



ESCORTS INVESTMENT BANK LIMITED

Half Yearly Report
for the period ended
31 December
2016



WAY TO SUCCESS

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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

Aleem Ahmed Khan

Qaim Mehdi

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

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Directors' Review

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 2016, 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. 37.54 million for the six months ended 31 December 2016 reflecting EPS of Rs. (0.85) as compared to a loss of Rs. 38.10 million and EPS of Rs. (0.86) corresponding period of last year. The primary reason for loss is 83.18% reduction in return on financing and the reduction of 49.19% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also decreased of 23.18% as compared to the corresponding period of last year. Return on investment improved significantly from Rs. 2.952 million to Rs. 13.775 million showing a total increase as compared to the corresponding period of the last year.

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: February 28, 2017

Auditor's Report to the Members on Review of Condenses Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of "Escorts Investment Bank Limited" as at 31 December 2016 and the related condensed interim profit and loss account, condensed 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 "condensed 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 applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2016.

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 condensed 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.

Basis for qualified conclusion

- (a) As stated in the condensed interim financial information, deferred tax asset amounting to Rs. 136.55 million has been recognized by the management. However, due to liquidity problems more fully explained in note 2.03 to the condensed interim financial information, the future profitability of the Company is uncertain and it is no longer probable that sufficient taxable profits will be available to allow deferred tax asset to be utilized. Therefore, whole amount of Rs. 136.55 million should have been written off in accordance with the provisions of IAS 12 "Income Taxes". Had a reversal against this balance been provided in these condensed interim financial information, non current assets would have been lowered by Rs. 136.55 million with a corresponding increase of Rs. 136.55 million in loss after taxation and accumulated losses.
- (b) As stated in condensed interim financial information, the Company has investment in its wholly owned subsidiary company amounting Rs. 175 million as at 31 December 2016. However, as at period end, the subsidiary company has incurred loss before tax for the period amounting to Rs. 8.46 million, accumulated losses as at period end amounting to Rs. 194.98 million, its equity is negative by Rs. 19.98 million, current liabilities exceeds its current assets by Rs. 84.28 million and break up value of shares is negative by Rs. 1.14. These conditions along with adverse key financial ratios indicate the existence of material uncertainty regarding future operations of the subsidiary company and the ability of the Company to continue as a going concern. These conditions indicate that recoverable amount of the investment in subsidiary company is materially less than its carrying value and an impairment of the whole investment amount should have been recognized in accordance with the provisions of IAS 36 "Impairment of Assets". Had a reversal against this balance been provided in this condensed interim financial information, non current assets would have been lower by Rs. 175 million with a corresponding increase of Rs. 175 million in loss after taxation and accumulated losses;

Qualified Conclusion

Based on our review, except for matter referred to in the preceding paragraphs (a) and (b), the extent to which this may affect the annexed condensed interim financial information, nothing has come to our attention that causes us to believe that accompanying condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material aspects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters paragraph

Notwithstanding the matters as discussed in paragraph (a) and (b) above, we draw users' attention to the matter that during the period ended 31 December 2016, the company has incurred loss before tax of Rs. 37.34 million and its accumulated losses stood at Rs. 284.66 million. Further, equity of the company is falling short by Rs. 435.16 million to meet prescribed equity as required under the Non Banking Finance Companies and Notified Entities Regulation, 2008 for the companies undertaking business of deposit taking investment finance services. These conditions indicates the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and it may be unable to realize its assets and discharge its liabilities in the normal course of business. Financial Information have, however, been prepared on going concern basis for reasons more fully explained in note 2.03 to the condensed interim financial information. Our conclusion is not qualified in respect of this matter.

LAHORE:
Date: 28 February 2017

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

Condensed Interim Balance Sheet

As at 31 December 2016

	Note	31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
Non-current Assets			
Property and equipments	5	89,096,077	95,873,568
Intangible assets	6	142,737	171,279
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	7	-	100,775,669
Long term finances		69,852,267	120,489,485
Long term loans and advances		640,720	1,061,523
Long term deposits and prepayments		45,754,950	45,754,950
Deferred tax asset		136,551,607	136,551,607
		55,049,235	709,132,081
CURRENT ASSETS			
Current maturities of non-current assets		45,484,233	50,448,299
Short term investments	8	97,629,835	119,711,752
Short term finances		17,948,542	24,659,107
Advances		3,170,384	3,662,219
Short term deposits and prepayments		352,503	650,695
Interest accrued		17,957,197	19,571,208
Other receivables		153,452,106	154,496,053
Tax refunds due from the government		176,545,786	176,288,611
Cash and bank balances		4,918,096	4,010,051
		517,458,682	553,497,995
		1,067,951,040	1,262,630,076
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital		441,000,000	441,000,000
Reserves		(126,161,875)	(89,402,310)
		314,838,125	351,597,690
Surplus on revaluation of property and equipments		30,343,062	31,121,088
NON-CURRENT LIABILITIES			
Long term financing - subordinated loans	9	154,470,420	-
Long term certificates of deposit		69,412,192	280,535,817
CURRENT LIABILITIES			
Current maturities of non-current liabilities		200,692,943	240,671,522
Short term borrowings		-	100,000,000
Short term certificates of deposit		203,243,276	179,391,224
Accrued markup		16,913,790	12,903,683
Trade and other payables	10	65,883,523	54,452,469
Provision for taxation		12,153,709	11,956,583
		498,887,241	599,375,481
Contingencies and commitments	11	-	-
		1,067,951,040	1,262,630,076

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Profit and Loss Account

For the half year ended 31 December 2016 (Un-audited)

	Note	Half year ended		Quarter ended	
		31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
INCOME					
Profit on financing		8,497,172	50,518,301	3,148,763	22,742,378
Return on investments	12	16,727,260	2,952,131	13,503,595	(890,685)
Income from fees and commission		176,494	827,751	-	201,991
Profit on bank deposits		196,864	552,292	84,715	201,379
Mark up on lease finances		10,852	-	-	-
Other income		1,207,736	9,187,584	1,301,244	4,256,714
		26,816,378	64,038,059	18,038,317	26,511,777
EXPENSES					
Mark up on certificates of deposits		35,226,779	69,327,352	13,661,813	31,914,928
Mark-up on short term borrowings from financial institutions		4,152,348	1,410,446	1,772,304	763,645
Amortization of premium on held to maturity investments		775,668	31,308	758,469	15,654
Administrative and other operating expenses	13	23,987,682	31,223,906	12,618,974	15,520,422
Financial cost		14,366	37,618	6,685	18,977
		64,156,843	102,030,630	28,818,245	48,233,626
Operating loss before taxation		(37,340,465)	(37,992,571)	(10,779,928)	(21,721,849)
Taxation		(197,126)	(112,715)	(168,603)	243,109
Net loss for the period		(37,537,591)	(38,105,286)	(10,948,531)	(21,478,740)
Loss per share-basic and diluted		(0.85)	(0.86)	(0.25)	(0.49)

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Statement of Comprehensive Income

For the half year ended 31 December 2016 (Un-audited)

	Half year ended		Quarter ended	
	31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
Net loss for the period	(37,537,591)	(38,105,286)	(10,948,531)	(21,478,740)
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss account:				
- Net fair value gain on available for sale financial assets	-	2,700,220	-	4,370,365
Total comprehensive loss for the period	(37,537,591)	(35,405,066)	(10,948,531)	(17,108,375)

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Condensed Interim Cash Flow Statement

For the half year ended 31 December 2016 (Un-audited)

	31-Dec-16 Rupees	30-Dec-15 Rupees
Cash flow from operating activities		
Loss before taxation	(37,340,465)	(37,992,571)
Adjustment for non cash expenses and other items:		
Dividend income	-	(233,374)
Depreciation	3,405,058	4,086,553
Amortization on intangible assets	28,542	42,814
Gain on sale of treasury bills	(162,812)	-
Gain on sale of long term investment	(9,682,963)	-
Amortization of premium on held to maturity investments	775,668	31,308
	(5,636,507)	3,927,301
	(42,976,972)	(34,065,270)
Decrease / (increase) in operating assets		
Disbursements of finances - net	61,602,693	173,570,399
Net investment in finance lease	74,715	-
Investments - net	12,600,039	36,343,243
Long term and short term advances	1,393,815	284,831
Interest accrued	1,614,011	3,275,040
Other receivables	1,043,947	(62,179,439)
Deposits and prepayments	451,456	1,421,096
	78,780,676	152,715,170
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(100,000,000)	48,159,150
Certificates of deposit	(227,250,152)	(234,591,702)
Accrued markup	4,010,107	238,147
Trade and other payables	11,431,054	59,702,635
	(311,808,991)	(126,491,770)
	(233,028,315)	26,223,400
Net changes in operating assets and liabilities	(276,005,287)	(7,841,870)
Taxation - net	(257,175)	11,881,111
Net cash (used in) / generated from operating activities	(276,262,462)	4,039,241
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(138,600)
Dividend received	-	233,374
Proceeds from sale of treasury bills	9,644,690	-
Proceeds from sale of long term investment	109,682,964	-
Proceeds from sale of property and equipments	3,372,433	-
Net cash generated from investing activities	122,700,087	94,774
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - subordinated loans	154,470,420	-
Net cash generated from financing activities	154,470,420	-
Net increase in cash and cash equivalents	908,045	4,134,015
Cash and cash equivalents at the beginning of the period	4,010,051	5,489,402
Cash and cash equivalents at the end of the period	4,918,096	9,623,417

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2016 (Un-audited)

	Issued, subscribed and paid up Share capital Rupees	Capital Reserves		Revenue Reserves	Total Rupees
		Statutory reserve Rupees	(Deficit)/gain on revaluation of investments Rupees	Accumulated loss Rupees	
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					
- Incremental depreciation on revalued assets for the period	-	-	-	818,976	818,976
- Unrealised gain on remeasurement of investments available for sale	-	-	2,700,220	-	2,700,220
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	2,700,220	(37,286,310)	(34,586,090)
Balance as at 31 December 2015	441,000,000	158,496,746	(3,232,929)	(174,208,994)	422,054,823
Total comprehensive income for the period:					
Net loss for the half year ended 30 June 2016	-	-	-	(74,509,214)	(74,509,214)
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss account					
- Incremental depreciation on revalued assets for the period	-	-	-	818,976	818,976
- Unrealised loss on remeasurement of investments available for sale	-	-	(2,700,220)	-	(2,700,220)
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-	-
Gain during the period transferred to profit and loss account on derecognition of available for sale investment	-	-	5,933,325	-	5,933,325
	-	-	3,233,105	(73,690,238)	(70,457,133)
Balance as at 01 July 2016	441,000,000	158,496,746	176	(247,899,232)	351,597,690
Total comprehensive income for the period:					
Net loss for the half year ended 31 December 2016	-	-	-	(37,537,591)	(37,537,591)
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss account					
- Incremental depreciation on revalued assets for the period	-	-	-	778,026	778,026
- Unrealised loss on remeasurement of investments available for sale	-	-	-	-	-
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	-	(36,759,565)	(36,759,565)
Balance as at 31 December 2016	441,000,000	158,496,746	176	(284,658,797)	314,838,125

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Notes to the Financial Statements

For the half year ended 31 December 2016 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited (“the Company”) is a public limited company incorporated in Pakistan under 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.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to “BB” (double B) and also maintained the short-term rating at “B” (single B) dated 16 November 2016. The ratings denote an adequate capacity of timely payment of financial commitments.

These financial statements are separate financial statements of the company. In addition to these financial statements, consolidated financial statements of the company have also been prepared.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 Standard (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 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 2016.

2.2 The condensed interim financial information of the Company reflects that the equity of the Company as at 31 December 2016 is Rs. 314.84 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 resource including retained earnings.

2.3 Going concern assumption

The Company has incurred loss before tax for the period ended 31 December 2016 amounting to Rs. 37.34 million, accumulated losses of the company amounting to Rs. 284.66 million as at balance sheet date. SECP vide SRO No. 1160/(1)/2015 dated 25 November 2015 has made certain amendments in NBFCs & Notified Entities Regulations, 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs. 750 million and the equity of the Company is short by Rs. 435.16 million. SECP has given time period of one year to the existing lending NBFCs to meet the minimum equity requirement provided that during the interim period of one year, the total deposits of such NBFCs shall be capped at the existing level i.e. outstanding deposits at the date of coming into force of these regulations i.e. 25 November 2015. These conditions along with adverse key financial ratios indicate the existence of material uncertainty regarding the future operations of the Company which may cast significant doubt about the companies ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, the management implemented its multifaceted plans which resulted in improvement in the financial and operational condition of the Company. The management of the Company is curtailing its administrative and other operating expenses to minimum possible level without affecting the operating efficiency of the Company, further, directors have already injected cash in the company, which will result in improving results and equity position of the Company. Based on the above, management is confident that the Company can continue and further improve its business growth in coming years resulting in improvement of its profitability. Hence, these financial statements have been prepared on going concern basis.

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 2016 except as discussed below:

New/Revised Standards, Interpretations and Amendments

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

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Equity Method in Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

Standards, interpretations and amendments to published standards that are effective but not relevant to the Company

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 2016, but are not considered 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 assumptions 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 2016.

		31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5. PROPERTY AND EQUIPMENTS			
Property and equipments	5.1	90,740,462	95,873,568
5.1 Property and equipments			
Opening written down value		95,873,568	103,693,637
Additions:			
Computer equipments		-	405,136
Less:			
Disposals:			
Vehicles	5.1.1	3,372,433	-
Depreciation for the period / year		3,405,058	8,225,205
Closing written down value		89,096,077	95,873,568
5.1.1 Particulars of vehicles disposed off during the period;			
Cost		20,887,882	-
Less: Accumulated depreciation		17,515,449	-
Book value		3,372,433	-
6. INTANGIBLE ASSETS			
Intangible assets	6.1	142,737	171,279
6.1 Intangible assets			
Opening written down value		171,279	256,905
Less: Amortization for the period / year		28,542	85,626
Closing written down value		142,737	171,279
7. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds (PIB's)		-	100,775,669

		31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
8. SHORT TERM INVESTMENTS			
a) Held to maturity			
Treasury bills		84,849,688	94,331,566
b) Held for trading			
Shares/ units			
Listed		-	15,830,632
Others		12,779,690	9,470,609
c) Available for sale			
Listed shares / units		281	281
		97,629,659	119,633,088
Gain on remeasurement		176	78,664
		97,629,835	119,711,752
9. LONG TERM FINANCING - SUBORDINATED LOANS			
Long term financing - subordinated loans	9.1	154,470,420	-
9.1 Particulars of subordinated loan			
Loan from related parties		120,113,371	-
Loan from associated companies		34,357,049	-
		154,470,420	-
10. TRADE AND OTHER PAYABLES			
Customers' credit balances		18,552,946	17,137,715
Accrued expenses and other payables		43,224,325	33,581,530
Provision for compensated absences		1,720,598	1,347,570
Unclaimed dividend		2,385,654	2,385,654
		65,883,523	54,452,469
11. CONTINGENCIES AND COMMITMENTS			
a) Contingencies			
There exist no known contingencies as at balance sheet date.			
b) Commitments			
Outstanding guarantees amounting to Rs. 12.15 million (30 June 2016: Rs. 71.82 million)			

12. RETURN ON INVESTMENTS

	Half year ended		Quarter ended	
	31-Dec-16 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)
Mark-up / return on investments	7,044,297	7,457,011	3,151,832	3,496,543
Dividend income	-	233,374	-	194,374
Capital gain/(loss) on listed shares/securities	9,682,963	(4,738,254)	10,351,763	(4,581,602)
	16,727,260	2,952,131	13,503,595	(890,685)

13. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Salaries, wages, other benefits and allowances	12,131,301	15,864,821	5,979,173	7,465,262
Staff training and welfare	26,500	193,163	-	140,194
Advertisement and business promotion	84,350	75,700	84,350	75,700
Rent, rates and taxes	1,595,907	3,611,903	1,114,135	2,083,721
Utilities	1,003,537	710,104	369,249	338,492
Communication charges	601,452	833,754	299,210	406,244
Travelling and conveyance	1,457,370	1,843,003	745,233	966,116
Repair and maintenance	798,897	1,238,310	385,423	502,585
Entertainment	317,047	502,481	144,075	250,293
Fee and subscriptions	487,952	425,449	86,502	64,242
Legal and professional charges	1,435,314	624,264	1,398,544	438,623
Printing and stationery	358,623	611,813	276,041	447,031
Fee, brokerage and commission	18,864	26,614	-	15,252
Insurance	236,368	401,586	77,783	172,375
Depreciation	3,405,058	4,086,553	1,644,385	2,045,437
Amortization on intangible assets	28,542	42,816	14,271	21,408
Miscellaneous expenses	600	131,572	600	87,447
	23,987,682	31,223,906	12,618,974	15,520,422

14. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of 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:

	Half year ended	
	31-Dec-16 Rupees (Un-audited)	30-Dec-15 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	1,052,055	2,707,397
Return on assets	-	3,156,408
Associated companies:		
Return on finances received	-	298,663
Profit paid on certificates of deposit	1,504,046	1,798,956
Directors:		
Return on finances received	436,822	436,822
Profit paid on certificates of deposit	328,219	3,900,480
Executives:		
Return on finances received	40,601	17,538
Profit paid on certificates of deposit	979,999	3,367,479
Proceeds from sale of vehicle	3,372,433	-
Others:		
Contribution to staff retirement benefits plan	397,778	558,551
	31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
Balance at the end of the period		
Subsidiary Company:		
Certificates of deposit outstanding	-	50,000,000
Financing outstanding	50,000,000	100,000,000
Receivable from subsidiary company	113,562,567	113,024,956
Profit receivable on financing	28,853,521	22,853,521
Markup payable on COD	-	378,082
Associated companies:		
Advances outstanding	12,188,017	12,480,743
Letter of guarantees outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	-	34,357,049
Other receivable / (payable)	26,027,976	26,017,604
Markup payable on COD's	-	221,924
Long term financing- subordinated loans	34,357,049	-
Directors:		
Advances outstanding	-	635,154
Certificates of deposit outstanding	-	23,305,702
Other receivable	16,150	-
Markup payable on COD's	-	101,608
Long term financing- subordinated loans	16,913,371	-
Executives:		
Advances outstanding	1,884,451	2,066,165
Certificates of deposit outstanding	-	51,500,000
Markup payable on COD's	-	300,548
Long term financing- subordinated loans	50,000,000	-
Sponsors:		
Long term financing- subordinated loans	53,200,000	-

15. 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 2016			
	Financing activities	Investing activities	Total
Profit on financing	8,497,172	-	8,497,172
Return on investments	-	16,727,260	16,727,260
Mark up on lease finances	10,852	-	10,852
Total income for reportable segments	8,508,024	16,727,260	25,235,284
Finance costs	13,541,024	26,628,137	40,169,161
Administrative and other operating expenses	8,086,248	15,901,434	23,987,682
Segment result	(13,119,248)	(25,802,311)	(38,921,559)
Other operating income			1,581,094
Loss before taxation			(37,340,465)
Segment assets	133,887,401	323,164,403	457,051,804
Unallocated assets			610,899,236
			1,067,951,040
Segment liabilities	152,651,734	349,165,769	501,817,503
Unallocated liabilities			251,295,412
Equity			314,838,125
			1,067,951,040

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
Total income for reportable segments	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
Segment result	(45,530,203)	(3,029,995)	(48,560,198)
Other operating income			10,567,627
Loss before taxation			(37,992,571)
Segment assets	361,014,367	464,544,530	825,558,897
Unallocated assets			643,889,113
			1,469,448,010
Segment liabilities	223,696,158	280,698,581	504,394,738
Unallocated liabilities			542,998,450
Equity			422,054,823
			1,469,448,010

16 . FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose 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 financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2016.

The Company's financial risk management objective and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2016.

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

17 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the company on 28 February 2017.

18 GENERAL

18.1 These figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 2015 were subject to limited scope review by the auditors, as scope of review by the auditors covered only the cumulative figures.

18.2 Figures have been rounded off to the nearest rupees.

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Financial Statements - Group

31 December 2016

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

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 2016, 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. 37.54 million for the six months ended 31 December 2016 reflecting EPS of Rs. (0.85) as compared to a loss of Rs. 38.10 million and EPS of Rs. (0.86) corresponding period of last year. The primary reason for loss is 83.18% reduction in return on financing and the reduction of 49.19% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also decreased of 23.18% as compared to the corresponding period of last year. Return on investment improved significantly from Rs. 2.952 million to Rs. 13.775 million showing a total increase as compared to the corresponding period of the last year.

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: February 28, 2017

Condensed Interim Consolidated Balance Sheet

As at 31 December 2016

	Note	31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
Non-current Assets			
Property and equipments	5	91,584,217	98,564,132
Intangible assets	6	322,897	387,467
Cards and rooms		36,441,420	36,441,420
Long term investments	7	48,513,580	149,289,249
Long term finances		19,852,267	20,489,485
Net investment in lease finance		-	-
Long term loans and advances		640,720	1,061,523
Long term deposits and prepayments		4,133,609	4,133,609
Deferred tax asset		136,551,607	136,551,607
		338,040,317	446,918,492
CURRENT ASSETS			
Current maturities of non-current assets		45,484,233	50,448,299
Short term investments	8	97,629,835	119,711,752
Short term finances		17,948,542	24,659,107
Advances		3,867,004	5,043,259
Short term deposits and prepayments		2,492,503	7,786,695
Interest accrued		17,957,197	19,571,208
Other receivables		62,246,998	96,729,274
Tax refunds due from the government		183,740,547	186,226,341
Cash and bank balances		7,937,582	8,232,696
		439,304,441	518,408,631
		777,344,758	965,327,123
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribe and paid up capital		441,000,000	441,000,000
Reserves		(423,475,535)	(378,246,524)
		17,524,465	62,753,476
Surplus on revaluation of property and equipment		30,343,062	31,121,088
NON-CURRENT LIABILITIES			
Long term financing - Subordinated loan	9	154,470,420	-
Long term certificates of deposit		69,412,192	280,535,817
CURRENT LIABILITIES			
Current maturities of non-current liabilities		200,692,943	240,671,522
Short term borrowings		-	100,000,000
Short term certificates of deposit		203,243,276	129,391,226
Accrued markup		16,913,790	35,379,122
Trade and other payables	10	72,590,901	70,137,527
Provision for taxation		12,153,709	15,337,345
		505,594,619	590,916,742
Contingencies and commitments	11	-	-
		777,344,758	965,327,123

The annexed notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Consolidated Profit and Loss Account For the half year ended 31 December 2016 (Un-audited)

	Note	Half year ended		Quarter ended	
		31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
INCOME					
Profit on financing		2,497,172	40,242,836	1,148,763	19,623,321
Return on investments	12	16,727,260	26,352,131	13,503,595	(2,790,685)
Income from fees and commission		372,980	40,903,133	1,298	12,959,098
Profit on bank deposits		475,620	2,266,650	239,337	802,147
Mark up on lease finances		10,852	-	10,852	-
Other income		1,207,736	9,187,584	701,962	4,256,714
		21,291,620	118,952,334	15,605,807	34,850,595
EXPENSES					
Mark up on certificates of deposits		34,191,182	64,806,804	13,661,813	28,906,709
Mark-up on short term borrowings from financial institutions		4,152,348	1,410,446	1,772,304	763,645
Amortization of premium on held to maturity investments		775,668	31,308	758,469	15,654
Administrative and other operating expenses	13	27,936,477	62,014,454	14,302,686	28,777,016
Finance cost		25,384	60,711	7,965	32,806
		67,081,059	128,323,723	30,503,237	58,495,830
Operating loss before taxation		(45,789,439)	(9,371,389)	(14,897,430)	(23,645,235)
Taxation		(217,598)	(2,401,280)	(168,722)	(479,484)
Net loss for the period		(46,007,037)	(11,772,669)	(15,066,152)	(24,124,719)
Loss per share-basic and diluted		(1.04)	(0.27)	(0.34)	(0.55)

The annexed notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2016 (Un-audited)

	Half year ended		Quarter ended	
	31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
Net loss for the period	(46,007,037)	(11,772,669)	(15,066,152)	(24,124,719)
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss account				
- Net fair value gain on available for sale financial assets	-	2,700,220	-	4,370,365
Total comprehensive loss for the period	(46,007,037)	(9,072,449)	(15,066,152)	(19,754,354)

The annexed notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Consolidated Cash Flow Statement For the half year ended 31 December 2016 (Un-audited)

	31-Dec-16 Rupees	30-Dec-15 Rupees
Cash flow from operating activities		
Loss before taxation	(45,789,439)	(9,371,389)
Adjustment for non cash expenses and other items:		
Dividend income	-	(233,374)
Depreciation	3,607,482	4,172,363
Amortization on intangible assets	64,570	55,627
Amortization of premium on held to maturity investments	775,668	31,308
Gain on sale of treasury bills	(162,812)	-
Gain on sale of long term investments	(9,682,963)	-
Fair value gain on held for trading investment	-	(23,400,000)
	(5,398,055)	(19,374,076)
	(51,187,494)	(28,745,465)
Decrease / (increase) in operating assets		
Disbursements of finances - net	7,347,783	173,570,399
Net investment in lease finance	4,964,066	-
Investments - net	12,600,039	26,343,243
Long term and short term advances	1,597,058	82,551
Interest accrued	1,614,011	11,275,040
Other receivables	34,482,276	75,850,472
Deposits and prepayments	5,294,192	38,842,517
	67,899,425	325,964,222
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(100,000,000)	48,159,150
Certificates of deposit	(137,271,575)	(234,591,702)
Accrued markup	(58,443,911)	(1,274,177)
Trade and other payables	2,453,374	(136,714,065)
	(293,262,112)	(324,420,794)
	(225,362,687)	1,543,428
Net changes in operating assets and liabilities	(276,550,181)	(27,202,037)
Taxation - net	(915,440)	9,301,510
Net cash used in operating activities	(277,465,621)	(17,900,527)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(138,600)
Dividend received	-	233,374
Proceeds from sale of treasury bills	9,644,690	-
Proceeds from sale of long term investment	109,682,964	-
Proceeds from sale of property and equipment	3,372,433	-
Net cash generated from investing activities	122,700,087	94,774
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - Subordinated loans	154,470,420	-
Net cash used in financing activities	154,470,420	-
Net decrease in cash and cash equivalents	(295,114)	(17,805,753)
Cash and cash equivalents at the beginning of the period	8,232,696	29,359,455
Cash and cash equivalents at the end of the period	7,937,582	11,553,702

The annexed notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity

For the half year ended 31 December 2016 (Un-audited)

	Issued, subscribed and paid up Share capital Rupees	Capital Reserves		Revenue Reserves	Total Rupees
		Statutory reserve Rupees	(Deficit)/gain on revaluation of investments Rupees	Accumulated loss Rupees	
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					
- Incremental depreciation on revalued assets for the period	-	-	-	818,976	818,976
- Unrealised gain on remeasurement of investments available for sale	-	-	2,700,220	-	2,700,220
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	2,700,220	(10,953,693)	(8,253,473)
Balance as at 31 December 2015	441,000,000	158,496,746	(3,232,929)	(421,565,894)	174,697,923
Total comprehensive income for the period:					
Net loss for the half year ended 30 June 2016	-	-	-	(115,996,528)	(115,996,528)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Incremental depreciation on revalued assets for the period	-	-	-	818,976	818,976
- Unrealised loss on remeasurement of investments available for sale	-	-	3,233,105	-	3,233,105
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-	-
Gain during the period transferred to profit and loss account on derecognition of available for sale investment	-	-	-	-	-
	-	-	3,233,105	(115,177,552)	(111,944,447)
Balance as at 01 July 2016	441,000,000	158,496,746	176	(536,743,446)	62,753,476
Total Comprehensive Income for the period:					
Net loss for the half year ended 31 December 2016	-	-	-	(46,007,037)	(46,007,037)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
- Incremental depreciation on revalued assets for the period	-	-	-	778,026	778,026
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	-	(45,229,011)	(45,229,011)
Balance as at 31 December 2016	441,000,000	158,496,746	176	(581,972,457)	17,524,465

The annexed notes from 01 to 18 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited (“the Company”) is a public limited company incorporated in Pakistan under 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.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to “BB” (double B) and also maintained the short-term rating at “B” (single B) dated 16 November 2016. The ratings denote an adequate capacity of timely payment of financial commitments.

These financial statements are separate financial statements of the company. In addition to these financial statements, consolidated financial statements of the company have also been prepared.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim consolidated 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 Standard (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 condensed interim consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2016.

2.2 The condensed interim consolidated financial information of the Company reflect that the equity of the group as at 31 December 2016 is Rs. 17.52 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.

2.3 Going concern assumption

The Company has incurred loss before tax for the period ended 31 December 2016 amounting to Rs. 46.01 million, accumulated losses of the company amounting to Rs. 581.97 million as at balance sheet date and as of that date its current liabilities exceeds its current assets by Rs. 66.29 million. SECP vide SRO No. 1160/(1)/2015 dated 25 November 2015 has made certain amendments in NBFCs & Notified Entities Regulations, 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs. 750 million and the equity of the Company is short by Rs. 732.48 million. SECP has given time period of one year to the existing lending NBFCs to meet the minimum equity requirement provided that during the interim period of one year, the total deposits of such NBFCs shall be capped at the existing level i.e. outstanding deposits at the date of coming into force of these regulations i.e. 25 November 2015. These conditions along with adverse key financial ratios indicate the existence of material uncertainty regarding the future operations of the Company which may cast significant doubt about the companies ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, the management implemented its multifaceted plans which resulted in improvement in the financial and operational condition of the Company. The management of the Company is curtailing its administrative and other operating expenses to minimum possible level without affecting the operating efficiency of the Company, further, directors have already injected cash in the company, which will result in improving results and equity position of the Company. Based on the above, management is confident that the Company can continue and further improve its business growth in coming years resulting in improvement of its profitability. Hence, these financial statements have been prepared on going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2016.

New/Revised Standards, Interpretations and Amendments

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

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Equity Method in Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

Standards, interpretations and amendments to published standards that are effective but not relevant to the Company

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 2016, but are not considered 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 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 Group'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 2016.

		31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5. PROPERTY AND EQUIPMENTS			
Property and equipments	5.1	91,584,217	98,564,132
5.1 Property and equipments			
Opening written down value		98,564,132	106,881,695
Additions:			
Computer equipment		-	419,136
Office equipment		-	3,000
Less:			
Disposals:			
Vehicles	5.01.1	3,372,433	-
Depreciation for the period / year		3,607,482	8,739,699
Closing written down value		91,584,217	98,564,132
5.1.1 Particulars of vehicles disposed off during the period;			
Cost		20,887,882	-
Less: Accumulated depreciation		17,515,449	-
Book value		3,372,433	-
6. INTANGIBLE ASSETS			
Intangible assets	6.1	322,897	387,467
6.1 Intangible assets			
Opening written down value		387,467	581,174
Less: Amortization for the period / year		64,570	193,707
Closing written down value		322,897	387,467
7. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds (PIB's)		-	100,775,669
Available for sale- at cost			
Investment in unquoted companies		48,513,580	48,513,580
		48,513,580	149,289,249

		31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
8. SHORT TERM INVESTMENTS			
a) Held to maturity			
Treasury bills		84,849,688	94,331,566
b) Held for trading			
Shares/ units			
Listed		-	15,830,632
Others		12,779,690	9,470,609
c) Available for sale			
Listed shares / units		281	281
		97,629,659	119,633,088
Gain on remeasurement		176	78,664
		97,629,835	119,711,752
9. LONG TERM FINANCING - SUBORDINATED LOANS			
Long term financing - subordinated loans	9.1	154,470,420	-
9.1 Particulars of subordinated loan			
Loan from related parties		120,113,371	-
Loan from associated companies		34,357,049	-
		154,470,420	-
10. TRADE AND OTHER PAYABLES			
Customers' credit balances		21,299,465	24,766,781
Accrued expenses and other payables		47,185,184	41,637,522
Provision for compensated absences		1,720,598	1,347,570
Unclaimed dividend		2,385,654	2,385,654
		72,590,901	70,137,527
11. CONTINGENCIES AND COMMITMENTS			
a) Contingencies			
There exist no known contingencies as at balance sheet date.			
b) Commitments			
Outstanding guarantees amounting to Rs. 12.15 million (30 June 2016: Rs. 71.82 million)			

12. RETURN ON INVESTMENTS

	Half year ended		Quarter ended	
	31-Dec-16 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)	31-Dec-16 Rupees (Un-audited)	31-Dec-15 Rupees (Un-audited)
Mark-up / return on investments	7,044,297	7,457,011	3,151,832	3,496,543
Dividend income	-	233,374	-	194,374
Capital gain/(loss) on listed shares/securities	9,682,963	18,661,746	10,351,763	(6,481,602)
	16,727,260	26,352,131	13,503,595	(2,790,685)
13. ADMINISTRATIVE AND OTHER OPERATING EXPENSES				
Salaries, wages, other benefits and allowances	13,555,435	21,111,875	6,440,920	10,075,080
Commission paid to trader	-	16,940,925	514,135	5,933,233
Staff training and welfare	26,500	193,163	-	140,194
Advertisement and business promotion	84,350	75,700	84,350	75,700
Rent, rates and taxes	1,633,607	3,947,128	1,114,135	2,244,958
Utilities	1,387,862	1,145,460	398,851	535,650
Communication charges	836,819	2,381,553	(84,261)	1,237,598
Travelling and conveyance	1,471,170	2,063,077	712,697	1,105,429
Repair and maintenance	1,192,917	1,608,976	563,008	648,671
Entertainment	945,674	675,283	750,978	343,894
Fee and subscriptions	597,552	896,049	144,302	386,767
Legal and professional charges	1,510,314	1,978,464	1,390,744	1,645,823
Printing and stationery	376,913	738,192	279,286	522,015
Fee, brokerage and commission	18,864	26,614	-	15,252
CDC and clearing charges	332,622	3,049,006	137,276	1,086,701
Insurance	236,368	803,111	77,783	573,900
Depreciation	3,607,482	4,172,363	1,745,597	2,088,342
Amortization on intangible assets	64,570	55,629	32,285	27,814
Miscellaneous expenses	57,458	151,886	600	89,995
	27,936,477	62,014,454	14,302,686	28,777,016

14. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of 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:

	Half year ended	
	31-Dec-16 Rupees (Un-audited)	30-Dec-15 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	-	298,663
Profit paid on certificates of deposit	1,504,046	1,798,956
Directors:		
Return on finances received	436,822	436,822
Profit paid on certificates of deposit	328,219	3,900,480
Executives:		
Return on finances received	40,601	17,538
Profit paid on certificates of deposit	979,999	3,367,479
Proceeds from sale of vehicle	3,372,433	-
Others:		
Contribution to staff retirement benefits plan	397,778	558,551
	31-Dec-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Advances outstanding	12,188,017	12,480,743
Letter of guarantees outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	-	34,357,049
Other receivable / (payable)	26,027,976	26,017,604
Markup payable on COD's	-	221,924
Long term financing- subordinated loans	34,357,049	-
Directors:		
Advances outstanding	-	635,154
Certificates of deposit outstanding	-	23,305,702
Other receivable	16,150	-
Markup payable on COD's	-	101,608
Long term financing- subordinated loans	16,913,371	-
Executives:		
Advances outstanding	1,884,451	2,066,165
Certificates of deposit outstanding	-	51,500,000
Markup payable on COD's	-	300,548
Long term financing- subordinated loans	50,000,000	-
Sponsors:		
Long term financing- subordinated loans	53,200,000	-

15. 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 2016		
	Financing activities	Investing activities	Total
Profit on financing	2,497,172	-	2,497,172
Return on investments	-	16,727,260	16,727,260
Total income for reportable segments	2,497,172	16,727,260	19,224,432
Finance costs	(5,084,715)	(34,059,867)	(39,144,582)
Administrative and other operating expenses	(3,628,830)	(24,307,647)	(27,936,477)
Segment result	(6,216,373)	(41,640,254)	(47,856,627)
Other operating income			2,067,188
Loss before taxation			(45,789,439)
Segment assets	83,887,401	199,665,403	283,552,804
Unallocated assets			493,791,954
			777,344,758
Segment liabilities	132,370,052	182,584,835	314,954,887
Unallocated liabilities			444,865,406
Equity			17,524,465
			777,344,758

Six Months ended 31 December 2015

	Financing activities	Investing activities	Total
Profit on financing	40,242,836	-	40,242,836
Return on investments	-	26,352,131	26,352,131
Total income for reportable segments	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	-	-	-
Segment result	(37,302,221)	(24,426,535)	(61,728,756)
Other operating income			52,357,367
Loss before taxation			(9,371,389)
Segment assets	261,014,367	360,335,914	621,350,281
Unallocated assets			585,515,694
			1,206,865,975
Segment liabilities	107,422,107	149,615,731	257,037,837
Unallocated liabilities			775,130,215
Equity			174,697,923
			1,206,865,975

16. 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 consolidated financial information does not include all financial risk management information and disclosures required in the financial information and should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2016.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2016.

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

17. DATE OF AUTHORIZATION

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the company on 28 February 2017.

18. GENERAL

18.1 The figures of condensed interim consolidated profit and loss account and condensed interim consolidated statement of comprehensive income for the quarters ended 31 December 2016 and 2015 were subject to limited scope review by the auditors, as scope of review by the auditors covered only the cumulative figures.

18.2 Figures have been rounded off to the nearest rupees.

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