

Half Yearly Report  
for the period ended  
31 December  
**2015**



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# Corporate Information

## BOARD OF DIRECTORS

### Chairman

Bairam Qureishy

### President & Chief Executive Officer

Shazia Bashir

### Directors

Bairam Qureishy

Shazia Bashir

Mutahir Ahmed

Tajamul Hussain Bokharee

Zulfiqar A. Khan

Muhammad Ashraf Ali

Muhammad Sharif Baqir

### Company Secretary / Chief Financial Officer

Muhammad Irfan Choudhry

## EXECUTIVE MANAGEMENT

### President & Chief Executive Officer

Shazia Bashir

### Head of Proprietary Investments

Hassan Abid Zaidi

### Head of MIS

Kamran Chughtai

## AUDIT COMMITTEE

### Chairman

Tajamul Hussain Bokharee

### Members

Bairam Qureishy

Mutahir Ahmed

### Secretary

Muhammad Mukarram

### Internal Auditors

Nasir Javaid Maqsood Imran & Co.

Chartered Accountants

### External Auditors

Tariq Abdul Ghani Maqbool & Co.

Chartered Accountants

### Legal Advisors

Lexium Attorneys at Law

### Tax Consultants

KPMG Taseer Hadi & Co.

Chartered Accountants

### Share Registrars

Hameed Majeed Associates (Pvt.) Ltd.

### Bankers

Bank Alfalah Limited

Askari Bank Limited

MCB Bank Limited

NIB Bank Limited

Sind Bank Limited

## NETWORK

### Head Office & Lahore Branch

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Fax: (042) 3637 5950

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www.escortsbank.net

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## Directors' Report

The Board of Directors of Escorts Investment Bank Limited ("the Company") is pleased to present before you the un-audited financial statements of the half year ended 31 December 2015, duly reviewed by the External Auditors.

The NBFC sector in Pakistan is continuously facing obstacles in its business activities due to factors such as reluctance of financial institutions/commercial banks to lend borrowings to NBFCs.

Your company posted as loss after tax of Rs. 38.10 million for the six months ended 31 December 2015 reflecting EPS of Rs. (0.86) as compared to a loss of Rs. 22.88 million and EPS of Rs. (0.52) corresponding period of last year. The primary reason for loss is 82.68% reduction in return on investments and the reduction of 15.79% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses remained almost same as compared to the corresponding period of last year. Brokerage commission also significantly decreased from Rs. 10.32 million to Rs. 0.82 million showing a total decrease of 91.98% as compared to the corresponding period of the last year.

Going forward, the management has planned to focus on the high yield products like Bill Discounting, Micro Finance, Islamic mode of Financing, as allowed under new NBFC regime and increase the portfolio of Margin Financing as the activity in equity market is improving day by day. Management is also emphasizing on non-funded products and aspires to attract business in this regard in near future.

The external auditors of the company have identified in their Review Report the shortage in minimum equity requirement. The management of your company has given its view in note no. 2.02 of condensed interim notes to the Financial Statements.

The board wishes to place on record the gratitude to SECP for their continued valued support, assistance and guidance. The board would also like to take this opportunity to express their admiration to the employees of the company for their commitment and hard work. The company recognizes and records its gratitude for their efforts.

For and on behalf of the Board

**Shazia Bashir**

President and Chief Executive Officer

Lahore: 29 February 2016

# Auditor's Report To The Members on Review of Condenses Interim Financial Information

## Introduction

We have reviewed the accompanying condenses interim balance sheet of Escorts Investment Bank Limited as at 31 December 2015 and the related condensed interim profit and loss account, condenses interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as possible in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended 31 December 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2015.

## Scope of Review

We conducted our review in accordance with the international standard on Review Engagements 2410, "Review of interim Financial Information Performed by the independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for the 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 the 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

- a) Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of end for the half year ended 31 December 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our conclusion, we draw attention to:

- b) Note No. 2.02 to the accompanying financial information which indicate that the company's equity as at 31 December 2015 has fallen below the minimum equity requirement required under regulation 4 of NBFC and notified entities Regulation 2008 but the Securities and Exchange Commission of Pakistan has given the permission to increase minimum equity requirement.

LAHORE:  
Date: 29 February 2016

**Tariq Abdul Ghani Maqbool and Co.**  
**Chartered Accountants**  
**(Engagement Partner: Shahid Mehmood)**

# Condensed Interim Balance Sheet

As at 31 December 2015

	Note	31-Dec-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	99,959,780	103,950,542
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	100,806,976	100,838,285
Long term finances		154,061,755	148,978,824
Long term loans and advances		1,492,640	2,336,442
Long term deposits and prepayments		45,754,950	46,247,634
Deferred tax asset		136,551,606	136,551,607
		747,081,707	747,357,334
<b>CURRENT ASSETS</b>			
Current maturities of non-current assets		59,155,749	62,721,039
Short term investments	7	138,043,017	171,686,039
Short term finances		145,693,532	322,855,705
Advances		4,794,073	3,926,965
Short term deposits and prepayments		820,145	722,238
Interest accrued		20,293,829	23,568,869
Other receivables		145,637,111	83,457,672
Tax refunds due from the government		198,305,430	210,186,541
Cash and bank balances		9,623,417	5,489,402
		722,366,303	884,614,470
		1,469,448,010	1,631,971,804
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		441,000,000	441,000,000
Reserves		(18,945,177)	15,640,913
		422,054,823	456,640,913
Surplus on revaluation of property, plant and equipment		31,940,064	32,759,040
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term certificates of deposit		299,869,959	290,116,323
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities		306,437,607	408,601,310
Short term borrowings		48,159,150	-
Short term certificates of deposit		239,880,345	382,801,480
Accrued markup		9,529,770	9,291,796
Trade and other payables	8	97,738,147	38,035,512
Provision for taxation		13,838,145	13,725,430
		715,583,164	852,455,528
Contingencies and commitments	9	-	-
		1,469,448,010	1,631,971,804

The annexed notes from 01 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

# Condensed Interim Profit and Loss Account

For the half year and quarter ended 31 December 2015 (Un-audited)

		Half year ended		Quarter ended	
	Note	31-Dec-15 Rupees	31-Dec-14 Rupees	31-Dec-15 Rupees	31-Dec-14 Rupees
INCOME					
Profit on financing		50,518,301	52,812,460	22,742,378	25,743,012
Return on placements		-	6,507	-	6,507
Return on investments	10	2,952,131	17,047,541	(890,685)	8,604,140
Fees and commission		827,751	10,326,820	201,991	6,549,188
Profit on bank deposits		552,292	3,154,722	201,379	1,087,913
Other income		9,187,584	4,245,643	4,256,714	1,542,635
		64,038,059	87,593,693	26,511,777	43,533,395
EXPENSES					
Return on certificates of deposit		69,327,352	82,329,113	31,914,928	41,938,913
Return on term finance certificates		-	413,364	-	-
Mark-up on borrowings from financial institutions		1,410,446	1,975,277	763,645	1,459,635
Amortization of premium on held to maturity investments		31,308	28,500	15,654	14,250
Administrative and other operating expenses	11	31,223,906	34,348,259	15,520,422	18,443,061
Other financial charges		37,618	49,655	18,977	25,447
		102,030,630	119,144,168	48,233,626	61,881,306
Operating loss before provisions and taxation		(37,992,571)	(31,550,475)	(21,721,849)	(18,347,911)
Provision for doubtful financing		-	(412,786)	-	(412,786)
Loss before taxation		(37,992,571)	(31,963,261)	(21,721,849)	(18,760,697)
Taxation		(112,715)	9,081,068	243,109	9,653,111
Net loss for the period		(38,105,286)	(22,882,193)	(21,478,740)	(9,107,586)
Loss per share-basic and diluted		(0.86)	(0.52)	(0.49)	(0.21)

The annexed notes from 01 to 16 form an integral part of this condensed interim financial information.

## Condensed Interim Statement of Comprehensive Income

For the half year and quarter ended 31 December 2015 (Un-audited)

	Half year ended		Quarter ended	
	31-Dec-15 Rupees	31-Dec-14 Rupees	31-Dec-15 Rupees	31-Dec-14 Rupees
Net loss for the period	(38,105,286)	(22,882,193)	(21,478,740)	(9,107,586)
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss account				
- Gain on remeasurement of available for sale investments	2,700,220	1,532,342	4,370,365	2,256,947
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(35,405,066)</b>	<b>(21,349,851)</b>	<b>(17,108,375)</b>	<b>(6,850,639)</b>

The annexed notes from 01 to 16 form an integral part of this condensed interim financial information.



# Condensed Interim Cash Flow Statement

For the half year ended 31 December 2015 (Un-audited)

	31-Dec-15 Rupees	31-Dec-14 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	(37,992,571)	(31,963,261)
<b>Adjustment for non cash expenses and other items:</b>		
Dividend income	(233,374)	(752,831)
Depreciation on property and equipment	4,086,553	4,522,457
Amortization on intangible assets	42,814	64,215
Provision for doubtful financing	-	412,787
Amortization of premium on held to maturity investments	31,308	28,500
Amortization of issuance cost of listed TFCs	-	338,153
Gain on sale of fixed assets	-	(1,215,000)
Fair value gain on held for trading investment	-	(392,202)
	3,927,301	3,006,079
	(34,065,270)	(28,957,181)
<b>Decrease / (increase) in operating assets</b>		
Disbursements of finances - net	173,570,399	(31,362,608)
Net investment in lease finance	-	37,302
Investments - net	36,343,243	107,963,155
Long term and short term advances	284,831	(2,759,585)
Interest accrued	3,275,040	(6,362,082)
Other receivables	(62,179,439)	9,997,312
Deposits and prepayments	1,421,096	5,853,835
	152,715,170	83,367,329
<b>(Decrease) / Increase in operating liabilities</b>		
Borrowings from financial institutions	48,159,150	18,283,275
Certificates of deposit	(234,591,702)	(13,964,583)
Accrued markup	238,147	2,827,294
Trade and other payables	59,702,635	(70,260,343)
	(126,491,770)	(63,114,357)
	26,223,400	20,252,972
<b>Net cash used in operations</b>	(7,841,870)	(8,704,212)
Taxation - net	11,881,111	(3,248,748)
<b>Net cash generated from / (used in) operating activities</b>	4,039,241	(11,952,960)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure incurred	(138,600)	(2,363,460)
Dividend received	233,374	752,831
Proceeds from sale of fixed assets	-	1,215,000
<b>Net cash generated from / (used in) investing activities</b>	94,774	(395,629)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Redemption of listed term finance certificates	-	(24,979,800)
<b>Net cash used in financing activities</b>	-	(24,979,800)
<b>Net increase / (decrease) in cash and cash equivalents</b>	4,134,015	(37,328,389)
<b>Cash and cash equivalents at the beginning of the period</b>	5,489,402	50,716,737
<b>Cash and cash equivalents at the end of the period</b>	9,623,417	13,388,348

The annexed notes from 01 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

# Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2015 (Un-audited)

	Share capital	Capital Reserves	Revenue Reserves		
		Statutory reserve	Loss on remeasurement of available for sale	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	
Total				Rupees	
Balance as at 01 July 2014	441,000,000	158,496,746	(7,664,952)	(117,595,142)	474,236,652
Total Comprehensive Income for the period:					
Net loss for the half year ended 31 December 2014	-	-	-	(22,882,193)	(22,882,193)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Gain on remeasurement of available for sale investments	-	-	1,532,342	-	1,532,342
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	1,532,342	(22,882,193)	(21,349,851)
			-	862,080	862,080
Balance as at 31 December 2014	441,000,000	158,496,746	(6,132,610)	(139,615,255)	453,748,881
Total Comprehensive Income for the period:					
Profit for the half year ended 30 June 2015	-	-	-	1,830,491	1,830,491
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Gain on remeasurement of available for sale investments	-	-	199,461	-	199,461
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	199,461	1,830,491	2,029,952
	-	-	-	862,080	862,080
Balance as at 01 July 2015	441,000,000	158,496,746	(5,933,149)	(136,922,684)	456,640,913
Total Comprehensive Income for the period:					
Net loss for the half year ended 31 December 2015	-	-	-	(38,105,286)	(38,105,286)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Gain on remeasurement of available for sale investments	-	-	2,700,220	-	2,700,220
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	2,700,220	(38,105,286)	(35,405,066)
	-	-	-	818,976	818,976
Balance as at 31 December 2015	441,000,000	158,496,746	(3,232,929)	(174,208,994)	422,054,823

The annexed notes from 01 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

# Notes to the Condensed Interim Financial Information

## For the half year ended 31 December 2015 (Un-audited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

#### 1.01 Parent Company

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the provisions of the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operations on 16 October 1996. The Company is listed on the Pakistan stock exchange Limited. Escorts Investment Bank Limited is licensed to carry out investment finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

#### 1.02 Subsidiary Company

Escorts Capital Limited was incorporated as a public limited company on 05 June 2008 under the provisions of the Companies Ordinance, 1984. ESCAP is engaged in the business of stock brokerage, portfolio management and trading in listed securities on Pakistan Stock Exchange Limited. The registered office of ESCAP is located at Escorts House, 26 Davis Road, Lahore. ESCAP is a member of the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to "BBB" (Triple B) and also maintained the short-term rating at "A3" (A three) dated 20 March 2015. The ratings denote an adequate capacity of timely payment of financial commitments.

### 2. BASIS OF PRESENTATION

**2.01** This condensed interim financial information is un-audited but subject to limited scope review by the auditors and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 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 2015.

**2.02** The condensed interim financial information of the company reflect that the equity of the company as at 31 December 2015 is Rs. 422.054 million which is below the minimum capital required under NBFC regulations 2008. The NBFC Reforms Process initiated by Securities and Exchange Commission of Pakistan is also underway and it is expected that the minimum equity requirement would be revised as a result. The management is confident and committed that the equity requirement would be met through internal resources including retained earnings.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015.

### 3.01 Changes in accounting standards and interpretations

#### a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after 01 January 2015 and are considered to be relevant to the Company's operations.

IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

IFRS 10 replaces the current guidance on consolidation in IAS 27 'Consolidated and Separate Financial Statements'. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable return and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. The application of IFRS 10 did not result in any investee being in control of the Company.

IFRS 12 prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosure on the nature and risks associated with interests in unconsolidated structured entities. The application of IFRS 12 did not result in any investee being in control of the Company.

IFRS 13 'Fair Value Measurement', consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the condensed interim financial information of the Company.

#### b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2015.

	Note	31-Dec-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
<b>5. FIXED ASSETS</b>			
Tangible			
- Property and equipments	5.01	99,745,684	103,693,637
Intangible assets		214,096	256,905
		99,959,780	103,950,542
<b>5.01 Property and equipments</b>			
Opening written down value		103,693,637	110,287,188
<b>Additions:</b>			
Computer equipment		138,600	72,960
Office equipment		-	135,732
Vehicles		-	2,374,000
		138,600	2,582,692
<b>Disposals:</b>			
Vehicles	5.01.1	-	-
Depreciation for the period / year		4,086,553	9,176,243
Closing written down value		99,745,684	103,693,637
<b>5.01.1 Particulars of vehicles disposed off during the period:</b>			
Cost		-	1,685,440
Accumulated depreciation		-	(1,685,440)
Book value		-	-
<b>6. LONG TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Pakistan investment bonds		100,806,976	100,838,285
<b>7. SHORT TERM INVESTMENTS</b>			
<b>a) Held to maturity</b>			
Treasury bills		47,922,600	65,861,977
<b>b) Held for trading</b>			
<b>i) Shares/ units</b>			
Others		11,147,704	11,147,704
<b>ii) Investment in commodities</b>		69,888,453	70,882,683
<b>c) Available for sale</b>			
Listed shares / units		12,317,189	29,726,824
		141,275,946	177,619,188
Deficit on remeasurement		(3,232,929)	(5,933,149)
		138,043,017	171,686,039
<b>8. TRADE AND OTHER PAYABLES</b>			
Customers' credit balances		63,451,235	8,027,600
Accrued expenses and other payables		30,049,396	25,264,142
Provision for compensated absences		1,851,862	2,358,116
Unclaimed dividend		2,385,654	2,385,654
		97,738,147	38,035,512

	31-Dec-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
There exist no known contingencies as at balance sheet date.		
<b>b) Commitments</b>		
Outstanding guarantees	59,428,211	11,668,397

**10. RETURN ON INVESTMENTS**

	Half year ended		Quarter ended	
	31-Dec-15 Rupees (Un-audited)	31-Dec-14 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)	31-Dec-14 Rupees (Un-audited)
Mark-up / return on investments	7,457,011	8,122,682	3,496,543	4,339,301
Dividend income	233,374	752,831	194,374	686,406
Capital (Loss) / gain on listed shares/securities	(4,738,254)	8,172,028	(4,581,602)	3,578,433
	2,952,131	17,047,541	(890,685)	8,604,140

**11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

Salaries, wages and benefits	15,864,821	15,882,885	7,465,262	7,848,034
Staff training and welfare	193,163	58,249	140,194	20,360
Advertisement and business promotion	75,700	139,768	75,700	62,850
Rent, rates and taxes	3,611,903	2,231,826	2,083,721	1,531,113
Utilities	710,104	977,625	338,492	567,229
Communication charges	833,754	953,911	406,244	379,760
Traveling and conveyance	1,843,003	2,724,095	966,116	1,378,062
Repair and maintenance	1,238,310	838,866	502,585	551,674
Entertainment	502,481	504,597	250,293	274,929
Fee and subscriptions	425,449	915,326	64,242	62,672
Legal and professional charges	624,264	978,481	438,623	697,844
Printing and stationery	611,813	566,346	447,031	423,356
Fee, brokerage and commission	26,614	24,798	15,252	18,650
CDC and clearing charges	-	2,073,628	-	2,073,628
Insurance	401,586	437,458	172,375	201,347
Amortization of issuance cost of listed TFCs	-	338,153	-	-
Depreciation	4,086,553	4,522,457	2,045,437	2,319,146
Amortization on intangible assets	42,816	64,215	21,408	32,106
Miscellaneous expenses	131,572	115,575	87,447	301
	31,223,906	34,348,259	15,520,422	18,443,061

**12. TRANSACTIONS WITH RELATED PARTIES**

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

	<b>31-Dec-15 Rupees (Un-audited)</b>	<b>31-Dec-14 Rupees (Un-audited)</b>
<b>Transactions during the period</b>		
<b>Subsidiary Company:</b>		
Profit paid on certificates of deposit	2,707,397	3,008,219
Return on finances received	-	8,000,000
Fee/ commission earned during the period	-	10,306,880
Return on assets	3,156,408	7,668,525
<b>Associated companies:</b>		
Return on finances received	298,663	127,716
Profit paid on certificates of deposit	1,798,956	1,468,774
Vehicle purchased	-	2,300,000
<b>Directors:</b>		
Return on finances received	436,822	1,101,953
Profit paid on certificates of deposit	3,900,480	3,900,480
Fixed assets sold	-	2,300,000
<b>Executives:</b>		
Return on finances received	17,538	104,441
Profit paid on certificates of deposit	3,367,479	5,573,999
Proceeds from sale of vehicle	-	1,215,000
<b>Others:</b>		
Contribution to staff retirement benefits plan	558,551	581,463
	<b>Half year ended</b>	
	<b>31-Dec-15 Rupees</b>	<b>30-Jun-15 Rupees</b>
<b>Balance at the end of the period</b>		
<b>Subsidiary Company:</b>		
Finances outstanding	100,000,000	100,000,000
Certificates of deposit outstanding	50,000,000	50,000,000
Receivable from subsidiary company	131,519,847	57,764,985
Profit receivable on financing	14,853,521	6,853,521
Markup payable on COD	164,384	147,945
<b>Associated companies:</b>		
Advances outstanding	33,304,466	34,339,673
Letter of guarantee outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	34,357,049	34,357,049
Other receivable / (payable)	29,109,441	29,413,353
Markup payable on COD	123,351	113,521

	31-Dec-15 Rupees (Un-audited)	31-Dec-14 Rupees (Un-audited)
<b>Directors:</b>		
Financing outstanding	37,205,801	38,437,185
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	1,719,203	1,215,000
Markup payable on COD	379,133	357,819
<b>Executives:</b>		
Advances outstanding	2,930,397	4,203,789
Certificates of deposit outstanding	57,000,000	5,700,000
Markup payable on COD	318,493	309,754

### 13. SEGMENTAL ANALYSIS

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

#### Financing activities

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

#### Investing activities

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

Six Months ended 31 December 2015			
	Financing activities	Investing activities	Total
Profit on financing	50,518,301	-	50,518,301
Return on investments	-	2,952,131	2,952,131
<b>Total income for reportable segments</b>	50,518,301	2,952,131	53,470,432
Finance costs	66,655,284	4,151,440	70,806,724
Administrative and other operating expenses	29,393,220	1,830,686	31,223,906
<b>Segment result</b>	(45,530,203)	(3,029,995)	(48,560,198)
Other operating income			10,567,627
Loss before taxation			(37,992,571)
<b>Segment assets</b>	361,014,367	464,544,530	825,558,897
Unallocated assets			643,889,113
			1,469,448,010
<b>Segment liabilities</b>	223,696,158	280,698,581	504,394,738
Unallocated liabilities			542,998,450
Equity			422,054,823
			1,469,448,010



## Six Months ended 31 December 2014

	Financing activities	Investing activities	Total
Profit on financing	52,812,460	-	52,812,460
Return on placements	-	6,507	6,507
Return on investments	-	17,047,541	17,047,541
<b>Total income for reportable segments</b>	52,812,460	17,054,048	69,866,508
Finance costs	64,097,673	20,698,236	84,795,909
Administrative and other operating expenses	25,964,029	8,384,230	34,348,259
Provision for doubtful financing	412,786	-	412,786
<b>Segment result</b>	(37,662,028)	(12,028,418)	(49,690,446)
Other operating income			17,727,185
Loss before taxation			(31,963,261)
<b>Segment assets</b>	499,318,842	682,325,693	1,181,644,535
Unallocated assets			601,400,099
			1,783,044,634
<b>Segment liabilities</b>	233,433,040	319,872,142	553,305,181
Unallocated liabilities			769,857,963
Equity			459,881,491
			1,783,044,634

**14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company's activities expose it 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 annual financial statements for the year ended 30 June 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Company as at and for the year ended 30 June 2015.

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

**15. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 29 February 2016.

**16. GENERAL**

**16.01** The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2015 and 2014 were subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

**16.02** Corresponding figures have been re-arranged and/or re-classified for the purpose of better presentation the effect of which is not material.

**16.03** Figures have been rounded off to the nearest of rupee.

## Consolidated Financial Statements - Group

31 December 2015

## Director's Report to Un-Audited Condensed Interim Consolidated Financial Statements

The Board of Directors of Escorts Investment Bank Limited and its subsidiary company Escorts Capital Limited ("the Group") is pleased to present before you the un-audited Condensed Interim Consolidated Financial Statements of the half year ended 31 December 2015.

Your Group posted as loss after tax of Rs. 11.77 million for the six months ended 31 December 2015 reflecting EPS of Rs. (0.27) as compared to a loss of Rs. 34.75 million and EPS of Rs. (0.79) corresponding period of last year. The primary reason for loss is 54.58% increase in return on investments and the reduction of 18.30% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses remained almost same as compared to the corresponding period of last year. Brokerage commission improved significantly from Rs. 39.81 million to Rs. 40.90 million showing a total increase of 2.72% as compared to the corresponding period of the last year.

Going forward, the management has planned to focus on the high yield products like Bill Discounting, Micro Finance, Islamic mode of Financing, as allowed under new NBFC regime and increase the portfolio of Margin Financing as the activity in equity market is improving day by day and it will also improve the brokerage revenues of the Subsidiary Company. Management is also emphasizing on non-funded products and aspires to attract business in this regard in near future.

For and on behalf of the Board

**Shazia Bashir**

President and Chief Executive Officer

Lahore: 29 February 2016

# Condensed Interim Consolidated Balance Sheet

As at 31 December 2015

	Note	31-Dec-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	103,279,879	107,369,269
Cards and rooms		36,441,420	36,441,420
Long term investment in subsidiary company		-	-
Long term investments	6	149,320,556	149,351,865
Long term finances		54,061,755	48,978,824
Long term loans and advances		1,492,640	2,336,442
Long term deposits and prepayments		4,633,609	2,993,714
Deferred tax asset		136,551,606	136,551,607
		485,781,465	484,023,141
<b>CURRENT ASSETS</b>			
Current maturities of non-current assets		59,155,749	62,721,039
Short term investments	7	171,443,017	171,686,039
Short term finances		145,693,532	322,855,705
Advances		6,304,293	5,234,905
Short term deposits and prepayments		39,306,145	78,762,238
Interest accrued		6,184,213	17,459,253
Other receivables		76,164,429	152,014,901
Tax refunds due from the government		205,279,430	216,869,505
Cash and bank balances		11,553,702	29,359,455
		721,084,510	1,056,963,040
		1,206,865,975	1,540,986,181
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		441,000,000	441,000,000
Reserves		(266,302,077)	(258,048,604)
		174,697,923	182,951,396
Surplus on revaluation of property, plant and equipment		31,940,064	32,759,040
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term certificates of deposit		299,869,959	290,116,323
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities		306,437,607	408,601,310
Short term borrowings		48,159,150	-
Short term certificates of deposit		189,880,345	332,801,480
Accrued markup		7,869,496	9,143,851
Trade and other payables	8	134,173,286	270,887,351
Provision for taxation		13,838,145	13,725,430
		700,358,029	1,035,159,422
<b>Contingencies and commitments</b>	9	-	-
		1,206,865,975	1,540,986,181

The annexed notes from 01 to 16 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

# Condensed Interim Consolidated Profit and Loss Account

For the half year and quarter ended 31 December 2015 (Un-audited)

		Half year ended		Quarter ended	
	Note	31-Dec-15 Rupees	31-Dec-14 Rupees	31-Dec-15 Rupees	31-Dec-14 Rupees
INCOME					
Profit on financing		40,242,836	37,170,059	19,623,321	17,307,687
Return on placements		-	6,507	-	6,507
Return on investments	10	26,352,131	17,047,541	(2,790,685)	8,604,140
Fees and commission		40,903,133	39,818,188	12,959,098	26,886,862
Profit on bank deposits		2,266,650	5,726,956	802,147	2,438,695
Other income		9,187,584	5,736,033	4,256,714	2,196,146
		118,952,334	105,505,284	34,850,595	57,440,037
EXPENSES					
Return on certificates of deposit		64,806,804	79,320,894	28,906,709	40,443,023
Return on term finance certificates		-	413,364	-	-
Mark-up on borrowings from financial institutions		1,410,446	1,975,277	763,645	1,459,635
Amortization of premium on held to maturity investments		31,308	28,500	15,654	14,250
Administrative and other operating expenses	11	62,014,454	64,482,418	28,777,016	35,508,449
Other financial charges		60,711	81,722	32,806	44,634
		128,323,723	146,302,175	58,495,830	77,469,991
Operating loss before provisions and taxation		(9,371,389)	(40,796,891)	(23,645,235)	(20,029,954)
Provision for doubtful financing		-	(412,786.00)	-	(412,786.00)
Loss before taxation		(9,371,389)	(41,209,677)	(23,645,235)	(20,442,740)
Taxation		(2,401,280)	6,463,349	(479,484)	8,005,024
Net loss for the period		(11,772,669)	(34,746,328)	(24,124,719)	(12,437,716)
Loss per share-basic and diluted		(0.27)	(0.79)	(0.55)	(0.28)

The annexed notes from 01 to 16 form an integral part of this consolidated condensed interim financial information.

# Condensed Interim Consolidated Statement of Comprehensive Income

For the half year and quarter ended 31 December 2015 (Un-audited)

	Half year ended		Quarter ended	
	31-Dec-15 Rupees	31-Dec-14 Rupees	31-Dec-15 Rupees	31-Dec-14 Rupees
Net loss for the period	(11,772,669)	(34,746,328)	(24,124,719)	(12,437,716)
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit and loss account				
- Gain on remeasurement of investments available for sale listed shares	2,700,220	1,532,342	4,370,365	2,256,947
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(9,072,449)</b>	<b>(33,213,986)</b>	<b>(19,754,354)</b>	<b>(10,180,769)</b>

The annexed notes from 01 to 16 form an integral part of this consolidated condensed interim financial information.

## Condensed Interim Consolidated Cash Flow Statement

For the half year ended 31 December 2015 (Un-audited)

	31-Dec-15 Rupees	31-Dec-14 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(9,371,389)	(41,209,677)
Adjustment for non cash expenses and other items:		
Dividend income	(233,374)	(752,831)
Depreciation on property and equipments	4,172,363	4,835,392
Amortization on intangible assets	55,627	107,251
Provision for doubtful financing	-	412,786
Amortization of premium on held to maturity investments	31,308	28,500
Amortization of issuance cost of listed TFCs	-	338,153
Gain on sale of fixed assets	-	(1,215,000)
Fair value gain on held for trading investment	(23,400,000)	(392,202)
	(19,374,076)	3,362,049
	(28,745,465)	(37,847,627)
<b>Decrease / (increase) in operating assets</b>		
Disbursements of finances - net	173,570,399	(31,362,608)
Net investment in lease finance	-	37,302
Investments - net	26,343,243	107,963,155
Long term and short term advances	82,551	(2,739,922)
Interest accrued	11,275,040	(4,262,151)
Other receivables	75,850,472	(18,746,292)
Deposits and prepayments	38,842,517	(12,119,789)
	325,964,222	38,769,695
<b>(Decrease) / Increase in operating liabilities</b>		
Borrowings from financial institutions	48,159,150	18,283,275
Certificates of deposit	(234,591,702)	(13,964,583)
Running finance facility	-	-
Accrued markup	(1,274,177)	5,720,444
Trade and other payables	(136,714,065)	(17,960,707)
	(324,420,794)	(7,921,571)
	1,543,428	30,848,124
Net cash used in operations	(27,202,037)	(6,999,504)
Taxation - net	9,301,510	(6,637,156)
<b>Net cash used in operating activities</b>	(17,900,527)	(13,636,660)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(138,600)	(2,916,941)
Dividend received	233,374	752,831
Proceeds from sale of fixed assets	-	1,215,000
<b>Net cash generated from / (used in) investing activities</b>	94,774	(949,110)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Redemption of listed term finance certificates	-	(24,979,800)
<b>Net cash used in financing activities</b>	-	(24,979,800)
<b>Net decrease in cash and cash equivalents</b>	(17,805,753)	(39,565,570)
<b>Cash and cash equivalents at the beginning of the period</b>	29,359,455	53,225,197
<b>Cash and cash equivalents at the end of the period</b>	11,553,702	13,659,627

The annexed notes from 01 to 16 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

# Condensed Interim Consolidated Statement of Changes in Equity

For the half year ended 31 December 2015 (Un-audited)

	Share capital	Capital Reserves	Revenue Reserves		
		Statutory reserve	Loss on remeasurement of available for sale	Accumulated loss	
	Rupees	Rupees	for sale Rupees	Rupees	
Total	Rupees				
Balance as at 01 July 2014	441,000,000	158,496,746	(7,664,952)	(375,682,789)	216,149,005
Total Comprehensive Income for the period:					
Net loss for the half year ended 31 December 2014	-	-	-	(34,746,328)	(34,746,328)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Gain on remeasurement of investments available for sale listed shares	-	-	-	-	-
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	-	(34,746,328)	(34,746,328)
Incremental depreciation on revalued assets for the period		-	-	862,080	862,080
Balance as at 31 December 2014	441,000,000	158,496,746	(7,664,952)	(409,567,037)	182,264,757
Total Comprehensive Income for the period:					
Net loss for the half year ended 30 June 2015	-	-	-	(1,907,244)	(1,907,244)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Gain on remeasurement of investments available for sale listed shares	-	-	1,731,803	-	1,731,803
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	1,731,803	(1,907,244)	(175,441)
Incremental depreciation on revalued assets for the period	-	-	-	862,080	862,080
Balance as at 01 July 2015	441,000,000	158,496,746	(5,933,149)	(410,612,201)	182,951,396
Total Comprehensive Income for the period:					
Net loss for the half year ended 31 December 2015	-	-	-	(11,772,669)	(11,772,669)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Gain on remeasurement of investments available for sale listed shares	-	-	2,700,220	-	2,700,220
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	2,700,220	(11,772,669)	(9,072,449)
Incremental depreciation on revalued assets for the period	-	-	-	818,976	818,976
Balance as at 31 December 2015	441,000,000	158,496,746	(3,232,929)	(421,565,894)	174,697,923

The annexed notes from 01 to 16 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director



# Condensed Interim Notes to the Consolidated Financial Information

For the half year ended 31 December 2015 (Un-audited)

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

### 1.01 Parent Company

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the provisions of the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operations on 16 October 1996. The Company is listed on the Pakistan Stock Exchange Limited. Escorts Investment Bank Limited is licensed to carry out investment finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

### 1.02 Subsidiary Company

Escorts Capital Limited was incorporated as a public limited company on 05 June 2008 under the provisions of the Companies Ordinance, 1984. ESCAP is engaged in the business of stock brokerage, portfolio management and trading in listed securities on Pakistan Stock Exchange Limited. The registered office of ESCAP is located at Escorts House, 26 Davis Road, Lahore. ESCAP is a member of the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to "BBB" (Triple B) and also maintained the short-term rating at "A3" (A three) dated 20 March 2015. The ratings denote an adequate capacity of timely payment of financial commitments.

## 2. BASIS OF PRESENTATION

**2.01** This consolidated condensed interim financial information is un-audited but subject to limited scope review by the auditors and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

This consolidated condensed interim financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Groups' annual financial statements for the year ended 30 June 2015.

**2.02** The consolidated condensed financial information of the group reflect that the equity of the group as at 31 December 2015 is Rs. 174.454 million which is below the minimum capital required under NBFC regulations 2008. The NBFC Reforms Process initiated by Securities and Exchange Commission of Pakistan is also underway and it is expected that the minimum equity requirement would be revised as a result. The management is confident and committed that the equity requirement would be met through internal resources including retained earnings.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015.

### 3.01 Changes in accounting standards and interpretations

#### a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after 01 January 2015 and are considered to be relevant to the Group's operations.

IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

IFRS 10 replaces the current guidance on consolidation in IAS 27 'Consolidated and Separate Financial Statements'. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable return and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. The application of IFRS 10 did not result in any investee being in control of the Group.

IFRS 12 prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosure on the nature and risks associated with interests in unconsolidated structured entities. The application of IFRS 12 did not result in any investee being in control of the Group.

IFRS 13 'Fair Value Measurement', consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the condensed interim financial information of the Group.

#### b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2015, but are considered not to be relevant or have any significant effect on the Group's reporting and are therefore, not disclosed in this consolidated condensed interim financial information.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2015.

	Note	31-Dec-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
<b>5. FIXED ASSETS</b>			
Tangible			
Property and equipments	5.1	102,847,932	106,881,695
Intangible assets		431,947	487,574
		103,279,879	107,369,269
<b>5.01 Property and equipments</b>			
Opening written down value		106,881,695	113,685,422
<b>Additions:</b>			
Computer equipment		138,600	356,840
Office equipment		-	289,032
Vehicles		-	2,374,000
<b>Disposals:</b>			
Vehicles	5.1.1	-	-
Depreciation for the period / year		4,172,363	9,823,599
Closing written down value		102,847,932	106,881,695
<b>5.1.1 Particulars of vehicles disposed off during the period:</b>			
Cost		-	1,685,440
Accumulated depreciation		-	(1,685,440)
Book value		-	-
<b>6. LONG TERM INVESTMENTS</b>			
<b>a) Held to maturity</b>			
Pakistan investment bonds		100,806,976	100,838,285
<b>b) Available for sale - at cost</b>			
Investment in unquoted Companies	6.01	48,513,580	48,513,580
		149,320,556	149,351,865
<b>6.01 Investment in Unquoted Companies</b>			
Karachi Stock Exchange Limited (KSE)		40,073,830	40,073,830
Lahore Stock Exchange Limited (LSE)		8,439,750	8,439,750
		48,513,580	48,513,580

	31-Dec-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
<b>7. SHORT TERM INVESTMENTS</b>		
<b>a) Held to maturity</b>		
Treasury bills	47,922,600	65,861,977
<b>b) Held for trading</b>		
<b>i) Shares/ units</b>		
Others	11,147,704	11,147,704
<b>ii) Investment in commodities</b>	69,888,453	70,882,683
<b>c) Available for sale</b>		
Listed shares / units	22,317,189	29,726,824
	151,275,946	177,619,188
Deficit on remeasurement	20,167,071	(5,933,149)
	171,443,017	171,686,039
<b>8. TRADE AND OTHER PAYABLES</b>		
Customers' credit balances	95,233,167	232,030,400
Accrued expenses and other payables	34,702,603	34,113,181
Provision for compensated absences	1,851,862	2,358,116
Unclaimed dividend	2,385,654	2,385,654
	134,173,286	270,887,351
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
There exist no known contingencies as at balance sheet date.		
<b>b) Commitments</b>		
Outstanding guarantees	59,428,211	11,668,397

**10. RETURN ON INVESTMENTS**

	Half year ended		Quarter ended	
	31-Dec-15 Rupees (Un-audited)	31-Dec-14 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)	31-Dec-14 Rupees (Un-audited)
Mark-up / return on investments	7,457,011	8,122,682	3,496,543	4,339,301
Dividend income	233,374	752,831	194,374	686,406
Capital gain/(Loss) on Listed shares/securities	18,661,746	8,172,028	(6,481,602)	3,578,433
	26,352,131	17,047,541	(2,790,685)	8,604,140

**11. ADMINISTRATIVE AND OTHER  
OPERATING EXPENSES**

Salaries, wages and other benefits	21,111,875	37,435,894	10,075,080	20,050,291
Commission paid to traders	16,940,925	-	5,933,233	-
Staff training and welfare	193,163	58,249	140,194	20,360
Advertisement and business promotion	75,700	139,768	75,700	62,850
Rent, rates and taxes	3,947,128	3,744,629	2,244,958	2,384,416
Utilities	1,145,460	1,374,273	535,650	786,324
Communication charges	2,381,553	2,083,197	1,237,598	917,956
Traveling and conveyance	2,063,077	3,048,115	1,105,429	1,574,213
Repair and maintenance	1,608,976	1,103,059	648,671	678,167
Entertainment	675,283	587,399	343,894	334,820
Fee and subscriptions	896,049	1,270,876	386,767	278,697
Legal and professional charges	1,978,464	1,601,231	1,645,823	1,169,344
Printing and stationery	738,192	746,333	522,015	551,563
Fee, brokerage and commission	26,614	24,798	15,252	18,650
CDC and clearing charges	3,049,006	5,116,450	1,086,701	3,631,125
Insurance	803,111	735,103	573,900	498,992
Amortization of issuance cost of listed TFCs	-	338,153	-	-
Depreciation	4,172,363	4,835,392	2,088,342	2,485,241
Amortization on intangible assets	55,629	107,251	27,814	59,474
Miscellaneous expenses	151,886	132,248	89,995	5,966
	62,014,454	64,482,418	28,777,016	35,508,449

## 12. TRANSACTIONS WITH RELATED PARTIES

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

	31-Dec-15 Rupees (Un-audited)	31-Dec-14 Rupees (Un-audited)
<b>Transactions during the period</b>		
<b>Associated companies:</b>		
Return on finances received	298,663	127,716
Profit paid on certificates of deposit	1,798,956	1,468,774
Vehicle purchased	-	2,300,000
<b>Directors:</b>		
Return on finances received	436,822	1,101,953
Profit paid on certificates of deposit	3,900,480	3,900,480
<b>Executives:</b>		
Return on finances received	17,538	104,441
Profit paid on certificates of deposit	3,367,479	5,573,999
Proceeds from sale of vehicle	-	1,215,000
<b>Others:</b>		
Contribution to staff retirement benefits plan	558,551	581,463
	<b>Half year ended</b>	
	31-Dec-15 Rupees	30-Jun-15 Rupees
<b>Balance at the end of the period</b>		
<b>Associated companies:</b>		
Financing outstanding	33,304,466	34,339,673
Letter of guarantee outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	34,357,049	34,357,049
Other receivable / (payable)	29,109,441	29,413,353
Markup payable on COD	123,351	113,521
<b>Directors:</b>		
Financing outstanding	37,205,801	38,437,185
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	1,719,203	-
Markup payable on COD	379,133	357,819
<b>Executives:</b>		
Advances outstanding	2,930,397	4,203,789
Certificates of deposit outstanding	57,000,000	5,700,000
Markup payable on COD	318,493	309,754
Fixed asset sold	-	1,215,000

### 13. SEGMENTAL ANALYSIS

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

#### Financing activities

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

#### Investing activities

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

Six Months ended 31 December 2015			
	Financing activities	Investing activities	Total
Profit on financing	40,242,836	-	40,242,836
Return on placements	-	-	-
Return on investments	-	26,352,131	26,352,131
<b>Total income for reportable segments</b>	40,242,836	26,352,131	66,594,967
Finance costs	40,070,191	26,239,078	66,309,269
Administrative and other operating expenses	37,474,867	24,539,587	62,014,454
Provision for doubtful financing	-	-	-
<b>Segment result</b>	(37,302,221)	(24,426,535)	(61,728,756)
Other operating income			52,357,367
Loss before taxation			(9,371,389)
<b>Segment assets</b>	261,014,367	360,335,914	621,350,281
Unallocated assets			585,515,694
			1,206,865,975
<b>Segment liabilities</b>	107,422,107	149,615,731	257,037,837
Unallocated liabilities			775,130,215
Equity			174,697,923
			1,206,865,975

Six Months ended 31 December 2014			
	Financing activities	Investing activities	Total
Profit on financing	37,170,059	-	37,170,059
Return on placements	-	6,507	6,507
Return on investments	-	17,047,541	17,047,541
<b>Total income for reportable segments</b>	37,170,059	17,054,048	54,224,107
Finance costs	56,086,589	25,733,168	81,819,757
Administrative and other operating expenses	44,202,024	20,280,394	64,482,418
Provision for doubtful financing	412,786	-	412,786
<b>Segment result</b>	(63,531,340)	(28,959,514)	(92,490,854)
Other operating income			51,281,177
Loss before taxation			(41,209,677)
<b>Segment assets</b>	399,318,842	556,726,762	956,045,604
Unallocated assets			700,339,623
			1,656,385,227
<b>Segment liabilities</b>	117,820,278	165,533,120	283,353,398
Unallocated liabilities			1,183,102,120
Equity			189,929,709
			1,656,385,227

#### 14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

The consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's audited annual financial statements for the year ended 30 June 2015.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 30 June 2015.

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



**15. DATE OF AUTHORIZATION FOR ISSUE**

This consolidated condensed financial information was authorized for issue by the Board of Directors of the Group on 29 February 2016.

**16 GENERAL**

- 16.01** The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2015 and 2014 were subject to limited scope review by the auditors as scope of review covered only the cumulative figures.
- 16.02** Corresponding figures have been re-arranged and/or re-classified for the purpose of better presentation the effect of which is not material
- 16.03** Figures have been rounded off to the nearest of rupee.

Chief Executive Officer

Director



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