



**Escorts
Investment**
Bank

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Condensed Interim
Financial Information
For the Period Ended

31 December
2019

ESCORTS INVESTMENT BANK LIMITED

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Corporate Information

Board of Directors

Ms. Zainab Malik
Chairperson

Mr. Naveed Amin
President & Chief Executive Officer

Syed Aamir Ahsan
Syed Tahir Nawazish
Mr. Karim Hatim
Mr. Tahir Saeed Effendi
Khawaja Nadeem Abbas

Audit Committee

Mr. Karim Hatim
Chairman / Member
Ms. Zainab Malik
Member
Syed Aamir Ahsan
Member
Mr. Tahir Saeed Effendi
Member

Human Resource & Remuneration (HRR) Committee

Syed Aamir Ahsan
Chairman / Member
Khawaja Nadeem Abbas
Member
Mr. Naveed Amin
Member
Mr. Tahir Saeed Effendi
Member

Chief Financial Officer

Mr. Muhammad Usman Khalid, ACA

Company Secretary

Mr. Ajwad Ali

External Auditors

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Internal Auditors & Tax Consultants

Riaz Ahmad and Company
Chartered Accountants

Legal Advisor

Mandviwalla & Zafar
Advocates

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.

Bankers to the Company

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

Registered Office

Alfalah Building, 1st Floor, Sector-B,
Bahria Town, Lahore.
Tel: (92-42) 35341845-6
www.escortsbank.net
UAN: 08000 3425



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On behalf of the Board of Directors of Escorts Investment Bank Limited, we are pleased to present the Directors' Report together with the condensed interim financial statements (Unaudited) of the Company for the period ended 31st December 2019 and the Auditor's Review Report thereon.

Economy

Mixed performance during the first six months of FY 2020 was witnessed despite of certain tough economic decisions taken by the Government. The positive support from Saudi Arabia, Asian Development Bank and IMF installments in bailout package has helped the Pakistan's economy and slightly improved the foreign exchange reserves.

Among ongoing challenges, State Bank of Pakistan has adopted stabilization policy and kept the policy rate unchanged since July 2019. Keeping in view the inflationary pressures, SBP is proactively managing its policy stance. It is expected that SBP will ease its policy rate in next half of FY 2020.

The GDP growth rate in Pakistan is expected to slow down in FY20. However, for sustained improvement in current account and growth rate, Pakistan will have to increase its exports by bringing in structural reforms in the export sector. Pressures arising across the border like Coronavirus also needs a close watch to avoid any unpleasant situation.

Performance review

During the period under review, the Company followed cautious approach in booking assets with focus on increasing branch network to increase market penetration and capitalization of business opportunities. This strategy helped in increasing revenues and profitability. The Company will continue following the same business strategy with emphasis on writing good assets. This will result in increased revenue and profitability respectively. The Company managed to book after tax cash profits of Rs. 3.6 million as against loss of 26.2 million in the corresponding period last year. However, due to depreciation and amortization of fixed and intangible assets of Rs. 8.9 million, the accounting loss is Rs. 5 million as against a loss of Rs. 32 million booked in the corresponding period last year.

The financial highlights are given below:

Description	Half year		Quarter	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Rupees.....			
Revenue	73,703,667	56,580,033	38,595,840	39,494,861
Mark-up	11,030,237	27,976,288	5,244,489	10,197,474
(Loss) / profit before taxation	(4,551,031)	(31,818,736)	(2,360,098)	569,490
Taxation	(766,101)	(495,176)	(356,026)	(387,649)
(Loss) / profit after taxation	(5,317,132)	(32,313,912)	(2,716,124)	181,841

Entity Share Capital and Rating

The Company completed its Ordinary Shares Right Issue of Rs. 915 million by offering 207 shares against the holding of 100 shares. The revised capital now stands at Rs. 1,356 million. PACRA has maintained the Company's Credit Rating at A Minus (A-) and A Two (A2) for Long Term and Short Term respectively with stable outlook.

Appreciation and Acknowledgement

The Board would like to thank the Securities and Exchange Commission of Pakistan and the Sponsors for their guidance and continued support. We are confident of receiving positive response from the Honorable Lahore High Court on the matter of deposit raising from individuals. The Board would also like to record appreciation for the management for their dedication, efforts and hard work.

Naveed Amin
Chief Executive/Director

For and on behalf of the Board

Karim Hatim
Director



ہم ایسکورٹس انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2019 کو اختتام پذیر ہونے والی مدت کے غیر آڈٹ شدہ مالی گوشوارے مالی گوشوارے اور آڈیٹ کی جائزہ رپورٹ پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

معیشت

مالی سال 2020 کی پہلی ششماہی میں حکومت کے بعض سخت اقتصادی فیصلوں کے باوجود معیشت میں ملانچلا رجحان رہا۔ سعودی عرب کی مدد اور اینٹین ڈیولپمنٹ بینک اور آئی ایم ایف کے تیل آؤٹ پیکیج کی وجہ سے زرمبادلہ کے ذخائر میں قدرے بہتری آئی۔

جاری چیلنجوں کے منظر اسٹیٹ بینک آف پاکستان استحکام کی پالیسی پر عمل پیرا ہے اور جولائی 2019 سے پالیسی ریٹ میں کوئی تبدیلی نہیں کی گئی۔ افراط زر کے دباؤ کو دور کرنے کے لیے اسٹیٹ بینک اپنی پالیسی پر گامزن ہے مالی سال 2020 کی دوسری ششماہی میں اس پالیسی میں نرمی متوقع ہے۔

مالی سال 2020 کے دوران پاکستان میں جی ڈی پی کی شرح نمو میں کمی کا امکان ہے۔ تاہم کرنٹ اکاؤنٹ اور شرح نمو میں استحکام کے لیے برآمدی شعبے میں بہتری لاکر برآمدات بڑھانی ہوگی۔ کسی بھی ناخوشگوار صورتحال سے بچنے کے لیے کورونا وائرس سے پیدا ہونے والے حالات پر گہری نظر رکھنے کی ضرورت ہے۔

کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران، کمپنی نے مارکیٹ میں رسائی بڑھانے اور کاروباری مواقع سے فائدہ اٹھانے کے لیے محتاط انداز سے اثاثے بڑھائے اور برانچ نیٹ ورک کی توسیع پر توجہ مرکوز رکھی۔ اس حکمت عملی سے محصولات اور منافع میں اضافہ ہوا۔ کمپنی اسی حکمت عملی پر کاربند رہے گی اور اپنے اثاثہ جات میں اضافہ کرنے لگی۔ اس کے نتیجے میں محصولات اور منافع میں اضافہ ہوگا۔ کمپنی کا بعد از ٹیکس نقد منافع 3.6 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں 26.2 ملین روپے کا نقصان ہوا تھا۔ تاہم 8.9 ملین روپے کے منقولہ و غیر منقولہ اثاثہ جات پر ڈیپریسییشن اور امور ٹرانزیشن کی وجہ سے اکاؤنٹنگ نقصان 5 ملین روپے رہا جب کہ گزشتہ سال اسی مدت کے دوران یہ نقصان 32 ملین روپے تھا۔

مالی جھلکیاں ذیل میں دی گئی ہیں:

سہ ماہی		ششماہی		تفصیل
31 دسمبر 2018	31 دسمبر 2019	31 دسمبر 2018	31 دسمبر 2019	
----- روپے -----				
39,494,861	38,595,840	56,580,033	73,703,667	آمدن
10,197,474	5,244,489	27,976,288	11,030,237	مارک اپ
569,490	(2,360,098)	(31,818,736)	(4,551,031)	آمدن / (خسارہ) قبل از ٹیکس
(387,649)	(356,026)	(495,176)	(766,101)	ٹیکس
181,841	(2,716,124)	(32,313,912)	(5,317,132)	آمدن / (خسارہ) بعد از ٹیکس

اہمٹی شیئر کمپنیل اور ریٹینگ

زیر جائزہ مدت کے دوران، کمپنی نے 207 شیئر ہولڈرز 100 شیئر 915 ملین روپے کا رانیٹ البیٹو کیا ہے۔ کمپنی کا موجودہ سرمایہ 1,356 ملین روپے ہو گیا ہے۔ پیکر آنے والی مدنی اور قلیل مدتی کریڈٹ ریٹینگ مستحکم آؤٹ لگ کے ساتھ بالترتیب "A" اور "A2" برقرار رکھی ہے۔

تعریف اور اعتراف

بورڈ سیکریٹری اینڈ ایگزیکٹو کمیشن آف پاکستان اور سپانسرز کی رہنمائی اور مسلسل حمایت کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ ہمیں اعتماد ہے کہ انفرادی ذہانت کے معاملے پر معزز لاہور ہائیکورٹ مثبت فیصلہ کریں گے۔ بورڈ انتظامیہ کی لگن، کاوش اور محنت کو سراہتا ہے۔

منجانب / برائے بورڈ

کریم حاتم | ڈائریکٹر

نوید امین | چیف ایگزیکٹو ڈائریکٹر

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Escorts Investment Bank Limited** as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statement based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2019.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Dated: 29 February 2020
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

*Tariq Abdul Ghani Maqbool & Co., a Partnership firm
 registered in Pakistan and an independent member
 of Geneva Group International (GGI), a Swiss entity.*



Condensed Interim Statement of Financial Position
As At 31 December 2019

31 December
2019

	Note	31-Dec-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	167,126,675	114,387,569
Intangible assets	6	5,060,589	6,072,585
Cards and rooms		12,750,000	12,750,000
Long term investments		124,969,875	124,999,875
Long term finances	7	99,503,978	59,911,398
Long term deposits		449,600	424,600
Deferred tax asset -net	8	183,143,131	182,949,684
		593,003,848	501,495,711
CURRENT ASSETS			
Current maturities of non-current assets		49,872,128	23,474,330
Short term investments		322,671,115	105,504,135
Short term finances		48,045,195	31,563,350
Short term advances		3,950,651	6,498,690
Prepayments		1,793,235	1,254,007
Interest accrued		7,479,242	6,443,528
Other receivables		68,711,117	68,348,594
Tax refunds due from the government		118,919,440	111,956,047
Cash and bank balances	9	269,897,769	578,486,018
		891,339,892	933,528,699
TOTAL ASSETS		1,484,343,740	1,435,024,410
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
300,000,000 (2019: 300,000,000) ordinary shares of Rs. 10/- each		3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital		1,356,000,000	441,000,000
Revaluation surplus on property and equipment		18,470,922	18,944,536
Capital reserves		158,466,621	158,496,621
Revenue reserves		(588,434,234)	(568,738,374)
		944,503,309	49,702,783
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - subordinated loans	10	-	650,000,000
Long term finances - sponsors loan	11	-	17,217,910
Long term lease liabilities		48,830,168	-
Long term certificates of deposit		66,250,000	66,250,000
		115,080,168	733,467,910
CURRENT LIABILITIES			
Current maturities of non-current liabilities		235,292,701	233,860,367
Short term finances - sponsors loan	12	-	158,782,090
Short term certificates of deposit		-	29,461,224
Short term borrowings		61,502,774	68,893,670
Accrued markup		10,056,815	36,012,482
Trade and other payables	13	100,948,456	108,843,910
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation		14,573,863	13,614,320
		424,760,263	651,853,717
Contingencies and commitments	14	-	-
TOTAL EQUITY AND LIABILITIES		1,484,343,740	1,435,024,410

The annexed notes from Note 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



	Note	Half year ended		Quarter ended	
		31-Dec-19 Rupees	31-Dec-18 Rupees	31-Dec-19 Rupees	31-Dec-18 Rupees
INCOME					
Profit on financing		20,767,274	2,101,423	11,748,463	1,683,145
Return on investments		25,584,345	18,446,994	15,282,453	12,092,504
Income from fee and commission		2,379,107	-	1,454,278	-
Profit on bank deposits		23,735,441	20,222,176	9,491,896	10,624,353
Other income		1,237,500	15,809,440	618,750	15,094,859
		73,703,667	56,580,033	38,595,840	39,494,861
EXPENSES					
Mark-up on certificates of deposit		3,188,988	10,320,058	1,536,942	4,937,578
Mark-up on borrowings		7,841,249	17,656,230	3,707,547	5,259,896
Administrative expenses	15	73,475,460	60,625,820	42,111,597	28,973,233
Finance cost		1,982,479	65,253	1,947,319	23,256
		86,488,176	88,667,361	49,303,405	39,193,963
Operating loss before provision and taxation		(12,784,509)	(32,087,328)	(10,707,565)	300,898
Recovery against provision for doubtful balances - net		8,233,478	268,592	8,347,467	268,592
(Loss) / profit before taxation		(4,551,031)	(31,818,736)	(2,360,098)	569,490
Taxation - net		(766,101)	(495,176)	(356,026)	(387,649)
(Loss) / profit after taxation		(5,317,132)	(32,313,912)	(2,716,124)	181,841
(Loss) / Earnings per share-basic and diluted		(0.04)	(0.73)	(0.02)	0.00

The annexed notes from Note 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



**Condensed Interim Statement of Other
Comprehensive Income (Un-audited)**
For the Half Year and Quarter Ended

31 December
2019

	Half year ended		Quarter ended	
	31-Dec-19 Rupees (un-audited)	31-Dec-18 Rupees (un-audited)	31-Dec-19 Rupees (un-audited)	31-Dec-18 Rupees (un-audited)
(Loss) / Profit after taxation	(5,317,132)	(32,313,912)	(2,716,124)	181,841
Other comprehensive income:				
Items that may be reclassified subsequently to the statement of profit or loss				
- Loss on revaluation of investments - term finance certificates	(30,000)	-	(30,000)	-
	(30,000)	-	(30,000)	-
Items that will not be reclassified subsequently to the statement of profit or loss	-	-	-	-
Total comprehensive (loss) / Income for the period	(5,347,132)	(32,313,912)	(2,746,124)	181,841

The annexed notes from Note 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

31 December | Condensed Interim Statement of
2019 Cash Flows (Un-audited)
 For the Half Year Ended



	31-Dec-19 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,551,031)	(31,818,736)
Adjustment for non cash expenses and other items:		
Depreciation on property and equipment	5,892,366	5,245,464
Depreciation on right of use assets	2,053,776	-
Amortization on intangible assets	1,011,996	843,678
Provision against finances	-	(268,592)
Recovery against provision for doubtful balances	(8,496,223)	-
Provisions of doubtful balances	262,745	-
	724,660	5,820,550
Cash used in operations before working capital changes	(3,826,371)	(25,998,186)
Decrease / (increase) in operating assets		
Finances - net	(74,238,745)	(44,904,039)
Investments	(217,166,980)	(350,918,709)
Loan and advances	2,548,039	(2,027,615)
Interest accrued	(1,035,714)	(3,272,012)
Other receivables	(362,523)	329,825
Deposits and prepayments	(564,228)	(203,003)
	(290,820,151)	(400,995,553)
(Decrease) / increase in operating liabilities		
Certificates of deposit	(29,461,224)	11,133,524
Accrued markup	(25,955,667)	12,900,253
Trade and other payables	(7,895,454)	(17,145,947)
	(63,312,345)	6,887,830
Net cash used in operations	(357,958,867)	(420,105,909)
Income tax paid	(6,963,398)	(3,273,332)
Net cash used in operating activities	(364,922,265)	(423,379,241)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(10,969,951)	(15,664,773)
Capital expenditure on intangible assets	-	(7,807,692)
Net cash used in investing activities	(10,969,951)	(23,472,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	915,000,000	-
Payment of lease liabilities	(327,552)	-
Borrowings - net	(7,390,896)	-
Conversion of sub-ordinated loan	(650,000,000)	-
Conversion of sponsors loan	(176,000,000)	-
Share issue cost	(13,977,585)	-
Net cash generated from financing activities	67,303,967	-
Net decrease in cash and cash equivalents	(308,588,249)	(446,851,706)
Cash and cash equivalents at the beginning of the period	578,486,018	756,000,407
Cash and cash equivalents at the end of the period	269,897,769	309,148,701

The annexed notes from Note 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



	Issued, subscribed and paid up capital	Capital Reserves		Revaluation surplus on property and equipment	Revenue Reserve		Total
		Statutory reserve	(Deficit)/gain on revaluation of investments		Accumulated loss		
Balance as at 01 July 2018 (audited) - adjusted	441,000,000	158,496,746	-	19,941,617	(519,439,004)	99,999,359	
Net loss for the period	-	-	-	-	(32,313,912)	(32,313,912)	
Other comprehensive loss for the period	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	-	
Transfer from surplus on revaluation of property on account of:							
- Incremental depreciation on revalued asset for the period - net of tax	-	-	-	(505,564)	505,564	-	
- Revaluation of surplus on property - adjustment due to change in tax rate	-	-	-	140,434	-	140,434	
Balance as at 31 December 2018 (un-audited)	441,000,000	158,496,746	-	19,576,487	(551,247,352)	67,825,881	
Net loss for the period	-	-	-	-	(17,982,539)	(17,982,539)	
Other comprehensive loss for the period	-	-	(125)	-	-	(125)	
Total comprehensive loss for the period	-	-	(125)	-	-	(125)	
Transfer from surplus on revaluation of property on account of:							
- Incremental depreciation on revalued asset for the period - net of tax	-	-	-	(491,517)	491,517	-	
- Revaluation of surplus on property - adjustment due to change in tax rate	-	-	-	(140,434)	-	(140,434)	
Balance as at 01 July 2019 (audited)	441,000,000	158,496,746	(125)	18,944,536	(568,738,374)	49,702,783	
Effect of initial application of IFRS 16							
Transaction with owners:							
Issuance of ordinary shares	915,000,000	-	-	-	(874,757)	(874,757)	
Transaction cost on issuance of ordinary shares	-	-	-	-	-	-	
Net loss for the period	-	-	-	-	(13,977,585)	(13,977,585)	
Other comprehensive loss for the period	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	(30,000)	-	(5,317,132)	(5,317,132)	
Transfer from surplus on revaluation of property on account of:							
- Incremental depreciation on revalued asset for the period - net of tax	-	-	(30,000)	-	30,000	-	
- Revaluation of surplus on property - adjustment due to change in tax rate	-	-	(30,000)	(473,614)	473,614	-	
Balance as at 31 December 2019 (un-audited)	1,356,000,000	158,496,746	(30,125)	18,470,922	(588,434,234)	944,503,309	

The annexed notes from Note 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer



1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (Now the Companies Act, 2017) on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Pakistan Stock Exchange Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The registered office of the Company is situated at Alfalah Building, 1st Floor, Sector B, Bahria Town, Lahore. The Company is a subsidiary of Bahria Town (Private) Limited.

The Pakistan Credit Rating Agency (PACRA) has maintained long term and short term Credit Ratings of the Company at "A-" and "A2" respectively with stable outlook on 18 October 2019.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

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

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2019. This condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 237 of the Companies Act, 2017.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

4 SIGNIFICANT ACCOUNTING POLICIES

During preparation of this condensed interim financial information, the significant accounting policies adopted and applied by the management were the same as those that applied in the preceding audited



annual published financial statements of the Company for the year ended 30 June 2019, except stated at 4.1. This interim financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2019.

4.1 New Standards, Interpretations and Amendments & change in accounting policy

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

a) IFRS 16- Leases

The Company has initially adopted IFRS 16 – “Leases” from July 01, 2019. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result the Company, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at July 01, 2019. Accordingly, the comparative information presented has not been restated.

IFRS 16 establishes principle for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that leases provide relevant information that faithfully represents those transaction. The standard provides a single accounting model, requiring lessee to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Under IFRS 16, assets leased by the company are being recognized on the statement of financial position of the company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities.

01-Jul-19
Rupees

The impact of adoption of IFRS 16 as follows :

Expense Charged to accumulated loss	874,757
Non Current Assets	
Property and equipment	
Right of use assets	30,814,838
Non Current Liabilities	
Lease Liabilities	30,999,143
Current Liabilities	
Current portion of non current liabilities	
Lease Liabilities	690,452

b) Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to chief decision maker. The management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Segment performance is evaluated based on operating profit or loss and is measured consistently in accordance with operating profit or loss in the financial statements. The Company has broadly classified its business segments into, namely, 'House finance activities', 'Micro finance activities', 'Term and other finance activities' and 'Investment activities', based on nature of business and the related risks and returns associated with each.



House finance activities

House finance activities include providing long-term financing facilities to individuals (both salaried and self-employed) of house finance customers.

Micro finance activities

Micro finance activities include providing long-term and short-term financing facilities to poor individuals (both salaried and self-employed) and micro - enterprise customers.

Term and other finance activities

Term finance activities include providing long-term and short-term financing facilities to corporate entities and individuals. Other finance operations that do not fall into the above referred activities are reported under 'Term and other finance activities'.

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.

	Note	31-Dec-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
5 PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	111,121,109	105,396,798
Right of use assets	5.2	47,661,525	-
Advances for purchase of assets		8,344,041	8,990,771
		167,126,675	114,387,569
5.1 Operating fixed assets			
Opening net book value		105,396,798	97,389,870
Cost of addition	5.1.1	11,616,677	19,182,439
Less: Depreciation for the period / year		5,892,366	11,175,511
Closing net book value		111,121,109	105,396,798
5.1.1 Cost of addition			
Improvement on leasehold premises		7,293,800	6,798,619
Office furniture and fixtures		819,752	3,734,878
Computer equipment		1,072,938	556,588
Office equipment		2,278,423	3,475,169
Owned vehicles		151,764	4,617,185
		11,616,677	19,182,439
5.2 Right of use assets			
Right of use assets recognized on adoption of IFRS 16		30,814,838	-
Addition during the period		18,900,463	-
Less: Depreciation for the period		2,053,776	-
		47,661,525	-



	Note	31-Dec-19 Rupees	30-Jun-19 Rupees
6 INTANGIBLE ASSETS			
Software	6.1	5,060,589	6,072,585
		5,060,589	6,072,585
6.1 Software			
Net carrying value		6,072,585	76,132
Cost of addition		-	8,135,744
Less: Amortization for the period / year		1,011,996	2,139,291
Net carrying value		5,060,589	6,072,585
7 LONG TERM FINANCES			
Secured and considered good	7.1 & 7.2	147,457,740	81,328,083
Considered doubtful			
Others		43,757,865	52,247,053
Less: Provision for doubtful finances		43,757,865	52,247,053
		-	-
Less: Current maturity		47,706,143	21,308,345
Less: General provision for micro finance portfolio		247,619	108,340
Closing balance		99,503,978	59,911,398

7.1 It includes amount of Rs. 97.535 million (30 June 2019:Rs. 59.24 million) disbursed to House finance customers at return ranges from 16.48% to 22.42% per annum for tenure of 02 to 20 years.

7.2 It includes amount of Rs. 49.524 million (30 June 2019:Rs. 21.68 million) disbursed to micro finance customers at return ranges from 38.50% to 45% per annum for tenure of 01 to 02 years.

8 DEFERRED TAX ASSET - NET

Net deferred tax asset has been recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management of the Company is certain that the Company would have taxable profits in foreseeable future.

	Note	31-Dec-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
9 CASH AND BANK BALANCES			
Cash in hand		1,650	92,098
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		254,845	85,604
Others		530,447	1,632,565
		785,292	1,718,169
Saving and deposit accounts	9.1	269,110,827	359,436,451
Escrow account	9.2	-	217,239,300
		269,897,769	578,486,018



- 9.1 Rate of return on term deposit receipts (TDRs) ranges from 12.05% to 13.25% (30 June 2019: 11.50% to 12.05%) per annum.
- 9.2 Subsequent to successful completion of right issue transaction, the amount was released in accordance with the directions of SECP.

	Note	31-Dec-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
10 LONG TERM FINANCES - SUBORDINATED LOANS			
From the Holding Company:			
Subordinated loan	10.1	-	650,000,000
From others			
Others - subordinated loans	10.2	137,694,382	137,694,382
		137,694,382	787,694,382
Less: Current maturity shown under current liabilities		137,694,382	137,694,382
		-	650,000,000

10.1 This subordinated loan received from holding company for meeting Minimum Equity Requirement (MER) and was repayable on demand after expiry of minimum tenure of 24 months. It carries mark-up at the rate of 03- months KIBOR as on date of receipt of loan. This amount converted into right issue shares in accordance with applicable laws in Pakistan.

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

	Note	31-Dec-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
11 LONG TERM FINANCES - SPONSORS LOAN			
Related party - unsecured			
Sponsor loan - Bahria Town (Private) Limited	11.1	-	17,217,910

11.1 Sponsors loan converted into right issue share as per the resolution passed by the sponsor and the Company.

12 SHORT TERM FINANCES - SPONSORS LOAN			
Related party - unsecured			
Sponsor loan - Bahria Town (Private) Limited	11.1	-	158,782,090

13 TRADE AND OTHER PAYABLES

This includes an amount of Rs. 39,440,852 (30 June 2019: Rs. 39,440,852) payable to successors of depositors.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There is no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended 30 June 2019.



14.2 Commitments in respect of

- i) Outstanding guarantees amount to Rs. Nil (30 June 2019: Nil)
- ii) House finance customers amount to Rs. 8.175 million (30 June 2019: Nil)

	Half year ended		Quarter ended	
	31-Dec-19 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)	31-Dec-19 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)
15 ADMINISTRATIVE EXPENSES				
Salaries, allowance and other benefits	34,283,274	30,101,964	19,490,359	14,156,862
Staff training and welfare	1,500,000	25,000	750,000	25,000
Advertisement and business promotion	2,572,869	3,900,537	2,072,786	913,537
Rent, rates and taxes	465,022	396,808	(688,000)	(1,756,952)
Utilities	2,924,667	1,460,980	1,350,251	493,550
Communication charges	1,402,214	1,325,155	962,294	861,722
Travelling and vehicle maintenance	3,966,936	2,011,044	2,680,911	1,326,822
Repair and maintenance	2,181,923	468,486	1,486,385	290,427
Entertainment	767,089	525,015	558,032	406,922
Fee and subscriptions	1,542,258	1,494,788	301,393	566,475
Legal and professional charges	10,556,040	10,285,780	6,028,411	6,025,737
Printing and stationery	1,454,106	1,607,075	1,024,145	1,248,429
Insurance	897,335	933,659	482,987	751,655
Depreciation	5,892,366	5,245,464	3,048,280	3,033,461
Depreciation on right of use assets	2,053,776	-	2,053,776	-
Amortization on intangible assets	1,011,996	843,678	505,998	629,586
Miscellaneous expenses	3,589	387	3,589	-
	73,475,460	60,625,820	42,111,597	28,973,233

16 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended	
	31-Dec-19 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)
Transactions during the period		
Holding Company		
Mark-up on long term financing	-	13,380,822
Rent expense - waived off by the Holding company	-	(8,500,000)
Utilities expense	2,027,630	1,344,660
Shares issued against subordinated loan	650,000,000	-
Shares issued against sponsors loan	176,000,000	-
Shares issued against mark-up on long term financing	30,542,790	-



	Half year ended	
	31-Dec-19 Rupees (Un-audited)	31-Dec-18 Rupees (Un-audited)
Associated Companies		
Escorts Capital Limited		
Profit paid on certificates of deposit	-	1,643,395
Borrowings paid	21,678,160	-
Shares issued against borrowings	15,173,960	-
Markup on borrowings paid	996,708	-
Markup accrued on borrowings	845,363	-
Bahria Grand Hotel and Resorts		
Entertainment expense	202,304	221,937
The Safari Club		
Entertainment expense	7,065	-
Other associated Companies		
Borrowings received	29,461,224	-
Markup on borrowings paid	2,310,787	-
Markup accrued on borrowings	2,720,478	-
Certificate of deposit matured	29,461,224	-
Profit paid on certificates of deposit	-	1,725,508
Executives		
Remuneration to key management personnel	7,826,423	12,303,130
Others		
Contribution to staff retirement benefits plan	873,866	632,030
	31-Dec-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
Balances at the end of the period / year		
Holding Company		
Markup accrued on finances	-	30,542,795
Certificate of deposit	10,000,000	10,000,000
Subordinated loan	-	650,000,000
Sponsors loan	-	176,000,000
Trade and other payables	1,307,860	1,798,640
Associated Company		
Escorts Capital Limited		
Borrowings	3,769,250	40,621,370
Markup accrued on borrowings	37,395	188,740
The Safari Club		
Trade and other payables	7,065	6,450
Other Associated Companies		
Certificate of deposit	-	29,461,224
Borrowings	57,733,524	28,272,300
Markup accrued on borrowings	484,438	74,747



16.1 Bahria Town (Private) Limited - holding Company has waived off the rent of certain branches including head office located in Bahria Town projects across the Pakistan for 02 years starting January 2018.

17 SEGMENTAL ANALYSIS

The Company's activities are categorized into business segments based on the reports reviewed for making strategic and business decisions. Business activities are carried within Pakistan and are as follows:

House finance activities

House finance activities include providing long-term financing facilities to individuals (both salaried and self-employed) of house finance customers.

Micro finance activities

Micro finance activities include providing long-term and short-term financing facilities to poor individuals (both salaried and self-employed) and micro - enterprise customers.

Term and other finance activities

Term finance activities include providing long-term financing facilities to corporate entities and individuals. Other operations that do not fall into the above referred activities are reported under 'Term and other finance activities'.

Investing activities

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

Six months ended 31 December 2019 (Un-audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
	-----Rupees-----				
Profit on financing	8,893,506	11,174,743	699,025	-	20,767,274
Income from fee and commission	526,702	1,852,405	-	-	2,379,107
Return on investments	-	-	-	49,319,786	49,319,786
Total income for reportable segments	9,420,208	13,027,148	699,025	49,319,786	72,466,167
Finance costs	1,416,797	1,216,099	261,332	10,118,488	13,012,716
Administrative expenses	27,328,730	38,453,106	3,667,869	4,025,755	73,475,460
Segment result	(19,325,319)	(26,642,057)	(3,230,176)	35,175,543	(14,022,009)
Other income					1,237,500
Other operating expenses					8,233,478
Loss before taxation					(4,551,031)



As at 31 December 2019 (Un-audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
-----Rupees-----					
Segment assets	118,373,992	149,167,261	18,089,989	719,784,306	1,005,415,548
Unallocated assets					478,928,192
					<u>1,484,343,740</u>
Segment liabilities	41,709,077	84,059,347	7,508,260	290,712,009	423,988,694
Unallocated liabilities					115,851,737
Equity					944,503,309
					<u>1,484,343,740</u>

Six months ended 31 December 2018 (Un-audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
-----Rupees-----					
Profit on financing	1,864,573	1,345	235,505	-	2,101,423
Return on investments	-	-	-	38,669,170	38,669,170
Total income for reportable segments	1,864,573	1,345	235,505	38,669,170	40,770,593
Finance costs	118,894	265	-	27,922,382	28,041,541
Administrative expenses	2,605,266	666,453	-	57,354,101	60,625,820
Segment result	(859,587)	(665,373)	235,505	(46,607,313)	(47,896,768)
Other income					15,809,440
Other operating charges					(268,592)
Loss before taxation					<u>(31,818,736)</u>

As at 30 June 2019 (Audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
-----Rupees-----					
Segment assets	59,901,326	31,418,293	25,589,096	247,737,901	364,646,616
Unallocated assets					1,070,377,794
					<u>1,435,024,410</u>
Segment liabilities	247,389,828	129,756,161	105,681,837	645,668,195	1,128,496,021
Unallocated liabilities					275,770,142
Equity					30,758,247
					<u>1,435,024,410</u>



18 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2019.

The Company's financial risk management objective and policies are consistent with those disclosed in the annual financial statements of the Company and for the year ended 30 June 2019.

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

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

20 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 29 February, 2020.

21 GENERAL

21.1 In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

21.2 Figures have been rounded off to the nearest rupees.

Chief Executive Officer

Director

Chief Financial Officer



Lahore Branch:

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

Karachi Branch:

Bahria Town Head Office,
Bahria Town Super Highway
Tel: (92-21) 38651556, 38651557

Rawalpindi Branch:

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

Presence in Other Cities:

Raiwind: Tel (92-42) 35390501-03
Ellahabad: Tel (92-49) 4751251-53
Hafizabad: Tel (92-547) 583312-14
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