



**Escorts
Investment
Bank**

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Condensed Interim
Financial Information
For the Period Ended

31 MARCH
2020

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 (Un-audited) of the Company for the period ended 31st March 2020.

Economy

Covid - 19 and the necessary preventive measures have substantially affected the business activities across the globe. This has resulted in downward revision of the estimated economic growth to negative. Our economy is also badly affected. The consumer and export based industries are hard hit due to fall in demand and cancellation of orders. This coupled with withdrawal of funds by the investors from capital markets have caused liquidity issues for business houses. To address the issues, Regulatory agencies have taken various steps that include reduction in policy rate, provision of subsidized financing for new projects and SME sectors and relief on debt servicing. On the external front Government efforts to renegotiate repayment terms with IMF and funding support from the fund help check decline in Rupee US Dollar parity.

Performance review

The Company booked net assets of Rs. 130.469 million as on March 31, 2020 as compared to correspondence period i.e. Rs. 69.238 million. Branch network increased to 11 branches. The Company managed to curtail the losses and reported a loss of Rs. 21.48 million as compared to Rs. 36.65 million for the corresponding period last year. The company is in the process of developing Shariah Compliant Islamic products for housing and micro financing segments and will be offered to the market post resumption of business activities.

Appreciation and Acknowledgement

The Board would like to thank the Securities & Exchange Commission of Pakistan and the Sponsors for their continued support and guidance. The Board would also like to record appreciation for the management for their dedication, efforts and hard work.

For and on behalf of the Board

Naveed Amin
Chief Executive/Director

Syed Tahir Nawazish
Director



ہم ایرسٹرز انویسٹمنٹ بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2020 کو ختم ہونے والی مدت کے غیر آڈٹ شدہ مالی گوشوارے بعد ڈائریکٹرز رپورٹ پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

معیشت

کوڈ-19 سے متعلقہ ضروری حفاظتی اقدامات نے پوری دنیا میں کاروباری سرگرمیوں کو کافی حد تک متاثر کیا ہے۔ اس کے نتیجے میں معاشی نمو میں تخفیف مٹنی ہو گئی ہے۔ ہماری ملکی معیشت بھی بری طرح متاثر ہوئی ہے۔ طلب میں کمی اور آرڈرز کی منسوخی کی وجہ سے صارفین اور برآمدی صنعتوں کو سخت نقصان ہوا ہے۔ اس کے ساتھ ساتھ سرمائے کی منڈیوں سے قوم کے اخراج کے باعث کاروباری گھروں میں زرفقدگی میں کمی کے مسائل پیدا ہو گئے ہیں۔ مسائل کو حل کرنے کے لئے، ریگولیٹری ایجنسیوں نے مختلف اقدامات اٹھائے ہیں جن میں پالیسی ریٹ کی شرح میں کمی، نئے منصوبوں اور ایس ایم ای شعبوں کے لئے سبسڈی و مالی اعانت کی فراہمی اور قرضوں کی واپسی میں آسانی شامل ہیں۔ بیرونی مچاؤ حکومت آئی ایم ایف کے ساتھ ادائیگی کی شرائط میں نرمی پر دوبارہ تبادلہ خیال کرنے اور فنڈ کی مالی اعانت سے امریکی ڈالر اور روپے میں بڑھتے ہوئے تفاوت میں کمی کے لیے کوشاں ہے۔

کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران کمپنی نے 31 مارچ 2020 تک 130.469 ملین روپے کے خالص اثاثے بگ کیے جو کہ پچھلے سال اسی مدت کے اختتام پر 69.238 ملین روپے تھے۔ برانچ نیٹ ورک 11 برانچوں تک بڑھ گیا۔ کمپنی اپنے نقصانات کو کم کرنے میں کامیاب رہی اور اس نے 21.48 ملین روپے نقصان رپورٹ کیا ہے۔ جو پچھلے سال کی اسی مدت کے دوران 36.65 ملین تھا۔ کمپنی ہاؤسنگ اور مائیکرو فنانسنگ سیکٹرز کے لئے شریعت کے مطابق اسلامی مصنوعات تیار کر رہی ہے جو بعد از کرونا کاروباری سرگرمیوں کے دوران مارکیٹ میں پیش کردی جائیں گی۔

تعریف اور اعتراف

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سپانسرز کی مسلسل مدد اور رہنمائی کے لیے شکر یہ ادا کرنا چاہتا ہے۔ بورڈ انتظامیہ کی لگن، کاوش اور محنت کو بھی سراہتا ہے۔

منجانب / برائے بورڈ

سید طاہر نواز ش | ڈائریکٹر

نوید امین | چیف ایگزیکٹو/ڈائریکٹر



ASSETS	Note	31-Mar-20 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
NON-CURRENT ASSETS			
Property and equipment	5	167,887,837	114,387,569
Intangible assets	6	4,554,590	6,072,585
Cards and rooms		12,750,000	12,750,000
Long term investments		125,000,000	124,999,875
Long term finances	7	125,286,369	59,911,398
Long term deposits		449,600	424,600
Deferred tax asset -net	8	183,239,855	182,949,684
		619,168,251	501,495,711
CURRENT ASSETS			
Current maturities of non-current assets		57,965,425	23,474,330
Short term investments		158,367,895	105,504,135
Short term finances		62,166,714	31,563,350
Short term advances		7,804,291	6,498,690
Prepayments		1,423,815	1,254,007
Interest accrued		8,291,858	6,443,528
Other receivables		68,711,117	68,348,594
Tax refunds due from the government		122,011,587	111,956,047
Cash and bank balances	9	245,236,608	578,486,018
		731,979,310	933,528,699
TOTAL ASSETS		1,351,147,561	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		18,234,115	18,944,536
Capital reserves		158,496,746	158,496,621
Revenue reserves		(605,882,653)	(568,738,374)
		926,848,208	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		48,220,307	-
Long term certificates of deposit		66,250,000	66,250,000
		114,470,307	733,467,910
CURRENT LIABILITIES			
Current maturities of non-current liabilities		161,613,611	233,860,367
Short term finances - sponsors loan	12	-	158,782,090
Short term certificates of deposit		-	29,461,224
Short term borrowings		3,184,250	68,893,670
Accrued markup		11,051,165	36,012,482
Trade and other payables	13	116,330,401	108,843,910
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation		15,263,965	13,614,320
		309,829,046	651,853,717
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		1,351,147,561	1,435,024,410

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



	Note	Nine months period ended		Quarter ended	
		31-Mar-20 Rupees	31-Mar-19 Rupees	31-Mar-20 Rupees	31-Mar-19 Rupees
INCOME					
Profit on financing		36,783,198	4,779,155	16,015,924	2,677,732
Return on investments		38,361,061	31,188,511	12,776,716	12,741,517
Income from fee and commission		3,411,954	-	1,032,847	-
Profit on bank deposits		31,420,551	31,112,444	7,685,110	10,890,268
Other income		1,443,750	16,891,295	206,250	1,081,855
		111,420,514	83,971,405	37,716,847	27,391,372
EXPENSES					
Mark-up on certificates of deposit		4,119,513	14,411,395	930,525	4,091,337
Mark-up on borrowings		10,481,764	19,793,934	2,640,515	2,137,704
Administrative expenses	15	121,887,869	85,684,020	48,412,409	25,058,200
Finance cost		3,200,733	86,640	1,218,254	21,387
		139,689,879	119,975,989	53,201,703	31,308,628
Operating loss before provision and taxation		(28,269,365)	(36,004,584)	(15,484,856)	(3,917,256)
Recovery against provision for doubtful balances - net		8,152,444	82,883	(81,034)	(185,709)
Loss before taxation		(20,116,921)	(35,921,701)	(15,565,890)	(4,102,965)
Taxation - Net		(1,359,479)	(731,530)	(593,378)	(236,354)
Loss after taxation		(21,476,400)	(36,653,231)	(16,159,268)	(4,339,319)
Loss per share-basic and diluted		(0.16)	(0.83)	(0.12)	(0.10)

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



	Nine months period ended		Quarter ended	
	31-Mar-20 Rupees (un-audited)	31-Mar-19 Rupees (un-audited)	31-Mar-20 Rupees (un-audited)	31-Mar-19 Rupees (un-audited)
Loss after taxation	(21,476,400)	(36,653,231)	(16,159,268)	(4,339,319)
Other comprehensive income:				
Items that may be reclassified subsequently to the statement of profit or loss				
- Gain / (loss) on revaluation of investments - term finance certificates	125	(125)	125	(125)
	125	(125)	125	(125)
Items that will not be reclassified subsequently to the statement of profit or loss	-	-	-	-
Total comprehensive loss for the period	(21,476,275)	(36,653,356)	(16,159,143)	(4,339,444)

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

	31-Mar-20 Rupees (un-audited)	31-Mar-19 Rupees (un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,116,921)	(35,921,701)
Adjustment for non cash expenses and other items:		
Depreciation on property and equipment	9,259,760	8,141,803
Depreciation on right of use assets	3,403,776	-
Amortization on intangible assets	1,517,995	1,473,264
Recovery against provision for doubtful balances - net	(8,152,444)	(82,883)
	6,029,087	9,532,184
Cash used in operations before working capital changes	(14,087,834)	(26,389,517)
Decrease / (increase) in operating assets		
Finances - net	(122,316,986)	(68,708,731)
Investments	(52,863,760)	(248,307,823)
Loan and advances	(1,305,601)	(5,620,142)
Interest accrued	(1,848,330)	(3,502,356)
Other receivables	(362,523)	329,825
Deposits and prepayments	(194,808)	253,065
	(178,892,008)	(325,556,162)
(Decrease) / Increase in operating liabilities		
Certificates of deposit	(101,707,980)	(36,785,106)
Accrued markup	(24,961,317)	13,344,870
Trade and other payables	7,486,491	(17,515,202)
	(119,182,806)	(40,955,438)
Net cash used in operations	(312,162,648)	(392,901,117)
Income tax paid	(10,055,545)	(6,377,261)
Net cash used in operating activities	(322,218,193)	(399,278,378)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(15,098,507)	(16,377,170)
Capital expenditure on intangible assets	-	(7,807,692)
Net cash used in investing activities	(15,098,507)	(24,184,862)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	915,000,000	-
Payment of lease liabilities	(3,719,747)	-
Borrowings - net	(65,709,420)	-
Conversion of sub-ordinated loan	(650,000,000)	-
Conversion of sponsors loan	(176,000,000)	-
Share issue cost	(15,503,543)	-
Net cash generated from financing activities	4,067,290	-
Net decrease in cash and cash equivalents	(333,249,410)	(423,463,240)
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	245,236,608	332,537,167

The annexed notes 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 revaluation of investments		Accumulated loss		
441,000,000	158,496,746	-	19,941,617	(519,439,004)		99,999,359
-	-	-	-	(36,653,231)		(36,653,231)
-	-	(125)	-	-		(125)
-	-	(125)	(758,346)	(36,653,231)		(36,653,356)
-	-	-	210,651	758,346		-
441,000,000	158,496,746	(125)	19,393,922	(555,333,889)		210,651
-	-	-	-	(13,643,220)		(13,643,220)
-	-	-	-	(13,643,220)		(13,643,220)
-	-	-	(238,735)	238,735		-
-	-	-	(210,651)	-		(210,651)
441,000,000	158,496,746	(125)	18,944,536	(568,738,374)		49,702,783
-	-	-	-	(874,757)		(874,757)
915,000,000	-	-	-	-		915,000,000
-	-	-	-	(15,503,543)		(15,503,543)
-	-	125	-	(21,476,400)		(21,476,400)
-	-	125	-	(21,476,400)		(21,476,275)
-	-	-	(710,421)	710,421		-
1,356,000,000	158,496,746	-	18,234,115	(605,882,653)		926,848,208

Rupees-----

Balance as at 01 July 2018 (audited) - adjusted

Net loss for the period
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
- Revaluation of surplus on property - adjustment due to change in tax rate

Balance as at 31 March 2019 (un-audited)

Net loss for the period
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
- Revaluation of surplus on property - adjustment due to change in tax rate

Balance as at 01 July 2019 (audited)

Effect of initial application of IFRS 16
Transaction with owners:
Issuance of ordinary shares
Transaction cost on Issuance of ordinary shares
Net loss for the period
Other comprehensive loss
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
- Revaluation of surplus on property - adjustment due to change in tax rate

Balance as at 31 March 2020 (un-audited)

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

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 09 April 2020.

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.

The impact of adoption of IFRS 16 as follows :	1-Jul-19 Rupees
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.

		31-Mar-20 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
5 PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	116,255,265	105,396,798
Right of use assets	5.2	46,311,525	-
Advances for purchase of assets		5,321,047	8,990,771
		167,887,837	114,387,569
5.1 Operating fixed assets			
Opening net book value		105,396,798	97,389,870
Cost of addition	5.1.1	20,118,227	19,182,439
Less: Book value of deletion during period / year		-	-
Less: Depreciation for the period / year		9,259,760	11,175,511
Closing net book value		116,255,265	105,396,798
5.1.1 Cost of addition			
Improvement on leasehold premises		13,442,587	6,798,619
Office furniture and fixtures		2,012,132	3,734,878
Computer equipment		1,292,716	556,588
Office equipment		3,169,028	3,475,169
Owned vehicles		201,764	4,617,185
		20,118,227	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		3,403,776	-
		46,311,525	-
6 INTANGIBLE ASSETS			
Software	6.1	4,554,590	6,072,585
		4,554,590	6,072,585



	Note	31-Mar-20 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
6.1 Software			
Net carrying value		6,072,585	76,132
Cost of addition		-	8,135,744
Less: Amortization for the period / year		1,517,995	2,139,291
Net carrying value		4,554,590	6,072,585
7 LONG TERM FINANCES			
Secured and considered good	7.1 & 7.2	181,329,140	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		55,799,440	21,308,345
Less: general provision for micro finance portfolio		243,331	108,340
Closing balance		125,286,369	59,911,398

7.1 It includes amount of Rs. 132.675 million (30 June 2019:Rs. 59.24 million) disbursed to House finance customers at return ranges from 16.79% to 22.42% per annum for tenure of 02 to 20 years.

7.2 It includes amount of Rs. 48.666 million (30 June 2019:Rs. 21.668 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-Mar-20 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
9 CASH AND BANK BALANCES			
Cash in hand		362,044	92,098
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		199,509	85,604
Others		17,962,483	1,632,565
		18,161,992	1,718,169
Saving and deposit accounts	9.1	226,712,572	359,436,451
Escrow account	9.2	-	217,239,300
		245,236,608	578,486,018

9.1 Rate of return on term deposit receipts (TDRs) ranges from 10.75 % to 13.25 % (2019: 11.50% to 12.05%) per annum during the period.

9.2 Subsequent to successful completion of right issue transaction, the amount was released in accordance with the directions of SECP.

	Note	31-Mar-20 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-Mar-20 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 resolutions 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. 39.441 million (30 June 2019: Rs. 39.441 million) 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

- Outstanding guarantees amount to Rs. Nil (30 June 2019: Nil)
- House finance customers amount to Rs. 6.750 million (30 June 2019: Nil)



	Nine months ended		Quarter ended	
	31-Mar-20 Rupees (Un-audited)	31-Mar-19 Rupees (Un-audited)	31-Mar-20 Rupees (Un-audited)	31-Mar-19 Rupees (Un-audited)
15 ADMINISTRATIVE EXPENSES				
Salaries, allowance and other benefits	57,393,589	43,695,263	23,110,315	13,593,299
Staff training and welfare	2,441,400	28,000	941,400	3,000
Advertisement and business promotion	7,018,209	4,332,584	4,445,340	432,047
Rent, rates and taxes	607,522	772,308	142,500	375,500
Utilities	3,892,516	2,081,766	967,849	620,786
Communication charges	2,068,421	2,111,751	666,207	786,596
Travelling and vehicle maintenance	5,805,985	2,896,142	1,839,049	885,098
Repair and maintenance	3,239,921	794,758	1,057,998	326,272
Entertainment	1,118,400	740,664	351,311	215,649
Fee and subscriptions	1,544,223	1,528,800	1,965	34,012
Legal and professional charges	18,836,545	13,628,805	8,280,505	3,343,025
Printing and stationery	2,326,179	2,045,786	872,073	438,711
Insurance	1,409,839	1,411,452	512,504	477,793
Depreciation	9,259,760	8,141,803	3,367,394	2,896,339
Depreciation on right of use assets	3,403,776	-	1,350,000	-
Amortization on intangible assets	1,517,995	1,473,264	505,999	629,586
Miscellaneous expenses	3,589	874	-	487
	121,887,869	85,684,020	48,412,409	25,058,200

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:

	Nine months ended	
	31-Mar-20 Rupees (Un-audited)	31-Mar-19 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	-	(9,300,000)
Utilities expense	2,763,439	1,875,760
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	-
Associated companies:		
Escorts Capital Limited		
Profit earned during the period	-	2,333,805
Borrowings paid	22,263,160	-
Shares issued against borrowings	15,173,960	-
Markup on borrowings paid	1,065,011	-
Markup accrued on borrowings	927,398	-



	Nine months ended	
	31-Mar-20 Rupees (Un-audited)	31-Mar-19 Rupees (Un-audited)
Bahria Grand Hotel and Resorts		
Entertainment expense	346,599	256,737
The Safari Club		
Entertainment expense	26,913	-
Other associated companies		
Borrowings received	29,461,224	-
Borrowings paid	57,733,224	-
Markup on borrowings paid	3,216,001	-
Markup accrued on borrowings	3,141,254	-
Certificate of deposit matured	29,461,224	-
Advertisement expense	3,480,000	-
Profit paid on certificates of deposit	-	2,740,511
Executives		
Remuneration to key management personnel	12,968,905	18,424,752
Others:		
Contribution to staff retirement benefits plan	1,330,801	936,054
	31-Mar-20 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	1,299,000	1,798,640
Associated company:		
Escorts Capital Limited		
Borrowings	3,184,250	40,621,370
Markup accrued on borrowings	51,127	188,740
The Safari Club		
Trade and other payables	-	6,450
Other associated companies		
Certificate of deposit	-	29,461,224
Borrowings	-	28,272,300
Markup accrued on borrowings	-	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 and further extended for 01 year.

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.

Nine months ended 31 March 2020 (Un-audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
-----Rupees-----					
Profit on financing	15,413,434	20,579,948	789,816	-	36,783,198
Income from fee and commission	562,100	2,849,854	-	-	3,411,954
Return on investments	-	-	-	69,781,612	69,781,612
Total income for reportable segments	15,975,534	23,429,802	789,816	69,781,612	109,976,764
Finance costs	2,533,676	4,945,674	292,401	10,030,259	17,802,010
Administrative expenses	45,275,183	65,669,914	4,471,230	6,471,542	121,887,869
Segment result	(31,833,325)	(47,185,786)	(3,973,815)	53,279,811	(29,713,115)
Other income					1,443,750
Other operating income					8,152,444
Loss before taxation					(20,116,921)

As at 31 March 2020 (Un-audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
-----Rupees-----					
Segment assets	151,955,255	176,437,187	15,320,924	520,051,436	863,764,802
Unallocated assets					487,382,759
					<u>1,351,147,561</u>
Segment liabilities	42,818,963	80,984,468	4,805,361	164,838,824	293,447,615
Unallocated liabilities					130,851,738
Equity					926,848,208
					<u>1,351,147,561</u>



Nine months ended 31 March 2019 (Un-audited)

	House Finance activities	Micro Finance activities	Term and Other Finance activities	Investing activities	Total
	-----Rupees-----				
Profit on financing	3,682,828	852,217	244,110	-	4,779,155
Return on investments	-	-	-	62,300,955	62,300,955
Total income for reportable segments	3,682,828	852,217	244,110	62,300,955	67,080,110
Finance costs	1,882,696	435,661	124,791	31,848,821	34,291,969
Administrative expenses	4,704,219	1,088,570	311,811	79,579,420	85,684,020
Segment result	(2,904,087)	(672,014)	(192,492)	(49,127,286)	(52,895,879)
Other income					16,891,295
Other operating charges					82,883
Loss before taxation					<u>(35,921,701)</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					<u>1,070,377,794</u>
					<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					<u>30,758,247</u>
					<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 FAIRVALUES 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 30 April 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

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






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Bahria Orchard, Raiwind Road.
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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

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Hafizabad: Tel (92-547) 583312-14
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