 2018	5,528,064	(4,343,337)	1,184,727	967,860	(216,867)		
Rupees 2017	22,111,507	(18,739,074)	3,372,433	3,372,433	-		

9.5 No impairment relating to operating fixed assets has been recognised in the current year.

9.6 The forced sale value of immoveable property is Rupees 66.18 million as at revaluation date i.e. 22 March 2018.

9.7 Particulars of immovable property (i.e. office premises) in the name of the Company are as follows:

Location	Usage of Immoveable Property	Total Area (Square feet)	Covered Area (Square feet)
Davis Road, Lahore	Rented out	3315	3315

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
10 INTANGIBLE ASSETS			
Accounting software	10.1	76,132	114,192
		76,132	114,192
10.1 Accounting software			
Net carrying value			
Accounting software		114,192	171,279
Less: Amortization charge		38,060	57,087
Net book value (NBV) as at 30 June		76,132	114,192
Gross carrying value			
Cost		2,600,000	2,600,000
Less: Accumulated amortization		2,523,868	2,485,808
Net book value		76,132	114,192
Amortization rate per annum		33.33%	33.33%
11 CARDS AND ROOMS			
Corporate membership of Pakistan Mercantile Exchange Limited		750,000	750,000
Office rooms	11.1	12,000,000	32,700,000
		12,750,000	33,450,000
11.1 Office rooms			
Opening balance		32,700,000	32,700,000
Impairment charged during the year	46	20,700,000	-
Closing net book value		12,000,000	32,700,000
12 LONG TERM INVESTMENT IN SUBSIDIARY COMPANY			
Escorts Capital Limited - Unlisted			
Nil (2017: 17,500,400) ordinary shares of Rs. 10 each holding 100%		-	175,004,000
12.1			
Pursuant to Share Purchase Agreement dated 23 May 2018, the Company sold all its shareholding in Escorts Capital Limited to its holding company M/s Bahria Town (Private) Limited at face value. Subsequent to acquisition by Bahria Town (Private) Limited, Escorts Capital Limited ceased to be subsidiary of Escorts Investment Bank Limited.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
13 LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds (PIB's)			
Cost		-	101,739,700
Less: Amortization - Opening		-	964,031
Charged during the year		-	775,669
		-	1,739,700
	13.1	-	100,000,000
Disposed off during the year		-	(100,000,000)
		-	-

13.1 Investment in Pakistan Investment Bonds amounting to Rs. 100 million was disposed off during the year ended 30 June 2017. The investment was made in 20 years bonds issued by the Government of Pakistan having face value of Rs. 100 million. Period to maturity of these investments was 8 years and carried mark-up at the rate (coupon rate) of 10% per annum.

14 LONG TERM FINANCES			
Related parties - Secured and considered good			
Associated companies	14.1	-	2,188,017
Escorts Capital Limited	14.2	-	50,000,000
Loan to employees	14.3	-	875,000
		-	53,063,017
Others - secured and considered good	14.4	445,905	56,277,441
		445,905	109,340,458
Considered doubtful			
Others	14.5	52,283,570	32,738,390
Less: Provision for doubtful finances	14.6	52,283,570	32,738,390
		-	-
		445,905	109,340,458
Less: Current maturity	19	229,560	37,620,090
		216,345	71,720,368

14.1 Associated company

These represent finances provided against hypothecation of vehicles for a period of 5 years (2017: 5 years), carrying mark-up @ 18% per annum (2017: 18% per annum) terminated during the year after takeover. These amounts has been warranted by old sponsors that all such payment obligations shall be accelerated and all amounts on account of associated company shall be cleared in full prior to repayment by Escorts Investment Bank Limited of subordinated loan. Therefore, these loans have been transferred to other receivables as shown in note no. 25.02. The associated company relationship has been ceased due to acquisition of the Company by Bahria Town (Private) Limited as more fully explained in note no. 3 to the financial statements.

The maximum balance outstanding at the end of any month during the year was:

Escorts Pakistan Limited	2,188,017	2,480,743
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

14.2 Related party - Associated company

These represent finance provided against current and fixed present and future movable and immovable assets of the Company to Escorts Capital Limited, for a period of 5 years and carries mark up at the rate of 16% (2017: 16%) per annum. Subsequent to acquisition of Escorts Capital Limited by Bahria town (Private) Limited, Escorts Capital Limited repaid the full amount and ceased to be subsidiary of the Company after acquisition.

	Note	2018 Rupees	2017 Rupees
The maximum balance outstanding at the end of any month during the year was:			
Escorts Capital Limited		50,000,000	50,000,000

14.3 Loan to employees

This represent finance provided to employees of the Company against lien of assets for a period ranging from 3 years to 5 years and carries mark-up at the rate of 16% (2017: 16% to 17%) per annum and provided at the time of final settlement of employees.

Opening balance		875,000	2,402,314
Less: Repayments/transferred during the year		-	1,527,314
Less: Provision made during the year		875,000	-
		-	875,000
The maximum balance outstanding at the end of any month during the year		875,000	2,402,314

14.4 These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks for a period up to 5 years. The expected rate of return range from 12% to 20% (2017: 12% to 20%) per annum.

14.5 These finance facilities are secured by ranking charge on assets and pledge of stocks for a period up to 5 years. The expected rate of return range from 14% to 17% (2017: 14% to 17%) per annum.

14.6 Particulars of provision for long term finances

Opening balance		32,738,390	32,738,390
Charge for the year	14.6.1	19,545,180	-
		52,283,570	32,738,390

14.6.1 This includes provision of Rs. 17.377 million provided against un-identified balances in finance portfolio and Rs. 2.168 million provided in accordance with Schedule X of Non Banking Finance Companies and Notified Entities Regulations, 2008.

15 NET INVESTMENT IN LEASE FINANCE

Lease rental receivables		578,415	578,415
Add: Residual value	15.1	2,165,985	2,165,985
	15.2	2,744,400	2,744,400
Less: Unearned finance income	15.3	49,628	49,628
		2,694,772	2,694,772
Less: Provision for doubtful leases	15.4	528,787	528,787
		2,165,985	2,165,985
Less: Current maturity		2,165,985	2,165,985
		-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

15.1 Particulars of net investment in lease finance

	2018			2017
	Not Later than one year	Later than one year but not later than five years	Total	Total
	------(Rupees)-----			
Leased rental receivable	578,415	-	578,415	578,415
Add: Residual value	2,165,985	-	2,165,985	2,165,985
Gross investment in finance lease	2,744,400	-	2,744,400	2,744,400
Less: Unearned finance income	49,628	-	49,628	49,628
Net investment lease finance	2,694,772	-	2,694,772	2,694,772

15.1.1 The leases made by the Company are for a period ranging from three years to five years. Security deposits obtained at the time of disbursement of lease facility ranges from 11% to 16% (2017: 11% to 16%). Leased assets are insured in favour of the Company. The rate of return ranges from 15% to 17% per annum (2017: 15% to 17% per annum). Penalty is charged in case of delayed payment.

15.1.2 As per Non-Banking Finance Companies and Notified Entities Regulations, 2008, the aggregate net exposure in finance leases against which income suspension is required amounted to Rs. 0.578 million (2017: Rs. 0.578 million) at the end of current year.

	Note	2018 Rupees	2017 Rupees
15.2 Particulars of provision for lease losses			
Opening balance		528,787	623,363
Reversal during the year		-	(94,576)
		528,787	528,787
16 LONG TERM LOANS AND ADVANCES			
Loan to staff - Unsecured, considered good			
Executives	16.1	-	1,113,868
Receivable from Escorts Capital Limited	16.2	-	66,951,552
Other employees	16.3	-	330,187
		-	68,395,607
Less: Current maturity	19	-	559,609
		-	67,835,998

16.1 These represent interest free loans to staff for a period of 3 years and are repayable in equal monthly instalments, in accordance with the Company's Policy for staff loans. However, it has been adjusted at time of acquisition by Bahria Town (Private) Limited.

Opening balance	1,113,868	1,980,949
Add: Disbursements / transferred during the year	-	435,000
	1,113,868	2,415,949
Less: Repayments during the year	1,113,868	1,302,081
	-	1,113,868
The maximum balance outstanding from employees at the end of any month during the year	1,113,868	1,980,949

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 16.2** This represents the balance receivables from Escorts Capital Limited which has been reclassified into long term due to agreement with the company to repay the loan within 2 years. It carries markup at the rate of Nil (2017: nil) per annum. Pursuant to clauses mentioned in the Share Purchase Agreement of Escorts Capital Limited dated 23 May 2017, this amount has been repaid during the year subsequent to the acquisition.

	Note	2018 Rupees	2017 Rupees
16.3			
Opening balance		330,187	476,741
Less: Repayments during the year		(250,938)	(146,554)
Less: Provision made during the year		(79,249)	-
		-	330,187
The maximum balance outstanding from employees at the end of any month during the year			
		330,187	476,741
17	LONG TERM DEPOSITS		
Considered good			
Security deposits:			
Escorts Capital Limited	17.1	-	45,000,000
Others		424,600	754,950
		424,600	45,754,950
Considered doubtful			
Others		330,350	-
Less: Provision for doubtful deposits	46	(330,350)	-
		-	-
		424,600	45,754,950

- 17.1** This include Rupees 45 million (2017: Rupees 45 million) paid to Escorts Capital Limited and received during the period subsequent to acquisition by Bahria Town (Private) Limited.

18 DEFERRED TAX ASSET - NET

Deferred taxation comprises of the following:

Deferred tax liability on taxable temporary differences in respect of the following:

Property and equipment	(8,259,269)	(8,581,144)
Revaluation surplus on property	(8,145,167)	(8,869,510)
	(16,404,436)	(17,450,654)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Deferred tax asset on deductible temporary differences in respect of the following:			
Cards and rooms		6,003,000	-
Long term finances (Provision for morabaha financing and others)		15,162,235	9,821,517
Net investment in lease finance (Provision for doubtful leases)		153,348	158,637
Short term investments (Gain on remeasurement)		(51)	-
Short term finances (Provision for doubtful finances)		4,183,793	4,130,350
Short term advances		4,060	-
Interest accrued receivable (Provision for doubtful receivable)		49,805	-
Other receivables (Provision for doubtful receivables)		5,113,607	6,282,249
Provision for compensated absences		-	381,637
Tax losses		168,277,065	100,684,813
		198,946,862	121,459,203
	18.1	182,542,426	104,008,549
18.1 Movement in deferred tax asset - Net			
Opening balance		104,008,549	126,904,070
Adjustment due to change in tax rate		295,650	311,211
Deferred tax charged during the year		78,238,227	(23,206,732)
		182,542,426	104,008,549
19 CURRENT MATURITIES OF NON-CURRENT ASSETS			
Long term finances	14 & 19.1	229,560	37,620,090
Net investment in lease finance	15	2,165,985	2,165,985
Long term loans and advances	16	-	559,609
		2,395,545	40,345,684
19.1	This include interest receivable from Escorts Capital Limited amounting to Rs. nil (2017: Rs. 32.85 million).		
20 SHORT TERM INVESTMENTS			
Held to maturity			
Treasury bills	20.1.1	270,937,042	70,386,673
Held for trading			
Shares - Others	20.2	8,221,109	10,188,212
Available for sale			
Listed shares / units	20.3	281	281
		279,158,432	80,575,166
Gain on revaluation of shares / units		176	176
		279,158,608	80,575,342

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

20.1 Encumbered and un-encumbered - face value

	2018			2017		
	Held by the bank	Given as a collateral	Total	Held by the bank	Given as a collateral	Total
	-----Rupees-----					
Treasury bills	275,000,000	-	275,000,000	73,000,000	-	73,000,000

	Note	2018 Rupees	2017 Rupees
20.1.1 Treasury bills			
Face value		275,000,000	73,000,000
Less: Discount		(4,062,958)	(2,613,327)
		270,937,042	70,386,673

20.1.2 These represent investment made in treasury bills of 3 months tenure and rate of return on these bills ranges from 5.98% to 6.76% (2017: 5.97%).

20.2 Shares - Others

This represents investments in various listed companies shares. Due to the changes in NBFC Regulations in 2008, the Company had to conclude its brokerage business under the Investment Finance Services License. The Company started the process of intimating its brokerage clients to close their accounts with the Company in compliance with these regulations. Most of the account holders have closed their accounts accordingly. Certain accounts could not be transferred/closed because of non receipt of response from the holders despite repeated reminders. The management has decided to record these on statement of financial position as an asset and a corresponding liability of the same amount.

20.3 Particulars of listed shares / units - Available for sale investments

No of certificates		Name	2018		2017	
2018	2017		Carrying value	Market value	Carrying value	Market value
-----Rupees-----						
		Mutual fund-close end fund				
49	49	Dawood capital management fund	281	105	281	105
49	49		281	105	281	105

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
21	SHORT TERM FINANCES		
Secured and considered good			
Other than related party	12.1	9,974,445	16,985,630
Considered doubtful			
Others		14,426,871	13,767,834
Less: Provision for doubtful finances	46	14,426,871	13,767,834
		-	-
		9,974,445	16,985,630
21.1	These include amount financed against bill discounting to outgoing sponsors' related party which will be repaid before payment of Old sponsors' subordinated loan. Further, it include Rs. Nil (2017: Rs. 5.459 million) relate to Margin Finance in accordance with Margin Trading Rules, 2004 issued by Securities and Exchange Commission of Pakistan and received by the Company during the year.		
21.2	Particulars of provision for short term finances		
Opening balance		13,767,834	13,767,834
Charge for the year	21.2.1	659,037	-
		14,426,871	13,767,834
21.2.1	This represent provision provided in accordance with Schedule X of Non Banking Finance Companies and Notified Entities Regulations, 2008.		
22	SHORT TERM ADVANCES		
Considered good:			
Advances against salaries / expenses	22.1	185,284	33,999
22.1	Movement in short term advances:		
Opening balance		33,999	3,662,219
Net disbursements / (payments) during the year		165,285	(465,415)
		199,284	3,196,804
Less: Bad debt written off		14,000	3,162,805
		185,284	33,999
23	PREPAYMENTS		
Prepayments		593,943	261,408
24	INTEREST ACCRUED		
Interest from morabaha financing		679,529	827,597
Interest from short term finance		-	16,947,779
Interest from treasury bills		1,379,331	2,233,436
		2,058,860	20,008,812

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
24.1	Opening balance	827,597	2,963,560
	Interest accrued during the year	23,673	-
	Less: Interest received	-	(2,135,963)
	Less: Provision for doubtful interest receivable	(171,741)	-
		679,529	827,597
25	OTHER RECEIVABLES		
	Receivable from Escorts Capital Limited	25.1	-
	Receivable from old sponsors' associated company	25.2	1,182,681
	Receivable from clients	25.3	25,502,505
	Others	25.4	47,395,625
		67,902,101	80,587,951
25.1	This was a running account between Escorts Capital Limited and the Company, it carries mark up at the rate of Nil (2017: Nil) per annum.		
25.2	Particulars of receivable from old sponsors' associated company		
	Essem Hotel Limited	18,228,790	15,739,085
	Escorts Pakistan Limited	9,763,420	9,763,420
		27,992,210	25,502,505
	After acquisition by Bahria Town (Private) Limited, these companies ceased to be associated concerns of the company.		
25.3	Receivable from clients		
	Considered good	39,909,891	47,395,625
	Considered doubtful	25.3.1	28,953,437
	Less: Provision for doubtful receivables	(28,953,437)	(20,940,831)
		-	-
		39,909,891	47,395,625
25.3.1	Particulars of provision for doubtful receivables		
	Opening balance	20,940,831	20,940,831
	Charge for the year	8,012,606	-
		28,953,437	20,940,831
25.4	Others		
	Opening balance	6,507,140	11,975,282
	Net disbursements/(payments) during the year	(764,161)	4,693,236
	Less: Provision for doubtful receivables	(5,742,979)	(10,161,378)
		-	6,507,140

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
26 CASH AND BANK BALANCES			
Cash in hand		26,785	-
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		258,617	338,950
Others		71,494	15,419
		330,111	354,369
Saving accounts	26.1	755,643,511	7,789,136
		756,000,407	8,143,505

26.1 Rate of return on these accounts range from 5.75% to 6.5% (2017: 6.5% to 8.5%) per annum whereas on term deposit receipts (TDR's) profit rate ranges from 5.85% to 6.25% (2017: Nil) per annum.

26.2 Reconciliation of liabilities arising from financing activities

	As at 30 June 2017	Non-cash changes	Cash Flows	Rupees As at 30 June 2018
Subordinated loans	154,470,420	(16,776,038)	650,000,000	787,694,382
Sponsors loan	-	-	176,000,000	176,000,000
Total liabilities from financing activities	154,470,420	(16,776,038)	826,000,000	963,694,382

	Note	2018 Rupees	2017 Rupees
27 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
42,000,000 (2017: 42,000,000) ordinary shares of Rs. 10/- each issued as fully paid in cash		420,000,000	420,000,000
2,100,000 (2017: 2,100,000) ordinary shares of Rs. 10/- each issued as fully paid in bonus shares		21,000,000	21,000,000
		441,000,000	441,000,000
28 REVALUATION SURPLUS ON PROPERTY AND EQUIPMENT			
Opening balance		29,565,036	31,121,088
Less: Incremental depreciation for the year		(1,478,252)	(1,556,052)
		28,086,784	29,565,036
Opening deferred tax liability		8,869,510	9,647,537
Less: Adjustment due to change in tax rate		(295,650)	(311,211)
Less: Related deferred tax liability on incremental depreciation		(428,693)	(466,816)
		8,145,167	8,869,510
	28.1	19,941,617	20,695,526

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 28.1** The revaluation of building (ground floor) was carried out by an independent valuer "M/s Minhas Associates" as at 22 March 2018 on the basis of market and depreciated replacement values and was duly certified by statutory auditors. However, the impact of current revaluation is ignored being immaterial. Previously, revaluation of building was carried out as at 14 June 2017.

	Note	2018 Rupees	2017 Rupees
29 CAPITAL RESERVES			
Capital reserves			
Statutory reserve	29.1	158,496,746	158,496,746
Gain on revaluation of investments available for sale		176	176
		158,496,922	158,496,922

- 29.1** This represents special reserve created in compliance with the Rule 2 of Part III of Prudential Regulations for Non-Banking Finance Companies issued by Securities and Exchange Commission of Pakistan.

30 REVENUE RESERVES			
Revenue reserve			
Accumulated loss		(519,439,180)	(366,079,303)
31 LONG TERM FINANCES - SUBORDINATED LOANS			
From Holding Company			
Subordinated loans	31.1	650,000,000	-
From others			
Other - Subordinated loans	31.2	137,694,382	154,470,420
		787,694,382	154,470,420
Less: Current maturity	34	137,694,382	-
		650,000,000	154,470,420

- 31.1** 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 3-months KIBOR as on date of receipt of loan.

- 31.2** These loans are converted from Certificates of Deposits (COD) of outgoing sponsors and its associated undertakings. It carries mark-up at rate of 6-month KIBOR as on date of takeover transaction i.e. 08 January 2018, duly approved by SECP and repayment of principal and mark-up amount is subject to prior approval of SECP.

32 LONG TERM CERTIFICATES OF DEPOSIT			
Others - Unsecured			
Individuals	32.1	119,000,000	239,539,150
Others	32.2	-	25,250,000
		119,000,000	264,789,150
Less: Current maturity	34	-	201,077,916
		119,000,000	63,711,234

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

32.1 These have been issued for term ranging from over 2 year to 3 years and expected return on these certificates ranges from 6.67% to 8.26% (2017: 11% to 15%) per annum payable on monthly, quarterly, semi-annually or on maturity basis. It also includes deposits of Rs. 35 million under Profit and Loss Sharing scheme under which profit or loss will be calculated by consultant and payable annually. However, in case of loss, no loss will be transferred and will be adjusted against future profits.

32.2 These have been issued for term ranging from over 2 year to 3 years and expected return on these certificates is Nil (2017: 12%) per annum payable monthly, quarterly, semi annually or on maturity basis.

	Note	2018 Rupees	2017 Rupees
33 LONG TERM SECURITY DEPOSITS			
Security deposits	33.1	2,165,985	2,165,985
Less: Current maturity	34	2,165,985	2,165,985
		-	-

33.1 These represent interest free security deposits received on lease contracts and are adjustable at the expiry of the lease contracts. Further, no amount is kept in separate bank account against security deposits.

33.2 These deposits were not utilized for the purpose of business during the year.

34 CURRENT MATURITIES OF NON-CURRENT LIABILITIES			
Long term finances - subordinated loans	31	137,694,382	-
Long term certificates of deposit	32	-	201,077,916
Long term security deposits	33	2,165,985	2,165,985
		139,860,367	203,243,901

35 SHORT TERM FINANCES - SPONSORS LOAN			
Related party - unsecured			
Sponsor loans - Bahria Town (Private) Limited	35.1	176,000,000	-

35.1 This represents interest free unsecured loan, repayable on demand by the lender. This loan has been obtained to meet day to day working capital requirements of the company.

36 SHORT TERM CERTIFICATES OF DEPOSIT			
Related party - unsecured			
Escorts Capital Limited	36.1	52,000,000	-
Others - Unsecured			
Individuals		111,940,000	182,937,197
	36.2	163,940,000	182,937,197

36.1 These have been issued to Escorts Capital Limited for a term ranging from 3 months to 1 year and expected return on these certificates is 6.67% (2017: Nil) per annum payable at maturity. It also includes Rs. 2.0 million certificate issued under Profit and Loss sharing scheme as per approved Certificate of Deposit Scheme. These certificates of deposits have been issued in normal course of business operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 36.2** These have been issued for terms ranging from 3 month to 1 year and expected rate of return on these certificates ranges from 6.67% to 8.33% (2017: 6.5% to 14.5%) per annum payable monthly, quarterly, semi-annually or on maturity.

	Note	2018 Rupees	2017 Rupees
37 ACCRUED MARKUP			
Accrued markup on certificates of deposit	37.1	19,947,698	44,386,366
Accrued markup on secured borrowings		202,421	202,421
		20,150,119	44,588,787

- 37.1** This includes an amount of Rs. 17.162 million (2017: Nil) payable to Bahria Town (Private) Limited (Holding Company) and Rs. 1.425 million (2017: Nil) payable to outgoing sponsors against their subordinated loans. Further, payment of markup to old sponsors is subject to prior approval of SECP.

38 TRADE AND OTHER PAYABLES			
Customers' credit balances		6,273,504	16,014,100
Certificate of depositors - deceased & untraceable	38.1	58,506,714	-
Accrued expenses and other payables	38.2	71,405,590	52,279,594
Provision for compensated absences		-	1,272,124
		136,185,808	69,565,818

- 38.1** This represents the principal amount of certificate of deposits of Rs. 50.62 million along with accrued markup of Rs. 7.88 Million thereon, calculated till 31st January 2018. This remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues.

- 38.2** This includes mark up of Rs. 0.51 million (2017: Nil) suspended during the year.

39 PROVISION FOR TAXATION			
Opening balance		12,931,584	11,956,583
Add: Taxation - current		(513,360)	1,729,077
		12,418,224	13,685,660
Less: Tax payments / adjustments during the year		-	754,076
		12,418,224	12,931,584

40 CONTINGENCIES AND COMMITMENTS

40.1 Contingencies

- a) The Company's assessments till Assessment Year 2002-03, has been finalized except that the Income Tax department is in appeal before the Honourable Lahore High Court for Assessment Years 1997-98 and 1998-99 on following issues:
- status of company as "banking company" rather than "public limited company"; and
 - taxability of "dividend income" as separate block of income.
- b) The Company has filed appeals before Honourable Lahore High Court for Tax Year 2003 to 2006 on various matters. These appeals are pending for hearing. The case is pending for adjudication and the Company expects a favourable outcome in this regard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- c) In respect of tax year 2009, the assessing officer has issued an assessment order under section 122(5A) to amend the deemed assessment for the said tax year as per the income tax return filed by the company. The company has filed an appeal before CIR(A) in this respect which is pending fixation. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- d) For tax year 2009, tax department finalized an order U/S 161/205 of the Income Tax Ordinance, 2001. The Company filed an appeal against the said order in CIR(A) who has directed the assessing officer to look into the matter again. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- e) Sindh Revenue board has initiated the proceedings by issuing notice u/s 52(1) of the Sindh Sales tax on Services, Act 2011 for the scrutiny of Sindh sales tax returns and records for tax year 2012, 2013 and 2014 on 22 January 2018 and 12 February 2018, which was duly complied by EIBL on 07 February 2018 and 09 March 2018 and subsequently no further notice was received.
- f) EIBL has been selected for income tax audit through computer random balloting u/s 177 of the Ordinance for tax year 2015 in CIR notice dated 04 April 2018. However, reply to Initial document requisition has been submitted on 12 April 2018 and audit report is awaited.
- g) Escorts Investment Bank has filed a case against Javaid Iqbal son of Taj Muhammad dated 24 November 2016, one of the clients of the Company, the accused availed the morabaha financing facility but failed to discharge the liability in terms of Morabaha finance agreement dated 28 April 2015. The cheques provided by Javaid Iqbal were also dishonoured by concerned bank. Non bailable warrants were issued by the court. The case is pending for adjudication in Banking Court no. 1, Lahore and the Company expects a favourable outcome in this regard.
- h) Faran Maize Industries (Private) Limited has filed an application dated 11 August 1999 in the court that the property under mortgage to the Company which has been already sold to settle their liability. The case is pending for adjudication in Banking Court no. 7, Lahore and the Company expects a favourable outcome in this regard.
- i) Taj Textile Mills case has been filed by Escorts Investment Bank for adjudication in the Honorable Banking Court No. 1 dated 30 June 2004 and is pending for the reply of the judgment debtors due to non availability of title documents of the property of the application and is fixed for 15 October 2018. Escorts Investment Bank has contacted with other stateholders for out of court settlement and shared their claims with other banks lead by United Bank Limited for future negotiations.
- j) Escorts Investment Bank has filed a suit against Genertech Pakistan (Private) Limited before Honorable Banking Court No. 3, Lahore dated 06 September 2006 for the auction of property of 126 Kanals and 8 Marlas situated at Mauza Mahal, District Kasur, which could not be held as the passage of property was under the custody of Nishat Chunian Group and prospective bidder could not be arranged. The case is pending for submission of auction report on 27 September 2018.

	Note	2018 Rupees	2017 Rupees
40.2 Commitments			
Outstanding guarantees		-	6,300,000
41 PROFIT ON FINANCING			
Long term		4,095,936	12,114,405
Short term		-	1,582,856
		4,095,936	13,697,261

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
42 RETURN ON INVESTMENTS			
Mark-up / return on investments			
Held to maturity investments			
Government securities		4,771,715	9,290,444
Capital gain / (loss) on investments			
Held to maturity		-	10,351,763
Held for trading		-	(668,800)
		-	9,682,963
		4,771,715	18,973,407
43 INCOME FROM FEE AND COMMISSION	43.1	120,688	176,494
43.1	This represents processing income received from House Finance customers.		
44 OTHER INCOME			
Income from financial assets			
Late payment charges on auto finance lease		149,449	305
Broken period income		268,561	268,424
		418,010	268,729
Income from non - financial assets			
Rental income		2,681,250	1,980,000
Gain on disposal of fixed assets		372,000	-
		3,471,260	2,248,729
45 ADMINISTRATIVE EXPENSES			
Salaries, wages, other benefits and allowances	45.1	33,453,794	21,427,134
Staff training and welfare		80,325	104,896
Advertisement and business promotion		1,359,585	97,250
Rent, rates and taxes		5,672,330	3,004,817
Utilities		2,159,916	1,973,887
Communication charges		2,516,468	1,357,811
Travelling and vehicle maintenance		5,533,640	1,671,360
Repair and maintenance		1,642,228	1,467,473
Entertainment		1,067,665	794,051
Fee and subscriptions		12,720,462	2,861,443
Legal and professional charges		15,079,535	4,347,426
Auditors' remuneration	45.2	1,471,850	1,133,000
Printing and stationery		1,806,727	644,925
Fee, brokerage and commission		13,404	38,825
Insurance		154,398	294,862
Donations	45.3	30,000	180,000
Depreciation	9.2	6,893,194	6,722,973
Amortization of intangible assets	10.1	38,060	57,087
Miscellaneous expenses		158,497	10,834
		91,852,078	48,190,054

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 45.1** This includes contribution to provident fund amounting to Rs. 0.775 million (2017: Rs. 0.670 million) made by the Company in the approved provident fund trust.

	Note	2018 Rupees	2017 Rupees
45.2 Auditors' remuneration			
Statutory audit fee		1,188,875	1,027,500
Half year review		282,975	-
Certification and consultancy charges		-	90,000
Out of pocket expenses		-	15,500
		1,471,850	1,133,000

- 45.3** This donation is made to the Escorts Foundation. However, no donation was made after acquisition of the Company.

46 OTHER OPERATING EXPENSES

Impairment loss	11.1	20,700,000	-
Loss on sale of fixed assets		588,867	-
Provisions of doubtful balances			
Provisions made during the year:			
Long term finances	14.6.1 & 14.6	20,420,180	-
Doubtful finances	21.2	659,037	-
Other receivables	25.4	5,742,979	10,161,378
Interest accrued	24.1	171,741	-
Other receivables	25.3.1	8,012,606	-
Long term deposits	17	330,350	-
Long term loans and advances	16.3	79,249	-
		35,416,142	10,161,378
Debit balances written off		57,952,166	3,162,805
Penalty	46.2	20,000	-
		114,677,175	13,324,183

- 46.1** This includes amount of Rs. 57.938 million recognised by the Company as compensation on delayed refunds in prior years. The amount was calculated from the end of three (03) months of the date of filing of return which was not receivable in light of provisions of sections 170,171 of the Income Tax Ordinance, 2001 and particular judgment of honourable Lahore High Court reported as 2015 PTD 1913 = 122 Tax 10.

- 46.2** Penalty imposed during the year by Pakistan Stock Exchange (PSX) under Regulations 5.6.4.(a) & 5.6.4.(c) relating to late submission of printed copies of Annual / Quarterly accounts for the period ended 31 Dec 2015, 30 June 2016, 31 Dec 2016 and 31 March 2017.

47 TAXATION-NET

Taxation			
Current year	47.1	643,500	1,711,260
Prior years		(1,156,860)	17,817
		(513,360)	1,729,077
Deferred taxation			
For current year		(78,238,227)	23,206,732
		(78,751,587)	24,935,809

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 47.1** Income tax return has been filed to the income tax authorities upto and including tax year 2017 under the provisions of the Income Tax Ordinance, 2001.

Provision for taxation has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

- 47.2** The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended		
	2017	2016	2015
Provision as per financial statements	1,711,260	736,259	2,505,106
Tax assessed	554,400	754,076	2,943,936

		2018	2017
48	LOSS PER SHARE - BASIC AND DILUTED		
	Net loss for the year after taxation	Rupees (154,409,436)	(119,269,307)
	Weighted average number of ordinary shares	Number 44,100,000	44,100,000
	Loss per share - basic and diluted	Rupees (3.50)	(2.70)

- 48.1** No figure for diluted earnings per share has been computed as the Company has not issued any instrument which would dilute its earnings per share.

49 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Rupees		
	For the year ended 30 June 2018		
	Financing activities	Investing activities	Total
Profit on financing	4,095,936	-	4,095,936
Return on investments	-	24,121,348	24,121,348
Total income for reportable segments	4,095,936	24,121,348	28,217,284
Finance cost	8,509,830	50,115,177	58,625,007
Administrative expenses	13,332,971	78,519,107	91,852,078
Segment result	(17,746,865)	(104,512,936)	(122,259,801)
Other operating income			3,591,948
Other operating expenses			(114,493,170)
Loss before taxation			(233,161,023)
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

	Rupees		
	For the year ended 30 June 2017		
	Financing activities	Investing activities	Total
Profit on financing	13,708,113	-	13,708,113
Return on investments	-	18,973,407	18,973,407
Total income for reportable segments	13,708,113	18,973,407	32,681,520
Finance cost	28,722,951	39,755,453	68,478,404
Administrative and other operating expenses	25,801,863	35,712,374	61,514,237
Segment result	(40,816,701)	(56,494,420)	(97,311,121)
Other operating income			(2,977,623)
Loss before taxation			(94,333,498)
Segment assets	197,715,277	308,210,557	505,925,834
Unallocated assets			482,021,906
			987,947,740
Segment liabilities	164,692,658	256,732,897	421,425,555
Unallocated liabilities			333,104,566
Equity			233,417,619
			987,947,740

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

50 TRANSACTIONS WITH RELATED PARTIES

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

Relation with the Company	Nature of transaction	2018 Rupees	2017 Rupees
Transactions during the year			
Holding Company	Rent expense	4,000,000	-
	Utilities expense	1,248,090	-
	Subordinated loan received	650,000,000	-
	Sponsors loan received	176,000,000	-
	Markup on Long term financing	17,161,973	-
	Proceeds from sale of long term investment in subsidiary company	175,004,000	-
Balance at year end			
Holding Company	Rent payable	4,000,000	-
	Utilities payable	333,000	-
	Markup accrued on Long term financing	17,161,973	-
	Subordinated loan	650,000,000	-
	Sponsors loan	176,000,000	-
Transactions during the year			
Associated Companies	Escorts Capital Limited		
	Profit paid on certificates of deposit	-	1,413,699
	Profit earned during the year	-	10,000,000
	Markup on Certificates of Deposit	840,603	-
	Long term deposit received	45,000,000	-
	Long term loans received	68,562,566	-
	Finance received	55,470,870	-
	Mark up received	37,061,740	-
	Bahria Grand Hotel and Resort		
	Entertainment expense	187,649	-
	Other Associated Companies		
Profit paid on certificates of deposit	-	1,504,046	
Donations	-	180,000	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Balance at year end		2018 Rupees	2017 Rupees
Associated Companies	Escorts Capital Limited		
	Finances outstanding	-	50,000,000
	Receivable / (payable) to subsidiary company	-	112,705,900
	Profit receivable	-	32,853,521
	Certificates of deposit	52,000,000	-
	Profit accrued on certificates of deposit	840,603	-
	Other Associated Companies		
	Long term financing - Subordinated loans	-	34,357,049
	Advances outstanding	-	12,188,017
	Other receivable / (payable)	-	25,408,723
After acquisition by Bahria Town (Private) Limited, other associated companies ceased to be associated concerns of the Company during the year.			
Transactions during the year			
Directors	Return on finances received	-	436,822
	Profit paid on certificates of deposit	-	328,219
Balance at year end			
Directors	Long term financing - Subordinated loans	-	16,913,371
Transactions during the year			
Executives	Return on finances received	-	73,506
	Profit paid on certificates of deposit	-	979,999
Balance at year end			
Executives	Long term financing - Subordinated loans	-	50,000,000
	Advances outstanding	-	1,457,667
Transactions during the year			
Others	Contribution to staff retirement benefits plan	775,492	670,497
Balance at year end			
Others	Long term financing - Subordinated loans	-	53,200,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

50.1 Basis of relationship with the company

Following are the related parties with whom the company had entered into transactions or have arrangement / agreement in place.

Company Name	Basis of Association	Aggregate percentage (%) of shareholding in the Company
Bahria Town (Private) Limited	Holding Company	76.25%
Escorts Capital Limited	Associated company	N/A
Bahria Grand Hotel and Resort	Associated company	N/A

51 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	Rupees			
	Chief Executive/Director		Executives	
	2018	2017	2018	2017
Managerial remuneration	1,912,500	3,586,752	5,537,543	2,296,782
House rent allowance	1,912,500	1,434,696	3,551,249	918,781
Medical Allowance	425,000	-	494,885	-
Utilities	197,592	358,680	974,537	229,437
Leave encashment	-	-	530,000	-
Retirement benefits	-	-	436,792	-
	4,447,592	5,380,128	11,525,006	3,445,000
Number of persons	1	1	6	2

Chief executive and certain executives are entitled to the Company maintained cars.

* Comparatives figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

52 MATURITIES OF ASSETS AND LIABILITIES

Rupees

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
As at 30 June 2018						
ASSETS						
Property and equipment	-	-	27,140,175	6,242,399	69,439,476	102,822,050
Intangible assets	-	-	76,132	-	-	76,132
Cards and rooms	-	-	-	-	12,750,000	12,750,000
Deferred tax asset	-	-	182,542,426	-	-	182,542,426
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	279,158,608	-	-	-	279,158,608
Finances	-	10,204,005	216,345	-	-	10,420,350
Advances	185,284	-	-	-	-	185,284
Prepayments	-	593,943	424,600	-	-	1,018,543
Interest accrued	-	2,058,860	-	-	-	2,058,860
Other receivables	-	27,992,210	39,909,891	-	-	67,902,101
Tax refunds due from the government	-	102,838,785	-	-	-	102,838,785
Cash and bank balances	756,000,407	-	-	-	-	756,000,407
	756,185,691	425,012,396	250,309,569	6,242,399	82,189,476	1,519,939,531
LIABILITIES						
Subordinated loans	-	137,694,382	650,000,000	-	-	787,694,382
Certificates of deposit	200,000	163,740,000	119,000,000	-	-	282,940,000
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Short term finances	-	176,000,000	-	-	-	176,000,000
Accrued markup	712,568	19,437,551	-	-	-	20,150,119
Trade and other payables	-	136,185,808	-	-	-	136,185,808
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	12,418,224	-	-	-	12,418,224
	912,568	650,027,604	769,000,000	-	-	1,419,940,172
Net assets	755,273,123	(225,015,208)	(518,690,431)	6,242,399	82,189,476	99,999,359
Represented by:						
Share capital and reserves						80,057,742
Revaluation surplus on property and equipment						19,941,617
						99,999,359

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Description						Rupees
	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
As at 30 June 2017						
ASSETS						
Property and equipment	-	-	8,911,146	-	76,867,016	85,778,162
Intangible assets	-	-	114,192	-	-	114,192
Cards and rooms	-	-	-	-	33,450,000	33,450,000
Investment in subsidiary company	-	-	-	175,004,000	-	175,004,000
Deferred tax asset	-	-	104,008,549	-	-	104,008,549
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	80,575,342	-	-	-	80,575,342
Finances	-	54,605,720	71,720,368	-	-	126,326,088
Advances	-	593,608	67,835,998	-	-	68,429,606
Deposits and prepayments	-	261,408	-	45,754,950	-	46,016,358
Interest accrued	-	20,008,812	-	-	-	20,008,812
Other receivables	-	80,587,951	-	-	-	80,587,951
Tax refunds due from the government	-	157,339,190	-	-	-	157,339,190
Cash and bank balances	8,143,505	-	-	-	-	8,143,505
	8,143,505	396,138,016	252,590,253	220,758,950	110,317,016	987,947,740
LIABILITIES						
Subordinated loans	-	-	-	154,470,420	-	154,470,420
Certificates of deposit	-	384,015,113	63,711,234	-	-	447,726,347
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Short term finances	-	-	-	-	-	-
Accrued markup	-	44,588,787	-	-	-	44,588,787
Trade and other payables	-	71,951,472	-	-	-	71,951,472
Provision for taxation	-	12,931,584	-	-	-	12,931,584
	-	515,652,941	63,711,234	154,470,420	-	733,834,595
Net assets	8,143,505	(119,514,925)	188,879,019	66,288,530	110,317,016	254,113,145
Represented by:						
Share capital and reserves						233,417,619
Surplus on revaluation of property and equipments						20,695,526
						254,113,145

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

53 CREDIT RISK AND CONCENTRATIONS OF CREDIT RISKS

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management attempts to control credit risk through monitoring credit exposures, limiting transactions with specific counterparties, and continuous assessing of the credit worthiness of counterparties.

The management monitors and limits bank's exposure to credit risk through monitoring of client's credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets diversified in organizations of sound financial standing covering various industrial sectors and segments.

53.01 Segment information

Class of business	Morabaha Financing		Certificates of Deposit		Letter of Guarantee	
	2018	2017	2018	2017	2018	2017
	Percentage		Percentage		Percentage	
Agribusiness	15.04	13.01	-	-	-	-
Textile	16.74	14.48	-	-	-	-
Electronics and electrical appliances	-	2.07	-	-	-	100.00
Individuals	40.20	8.38	81.62	84.30	-	-
Engineering and construction	28.02	14.80	-	-	-	-
Hospitality	-	-	-	4.05	-	-
Non-Government organizations	-	-	-	4.49	-	-
Others	-	47.26	18.38	7.16	-	-
	100.00	100.00	100.00	100.00	-	100.00

53.2 Geographical Segment

These financial statements represent operations of the Company in Pakistan only.

The age of term loan and lease rental receivables and related impairment loss at the statement of financial position date was:

	Note	2018 Rupees	2017 Rupees
Aging of term loan and lease rental receivables			
Not past due		27,675,218	110,783,951
Past due 0 - 90 days		91,110	4,027,191
Past due 91- 180 days		43,338	6,361,864
180 days to 1 year		62,538	5,207,756
More than 1 year		52,002,987	47,029,965
		79,875,191	173,410,727

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Collaterals held against term financing

Description	2018				Rupees
	Gross exposure	Collaterals			Net exposure
		Mortgage	Hypothecation	Liquid collaterals	
Long term finances	52,729,475	1,200,000	69,571,193	-	(18,041,718)
Short term finances	24,401,316	-	15,429,000	10,000,000	(1,027,684)

Description	2017				Rupees
	Gross exposure	Collaterals			Net exposure
		Mortgage	Hypothecation	Liquid collaterals	
Long term finances	76,602,068	6,335,000	267,565,218	3,950,660	201,248,810
Short term finances	30,753,464	-	85,000,000	5,788,871	(60,035,407)

The credit quality of balances with banks can be assessed with reference to external credit ratings of the banks:

Banks	Rating			2018 Rupees	2017 Rupees
	Short term	Long term	Agency		
United Bank Limited (UBL)	A1+	AAA	JCR-VIS	496,628,325	-
Bank Alfalah Limited	A1	AA+	JCR-VIS	258,614,154	6,936,379
Askari Bank Limited	A1+	AA+	PACRA	4,894	5,009
Apna Microfinance Bank	A3	BBB+	PACRA	-	8,422
Sindh Bank Limited	A1+	AA	JCR-VIS	330,503	635,368
Silk Bank Limited	A2	A	JCR-VIS	-	25,886
Samba Bank Limited	A1	AA	JCR-VIS	-	6,199
Atlas Bank Limited	A1	A	JCR-VIS	-	6,729
MCB Bank Limited	A1+	AAA	PACRA	136,084	179,329
Burj Bank Limited (Formerly Dawood Islamic Bank Limited)	A1	A	PACRA	1,026	1,215
Bank Al-Habib Limited	A1+	AA+	PACRA	19	19
State Bank of Pakistan*				258,617	338,950
				755,973,622	8,143,505

* Credit rating is not available.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry.

54 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. In spite the fact that the bank is in a positive working capital position at the year end, management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equates to their carrying balances as the impact of discounting is not significant.

Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Rupees
					Over 5 years
30 June 2018					
Customer's security deposit	2,165,985	2,165,985	2,165,985	-	-
Certificate of deposits	282,940,000	298,477,496	189,750,912	108,726,584	-
Short term finances	176,000,000	176,000,000	176,000,000	-	-
Accrued mark-up	20,150,119	20,150,119	20,150,119	-	-
Trade and other payables	136,185,808	136,185,808	136,185,808	-	-
	617,441,912	632,979,408	524,252,824	108,726,584	-

Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Rupees
					Over 5 years
30 June 2017					
Customer's security deposit	2,165,985	2,165,985	2,165,985	-	-
Accrued mark-up	44,588,787	44,588,787	44,588,787	-	-
Trade and other payables	69,565,818	69,565,818	69,565,818	-	-
	116,320,590	116,320,590	116,320,590	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June 2018. The rates of mark up have been disclosed in respective notes to the financial statements.

55 MARKET RISK

The Company's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the Company's activities include interest rate risk, currency risk and other price risk.

55.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest will affect the value of financial instruments. Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities that mature or reprise in a given period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The Company's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

Description	Rupees				
	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
30 June 2018					
FINANCIAL ASSETS					
Investments	279,158,608	-	-	-	279,158,608
Net investment in lease finance	2,165,985	-	-	-	2,165,985
Finances	9,974,445	216,345	-	-	10,190,790
Advances	-	-	-	185,284	185,284
Deposits and prepayments	593,943	424,600	-	-	1,018,543
Bank balances	755,643,511	-	-	330,111	755,973,622
	1,047,536,492	640,945	-	515,395	1,048,692,832
FINANCIAL LIABILITIES					
Certificate of deposit	163,940,000	119,000,000	-	-	282,940,000
Trade and other payables	-	-	-	136,185,808	136,185,808
	163,940,000	119,000,000	-	136,185,808	419,125,808
Interest rate sensitivity gap	883,596,492	(118,359,055)	-	-	-
Cumulative interest rate sensitivity gap	883,596,492	765,237,437	765,237,437	-	-

Effective interest rates on these financial instruments are disclosed in the respective notes.

Description	Rupees				
	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
30 June 2017					
FINANCIAL ASSETS					
Investments	80,575,342	-	-	-	80,575,342
Net investment in lease finance	2,165,985	-	-	-	2,165,985
Finances	54,605,720	71,720,368	-	-	126,326,088
Advances	-	-	-	68,429,606	68,429,606
Deposits and prepayments	261,408	-	-	46,016,358	46,277,766
Bank balances	7,789,136	-	-	354,369	8,143,505
	145,397,591	71,720,368	-	114,800,333	331,918,292
FINANCIAL LIABILITIES					
Certificate of deposit	384,015,113	63,711,234	-	-	447,726,347
Trade and other payables	-	-	-	71,951,472	71,951,472
	384,015,113	63,711,234	-	71,951,472	519,677,819
Interest rate sensitivity gap	(238,617,522)	8,009,134	-	-	-
Cumulative interest rate sensitivity gap	(238,617,522)	(230,608,388)	(230,608,388)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

55.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The company is exposed to equity price risk as company hold available for sale and held for trading investments.

		Changes in PSX all index	Effects on profit/loss	Rupees Effects on equity
Avialable for sale investments	2018	+10%	-	11
		-10%	-	(11)
	2017	+10%	-	11
		-10%	-	(11)

55.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions.

55.4 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Currently, the company is not exposed to any price risk as it does not hold any significant investments exposed to price risk.

56 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The Company is exposed to externally imposed capital requirements.

SECP vide SRO No. 1160/(1)/2015 dated 25 November 2015 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The existing minimum equity requirement is Rs. 750 million. After takeover of the Company, M/s Bahria Town (Private) Limited has injected Rs. 650 million as subordinated loan to meet the minimum equity requirement of Rs. 750 million.

Additionally, the Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as total debt to equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The debt-to-equity ratios at 30 June 2018 and at 30 June 2017 were as follows:

	2018 Rupees	2017 Rupees
Debt	1,248,800,367	604,362,752
Cash and bank balances	756,000,407	8,143,505
Net debt	492,799,960	596,219,247
Total equity	80,057,742	233,417,619
Total capital employed	572,857,702	829,636,866
Gearing ratio (%)	86.02%	71.87%

	Note	2018 Rupees (Un-audited)	2017 Rupees (Audited)
57 PROVIDENT FUND			
The following information is based on the latest un-audited financial statement of the trust:			
Size of the fund - Total assets		754,318	5,000,000
Cost of investments made	57.1	-	4,927,825
Percentage of investments made		0.00%	98.56%
Fair value of investments		-	4,927,825

57.1 The break-up of fair value of investments is:

	2018		2017	
	Rupees	Percentage	Rupees	Percentage
Government securities	-	0.00%	4,927,825	100.00%
	-	0.00%	4,927,825	100.00%

58 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

58.1 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

As at 30 June 2018	Rupees			
	Level 1	Level 2	Level 3	Total
Financial asset				
Short term investments	457	-	-	457
Total non-financial assets	457	-	-	457

As at 30 June 2017	Rupees			
	Level 1	Level 2	Level 3	Total
Financial asset				
Short term investments	457	-	-	457
Total non-financial assets	457	-	-	457

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 1 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

59 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

Description	Note	Rupees			
		2018		2017	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
FINANCIAL ASSETS					
Investments	13 & 20	279,158,608	-	80,575,342	-
Net investment in lease finance	15	-	-	-	-
Finances	14 & 21	10,190,790	-	88,705,998	-
Advances	16 & 22	-	185,284	-	67,869,997
Deposits and prepayments	17 & 23	1,018,543	-	46,016,358	-
Bank balances	26	755,643,511	356,896	7,789,136	354,369
		1,046,011,452	542,180	223,086,834	68,224,366
FINANCIAL LIABILITIES					
Long term finances - subordinated loans	31	787,694,382	-	154,470,420	-
Certificates of deposit	32 & 36	282,940,000	-	246,648,431	-
Long term security deposits	33	-	-	-	-
Short term finances - sponsors loan	35	-	176,000,000	-	-
		1,070,634,382	176,000,000	401,118,851	-

Description	Note	Rupees			
		2018		2017	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
Sources of other income					
Profit on financing	41	4,095,936	-	13,697,261	-
Mark-up on lease finance		-	-	10,852	-
Return on investments	42	4,771,715	-	18,973,407	-
Income from fee and commission	43	120,688	-	176,494	-
Profit on bank deposits		19,349,633	-	457,824	-
Other income	44	28,761	3,442,499	305	2,248,424
		28,366,733	3,442,499	33,316,143	2,248,424

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

59.1 Relationship with banks

Name	Relationship	
	Non Islamic window operations	With Islamic window operations
Bank Alfalah Limited	✓	
MCB Islamic Bank Limited		✓
Bank Al-Habib Limited	✓	
Askari Bank Limited	✓	
Al Baraka Bank Limited		✓
MCB Bank Limited	✓	
Sindh Bank Limited	✓	
United Bank Limited (UBL)	✓	

59.2 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at 30 June 2018	Rupees			
	Level 1	Level 2	Level 3	Total
Property and equipment:				
- Office premises	-	69,439,476	-	69,439,476
Total non-financial assets	-	69,439,476	-	69,439,476

As at 30 June 2017	Rupees			
	Level 1	Level 2	Level 3	Total
Property and equipment:				
- Office premises	-	73,085,403	-	73,085,403
Total non-financial assets	-	73,085,403	-	73,085,403

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property and equipment carried at revalued amounts every five years. The management updates the assessment of the fair value of each item of property and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold office premises is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same freehold office premises.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property and equipment carried at revalued amounts at the end of every five years.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

60 SUBSEQUENT EVENTS

There were no adjustable events subsequent to 30 June 2018, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

61 PRIOR PERIOD ERROR AND CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity. Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of property and equipment stands amended as follows:

Increases in the carrying amounts arising on revaluation of property and equipment are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset- all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the assets original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

In previous financial statements, deferred tax liability on surplus on revaluation of property and equipment was not recognised amounting Rs. 8.87 million in comparative year and Rs. 9.65 million in prior years. The effect of this change in accounting policy and prior period error have been accounted for retrospectively in accordance with the requirements of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" and comparative figures have been restated accordingly. The effect of change in accounting policy and prior period error is summarised below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Rupees

As at 30 June 2017			As at 30 June 2016		
As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement

Effect on statement of financial position

Revaluation surplus on property and equipment	29,565,036	-	(29,565,036)	31,121,088	-	(31,121,088)
Share capital and reserves	-	20,695,526	20,695,526	-	21,473,551	21,473,551
			(8,869,510)			(9,647,537)
Deferred tax asset -net	112,878,059	104,008,549	(8,869,510)	136,551,607	126,904,070	(9,647,537)
Trade and other payables	71,951,472	69,565,818	(2,385,654)	54,452,469	52,066,815	(2,385,654)
Unclaimed dividend	-	2,385,654	2,385,654	-	2,385,654	2,385,654

Effect on statement of changes in equity

Revaluation surplus on property and equipment	-	20,695,526	20,695,526	-	21,473,551	21,473,551
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Effect on statement of profit or loss

	As at 30 June 2017		
	As previously reported	As re-stated	Re-statement
Taxation	(25,402,625)	(24,935,809)	(466,816)

62 NUMBER OF EMPLOYEES

The total number of employees as at 30 June 2018 were 60 (30 June 2017: 20) and the average number of employees during the year were 38 (30 June 2017: 22).

63 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 October, 2018 by the Board of Directors of the Company.

64 GENERAL


- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Executive Officer



Chief Financial Officer



Director

PATTERN OF SHAREHOLDING

As on June 30 2018

Number of ShareHolders	Shareholdings		Total Numbers of Shares Held	Percentage of Total Capital
	From	To		
147	1 -	100	3,634	0.01
197	101 -	500	90,398	0.20
167	501 -	1000	161,003	0.37
284	1001 -	5000	787,062	1.78
98	5001 -	10000	785,440	1.78
30	10001 -	15000	380,000	0.86
24	15001 -	20000	448,346	1.02
17	20001 -	25000	395,161	0.90
11	25001 -	30000	305,491	0.69
4	30001 -	35000	134,000	0.30
7	35001 -	40000	254,547	0.58
4	40001 -	45000	171,778	0.39
8	45001 -	50000	388,200	0.88
3	50001 -	55000	165,000	0.37
2	55001 -	60000	118,500	0.27
3	60001 -	65000	194,670	0.44
2	75001 -	80000	157,490	0.36
2	85001 -	90000	176,000	0.40
2	95001 -	100000	200,000	0.45
1	100001 -	105000	103,003	0.23
1	135001 -	140000	140,000	0.32
1	145001 -	150000	146,500	0.33
2	155001 -	160000	316,000	0.72
1	190001 -	195000	190,500	0.43
1	195001 -	200000	200,000	0.45
1	270001 -	275000	271,500	0.62
1	395001 -	400000	397,500	0.90
1	475001 -	480000	478,000	1.08
1	535001 -	540000	538,501	1.22
1	595001 -	600000	600,000	1.36
1	660001 -	665000	663,500	1.50
1	1110001 -	1115000	1,110,100	2.52
1	33625001 -	33630000	33,628,176	76.25
1,027			44,100,000	100.00

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders		Shares Held	%age of Capital
Associated Companies, Undertakings and related parties			
1	BAHRIA TOWN (PRIVATE) LIMITED.	33,628,176	76.254
Running Total:		33,628,176	76.254
Directors and their spouse(s) and minor children;			
1	UMAIR RAFIQUE	500	0.001
2	RASHID AHMED	500	0.001
3	KARIM HATIM	500	0.001
4	ZAIN MALIK (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
5	NAVEEED AMIN (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
6	TAHIR SAEED EFFENDI (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
7	KHAWAJA NADEEM ABBAS (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
Running Total:		1,500	0.003
Executives;		Nil	Nil
Public sector companies and corporations:		Nil	Nil
Banks, Development Finance institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
1	ESCORTS INVESTMENT BANK LIMITED	1,000	0.002
2	PAKISTAN REINSURANCE COMPANY LIMITED	16,846	0.038
3	STATE LIFE INSURANCE CORP. OF PAKISTAN	77,490	0.176
Running Total:		95,336	0.216
Others:			
1	KRONOSWISS (PRIVATE) LIMITED	10,000	0.023
2	Crescent Standard Business Management (Pvt) Limite	1	0.000
3	MEGA SECURITIES (PVT) LTD	60	0.000
4	SPECTRUM SECURITIES LIMITED - MF	80,000	0.181
5	ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED - MF	15,000	0.034
6	AZEE SECURITIES (PVT.) LTD	210	0.000
7	MRA SECURITIES LIMITED - MF	190,500	0.432
8	RAH SECURITIES (PRIVATE) LIMITED - MF	25,000	0.057
9	N. U. A. SECURITIES (PRIVATE) LIMITED - MF	3,000	0.007
10	ARIF HABIB LIMITED - MF	10,000	0.023
11	BEST SECURITIES (PVT) LIMITED	5,000	0.011
12	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	4,500	0.010
13	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	6,050	0.014
14	FIKREES (PRIVATE) LIMITED	43,778	0.099
15	DARSON SECURITIES (PVT) LIMITED	65,000	0.147
16	DJM SECURITIES (PRIVATE) LIMITED	8,000	0.018
17	ABA ALI HABIB SECURITIES (PVT) LIMITED	10,000	0.023
18	PEARL SECURITIES LIMITED - MF	38,000	0.086
19	NH SECURITIES (PVT) LIMITED.	5,000	0.011
20	UHF CONSULTING (PRIVATE) LIMITED	600,000	1.361
21	RAO SYSTEMS (PVT.) LTD.	29,000	0.066
22	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	50,000	0.113
Running Total:		1,198,099	2.717
Shareholders holding 5% or more voting rights:			
	BAHRIA TOWN (PRIVATE) LIMITED.	33,628,176	76.254

CATEGORIES OF SHAREHOLDERS

	Categories	No. of Shareholders	Shares Held	Percentage of holding
1	Directors, Chief Executive Officer, and their spouse and minor children	3	1,500	0.003
2	Associated Companies, Undertakings and Related Parties	1	33,628,176	76.254
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	1	1,000	0.002
4	Insurance Companies	2	94,336	0.214
5	Modarbas and Mutual Funds	1	50,000	0.113
6	General Public (Local)	998	9,176,889	20.809
7	Others	2	10,001	0.023
8	Joint Stock Companies	19	1,138,098	2.581
	TOTAL:	1,027	44,100,000	100.000

CATEGORIES OF SHAREHOLDERS

DETAILED CATEGORIES OF SHAREHOLDERS

Categories	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children		
1 UMAIR RAFIQUE	500	0.001
2 RASHID AHMED	500	0.001
3 KARIM HATIM	500	0.001
4 ZAIN MALIK (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
5 NAVEEED AMIN (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
6 TAHIR SAEED EFFENDI (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
7 KHAWAJA NADEEM ABBAS (Nominee of Bahria Town (Pvt.) Limited)	0	0.000
	1,500	0.003
Associated Companies, Undertakings and Related Parties		
1 BAHRIA TOWN (PRIVATE) LIMITED.	33,628,176	76.254
	33,628,176	76.254
Banks, Development Financial Institutions, Non Banking Financial Institutions		
1 Escorts Investment Bank Limited	1,000	0.002
	1,000	0.002
Insurance Companies		
1 STATE LIFE INSURANCE CORP. OF PAKISTAN	77,490	0.176
2 PAKISTAN REINSURANCE COMPANY LIMITED	16,846	0.038
	94,336	0.214
Modarbas and Mutual Funds		
1 CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	50,000	0.113
	50,000	0.113
General Public (Local)		
	9,176,889	20.809
Others		
1 KRONOSWISS (PRIVATE) LIMITED	10,000	0.023
2 Crescent Standard Business Management (Pvt) Limite	1	0.000
	10,001	0.023
Joint Stock Companies		
1 MEGA SECURITIES (PVT) LTD	60	0.000
2 SPECTRUM SECURITIES LIMITED - MF	80,000	0.181
3 ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED - MF	15,000	0.034
4 AZEE SECURITIES (PVT.) LTD	210	0.000
5 MRA SECURITIES LIMITED - MF	190,500	0.432
6 RAH SECURITIES (PRIVATE) LIMITED - MF	25,000	0.057
7 N. U. A. SECURITIES (PRIVATE) LIMITED - MF	3,000	0.007
8 ARIF HABIB LIMITED - MF	10,000	0.023
9 BEST SECURITIES (PVT) LIMITED	5,000	0.011
10 BACKERS & PARTNERS (PRIVATE) LIMITED - MF	4,500	0.010
11 NCC - PRE SETTLEMENT DELIVERY ACCOUNT	6,050	0.014
12 FIKREES (PRIVATE) LIMITED	43,778	0.099
13 DARSON SECURITIES (PVT) LIMITED	65,000	0.147
14 DJM SECURITIES (PRIVATE) LIMITED	8,000	0.018
15 ABA ALI HABIB SECURITIES (PVT) LIMITED	10,000	0.023
16 PEARL SECURITIES LIMITED - MF	38,000	0.086
17 NH SECURITIES (PVT) LIMITED.	5,000	0.011
18 UHF CONSULTING (PRIVATE) LIMITED	600,000	1.361
19 RAO SYSTEMS (PVT.) LTD.	29,000	0.066
	1,138,098	2.581
Grand Total:	44,100,000	100.000

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BRANCH NETWORK

HEAD OFFICE

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Tel: (92-42) 35341845-6
www.escortsbank.net
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

RAWALPINDI/ISLAMABAD BRANCH

Bahria Town Head Office,
Phase VIII.
Tel: (92 -51) 5426528 -30

Form of Proxy

Twenty Third Annual General Meeting

I/We _____ of _____
_____ being a member of **Escorts Investment Bank Limited** and holder of _____
_____ shares as per Registered Folio No. _____

For Beneficial Owners as per CDC list CDC Participant I. D. No. _____ Sub-Account No. _____ NIC No. _____ or Passport No _____.
--

hereby appoint _____ of _____ Who is also a member of the Company, Folio No. _____ or failing him/her _____ of _____ who is also member of the Company vide Registered Folio No. _____ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Monday, October 29, 2018 at 09:30 a.m. at Bahria Grand Hotel and Resort, Executive Lodges, Sector-B, Bahria Town, Lahore and at any adjournment thereof.

Dated this _____ day of _____, 2018.

Witness 1:

Signature: _____
Name: _____
Address: _____

Affix Revenue of Stamp of Rs. 5/-

Witness 2 :

Signature: _____
Name: _____
Address: _____

Signature of Member(s)

Note:

1. Proxies in order to be effective, must be received at the Registered Office of the Company at Alfalah Building, 1st Floor, Sector-B, Bahria Town Lahore not later than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

Second Fold

Affix Revenue
Stamp

The Company Secretary,

ESCORTS INVESTMENT BANK LIMITED
Alfalah Building, 1st Floor, Sector-B,
Bahria Town Lahore

Third Fold and Tuck In

First Fold

Second Fold

Affix Revenue
Stamp

The Company Secretary,

ESCORTS INVESTMENT BANK LIMITED
Alfalah Building, 1st Floor, Sector-B,
Bahria Town Lahore

Third Fold and Tuck In

First Fold



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, 38651557

Rawalpindi/Islamabad Branch:
Bahria Town Head Office, Phase VIII.
Tel: (92-51) 5426528, 5426529,
(92-51) 5426530

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info@escortsbank.net

Follow Escorts Investment Bank Limited



**Escorts
Investment
Bank**

A Project of BAHRIA TOWN

Registered Office:

Alfalah Building, 1st Floor, Sector-B,
Bahria Town, Mohlanwal, Lahore-Pakistan.
Tel: (92-42) 35341845-6
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