



ESCORTS INVESTMENT BANK LIMITED

Third Quarterly Report
for the period ended
31 March
2017



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 Mukarram

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

Usman Bashir

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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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 period ended 31 March 2017.

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. 60.178 million for the nine months ended 31 March 2017 reflecting EPS of Rs. (1.36) as compared to a loss of Rs. 64.54 million and EPS of Rs. (1.46) corresponding period of last year. The primary reason for loss is 83.45% reduction in return on financing and the reduction of 48.28% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also reduce from 21.01% as compared to the corresponding period of last year. Return on investment improved significantly from 3.836 million to Rs. 17.919 million showing an increase 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, and 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.

Regarding 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: 28 April 2017

Condensed Interim Balance Sheet

As at 31 March 2017

	Note	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	87,451,693	95,873,568
Intangible assets		128,466	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	6	-	100,775,669
Long term finances		68,949,723	120,489,485
Long term loans and advances		1,363,866	1,061,523
Long term deposits and prepayments		45,754,950	45,754,950
Deferred tax asset		136,551,607	136,551,607
		548,654,305	709,132,081
CURRENT ASSETS			
Current maturities of non-current assets		42,768,104	50,448,299
Short term investments	7	87,987,824	119,711,752
Short term finances		18,608,248	24,659,107
Advances		3,162,354	3,662,219
Short term deposits and prepayments		963,915	650,695
Interest accrued		21,063,464	19,571,208
Other receivables		152,518,990	154,496,053
Tax refunds due from the government		157,934,930	176,288,611
Cash and bank balances		3,999,565	4,010,051
		489,007,394	553,497,995
		1,037,661,699	1,262,630,076
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		441,000,000	441,000,000
Reserves		(148,413,651)	(89,402,310)
		292,586,349	351,597,690
Surplus on revaluation of property, plant and equipment		29,954,049	31,121,088
NON-CURRENT LIABILITIES			
Long term financing - Subordinated loan		154,470,420	-
Long term certificates of deposit		66,711,234	280,535,817
CURRENT LIABILITIES			
Current maturities of non-current liabilities		200,243,901	240,671,522
Short term borrowings		-	100,000,000
Short term certificates of deposit		183,537,197	179,391,224
Accrued markup		30,221,932	12,903,683
Trade and other payables	8	67,682,049	54,452,469
Provision for taxation		12,254,568	11,956,583
		493,939,647	599,375,481
Contingencies and commitments	9	-	-
		1,037,661,699	1,262,630,076

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Profit and Loss Account

For the period ended 31 March 2017 (Un-audited)

		Nine Months ended		Quarter ended	
	Note	31-Mar-17 Rupees	31-Mar-16 Rupees	31-Mar-17 Rupees	31-Mar-16 Rupees
INCOME					
Profit on financing		10,826,042	65,415,297	2,328,870	14,896,996
Return on investments	10	17,919,053	3,836,064	1,191,793	883,933
Fees and commission		176,494	827,751	-	-
Profit on bank deposits		359,764	711,071	162,900	158,779
Mark-up on lease finance		10,852	-	-	-
Other income		1,496,257	9,693,770	383,097	506,186
		30,788,462	80,483,953	4,066,660	16,445,894
EXPENSES					
Return on certificates of deposit		49,042,864	94,825,367	13,816,085	25,498,015
Mark-up on borrowings from financial institutions		4,152,348	3,554,579	-	2,144,133
Amortization of premium on held to maturity investments		775,667	46,962	-	15,654
Administrative and other operating expenses	11	36,770,292	46,553,990	12,782,610	15,330,084
Other financial charges		22,262	55,462	7,896	17,844
		90,763,433	145,036,360	26,606,591	43,005,730
Operating loss before provisions and taxation		(59,974,971)	(64,552,407)	(22,539,931)	(26,559,836)
Provision for doubtful financing		94,576	-	-	-
Loss before taxation		(59,880,395)	(64,552,407)	(22,539,931)	(26,559,836)
Taxation		(297,985)	6,604	(100,859)	119,319
Net loss for the period		(60,178,380)	(64,545,803)	(22,640,790)	(26,440,517)
Loss per share-basic and diluted					
		(1.36)	(1.46)	(0.51)	(0.60)

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Statement of Comprehensive Income

For the period ended 31 March 2017 (Un-audited)

	Nine Months ended		Quarter ended	
	31-Mar-17 Rupees	31-Mar-16 Rupees	31-Mar-17 Rupees	31-Mar-16 Rupees
Net loss for the period	(60,178,380)	(64,545,803)	(22,640,790)	(26,440,517)
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss account				
- Gain on remeasurement of available for sale investments	-	5,932,974	-	3,232,754
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-
Total comprehensive loss for the period	(60,178,380)	(58,612,829)	(22,640,790)	(23,207,763)

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

Condensed Interim Cash Flow Statement

For the period ended 31 March 2017 (Un-audited)

	31-Mar-17 Rupees	31-Mar-16 Rupees
Cash flow from operating activities		
Loss before taxation	(59,880,395)	(64,552,407)
Adjustment for non cash expenses and other items:		
Dividend income	-	(233,374)
Depreciation on property and equipment	5,049,442	6,152,663
Amortization on intangible assets	42,813	64,220
Amortization of premium on held to maturity investments	-	46,962
	5,092,255	6,030,471
	(54,788,140)	(58,521,936)
Decrease / (increase) in operating assets		
Disbursements of finances - net	63,800,634	233,198,254
Investments - net	132,499,597	9,853,899
Long term and short term advances	1,514,440	1,197,176
Interest accrued	(1,492,256)	1,472,600
Other receivables	1,977,063	(33,860,098)
Deposits and prepayments	(159,956)	1,509,218
	198,139,522	213,371,049
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(100,000,000)	100,000,000
Certificates of deposit	(250,106,229)	(312,360,104)
Accrued markup	17,318,249	3,848,920
Trade and other payables	13,229,580	18,793,342
	(319,558,400)	(189,717,842)
	(121,418,878)	23,653,207
Net cash used in operations	(176,207,018)	(34,868,729)
Taxation - net	18,353,679	31,514,794
Net cash generated from / (used in) operating activities	(157,853,339)	(3,353,935)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	-	(405,136)
Dividend received	-	233,374
Proceeds from sale of fixed assets	3,372,433	-
Net cash generated from / (used in) investing activities	3,372,433	(171,762)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - Subordinated loans	154,470,420	-
Net cash used in financing activities	154,470,420	-
Net increase / (decrease) in cash and cash equivalents	(10,486)	(3,525,697)
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	3,999,565	1,963,705

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Statement of Changes in Equity

For the period ended 31 March 2017 (Un-audited)

	Share capital Rupees	Capital Reserves		Revenue Reserves	Total Rupees
		Statutory reserve Rupees	Loss on remeasurement of available for sale 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 Period	-	-	-	(64,545,803)	(64,545,803)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	1,228,464	1,228,464
- Gain on remeasurement of available for sale investments	-	-	5,932,974	-	5,932,974
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	5,932,974	(63,317,339)	(57,384,365)
Balance as at 31 March 2016	441,000,000	158,496,746	(175)	(200,240,023)	399,256,548
Total Comprehensive Income for the period:					
Profit for the period ended 30 June 2016	-	-	-	(48,068,697)	(48,068,697)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	409,488	409,488
- Gain on remeasurement of available for sale investments	-	-	(5,932,974)	-	(5,932,974)
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
Gain during the year transferrd to profit and loss account on derecognition of available for investment	-	-	5,933,325	-	5,933,325
	-	-	351	(47,659,209)	(47,658,858)
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 period ended 31 March 2017	-	-	-	(60,178,380)	(60,178,380)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	1,167,039	1,167,039
- Gain on remeasurement of available for sale investments	-	-	-	-	-
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	-	(59,011,341)	(59,011,341)
Balance as at 31 March 2017	441,000,000	158,496,746	176	(306,910,573)	292,586,349

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Notes to the Financial Information

For the period ended 31 March 2017 (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").

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 06 April 2017. The ratings denote an adequate capacity of timely payment of financial commitments.

1.1 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.

1.2 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.

2. BASIS OF PRESENTATION

- 2.1 This interim financial information is un-audited 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 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 reflect that the equity of the company as at 31 March 2017 is Rs. 292.586 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 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 2017, 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 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 2016.

	Note	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5. PROPERTY AND EQUIPMENTS			
- Property and equipments	5.1	87,451,693	95,873,568
5.1 Property and equipments			
Opening written down value		95,873,568	103,693,637
Additions:			
Computer equipment		-	405,136
		-	405,136
Disposals:			
Vehicles	5.1.1	(3,372,433)	-
Depreciation for the period / year		(5,049,442)	(8,225,205)
Closing written down value		87,451,693	95,873,568
5.1.1 Particulars of vehicles disposed off during the period:			
Cost		22,111,507	-
Accumulated depreciation		(18,739,074)	-
Book value		3,372,433	-

	Note	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
6. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan investment bonds		-	100,775,669
7. SHORT TERM INVESTMENTS			
a) Held to maturity			
Treasury bills		75,207,678	94,331,566
b) Held for trading			
i) Shares/ units			
Listed		-	15,830,632
Others		12,779,689	9,470,609
ii) Investment in commodities		-	-
c) Available for sale			
Listed shares / units		281	281
Gain on remeasurement		87,987,648	119,633,088
		176	78,664
		87,987,824	119,711,752
8. TRADE AND OTHER PAYABLES			
Customers' credit balances		16,774,043	17,137,715
Accrued expenses and other payables		47,250,228	33,581,530
Provision for compensated absences		1,272,124	1,347,570
Unclaimed dividend		2,385,654	2,385,654
		67,682,049	54,452,469
9. CONTINGENCIES AND COMMITMENTS			
a) Contingencies			
There exist no known contingencies as at balance sheet date.			
b) Commitments			
Outstanding guarantees		6,500,000	71,823,484

10. RETURN ON INVESTMENTS

	Nine months ended		Quarter ended	
	31-Mar-17 Rupees (Un-audited)	31-Mar-16 Rupees (Un-audited)	31-Mar-17 Rupees (Un-audited)	31-Mar-16 Rupees (Un-audited)
Mark-up / return on investments	8,236,090	11,494,032	1,191,793	4,037,021
Dividend income	-	233,374	-	-
Capital (Loss) / gain on listed shares/securities	9,682,963	(7,891,342)	-	(3,153,088)
	17,919,053	3,836,064	1,191,793	883,933

11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Salaries, wages and benefits	16,697,230	23,000,668	4,565,929	7,135,847
Staff training and welfare	35,980	193,163	9,480	-
Advertisement and business promotion	97,250	195,700	12,900	120,000
Rent, rates and taxes	2,316,176	4,838,801	720,269	1,226,898
Utilities	1,320,484	1,231,726	316,947	521,622
Communication charges	931,355	1,297,558	329,903	463,804
Traveling and conveyance	1,562,519	3,070,443	105,149	1,227,440
Repair and maintenance	1,099,470	1,804,248	300,573	565,938
Entertainment	669,360	755,835	352,313	253,354
Fee and subscriptions	2,067,889	496,846	1,579,937	71,397
Legal and professional charges	3,945,167	1,808,784	2,509,853	1,184,520
Printing and stationery	539,232	856,751	180,609	244,938
Fee, brokerage and commission	37,910	64,095	19,046	37,481
Donation	90,000	-	90,000	-
Insurance	265,615	565,548	29,247	163,962
Depreciation	5,049,442	6,152,663	1,644,384	2,066,110
Amortization on intangible assets	42,813	64,224	14,271	21,408
Miscellaneous expenses	2,400	156,937	1,800	25,365
	36,770,292	46,553,990	12,782,610	15,330,084

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-Mar-17 Rupees (Un-audited)	31-Mar-16 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	1,052,055	2,707,397
Return on finances received	-	-
Fee/ commission earned during the period	-	-
Return on assets	-	9,042,396
Associated companies:		
Return on finances received	-	968,836
Profit paid on certificates of deposit	1,504,046	2,693,519
Vehicle purchased	-	-
Directors:		
Return on finances received	418,508	1,033,470
Profit paid on certificates of deposit	328,219	5,840,066
Executives:		
Return on finances received	58,263	17,538
Profit paid on certificates of deposit	979,999	5,000,495
Proceeds from sale of vehicle	3,372,433	-
Others		
Contribution to staff retirement benefits plan	538,512	766,501
	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Un-audited)
Balance at the end of the period		
Subsidiary Company:		
Finances outstanding	50,000,000	100,000,000
Certificates of deposit outstanding	-	50,000,000
Receivable from subsidiary company	113,562,567	113,024,956
Profit receivable on financing	30,853,521	22,853,521
Markup payable on COD	-	378,082
Associated companies:		
Advances outstanding	12,188,017	12,480,743
Letter of guarantee outstanding	-	8,336,373
Certificates of deposit outstanding	-	34,357,049
Other receivable / (payable)	25,030,086	26,017,604
Markup payable on COD	-	221,924
Directors:		
Advance outstanding	-	635,154
Certificates of deposit outstanding	-	23,305,702
Other receivable	54,127	-
Markup payable on COD	-	101,608
Executives:		
Advances outstanding	1,821,988	2,066,165
Certificates of deposit outstanding	-	51,500,000
Markup payable on COD	-	300,548

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.

Nine Months ended 31 March 2017			
	Financing activities	Investing activities	Total
Profit on financing	10,826,042	-	10,826,042
Return on investments	-	17,919,053	17,919,053
Total income for reportable segments	10,826,042	17,919,053	28,745,095
Finance costs	49,841,701	4,151,440	53,993,141
Administrative and other operating expenses	34,939,606	1,830,686	36,770,292
Provision for doubtful financing	(94,576)	-	(94,576)
Segment result	(73,860,689)	11,936,927	(61,923,762)
Other operating income			2,032,515
Loss before taxation			(59,891,247)
Segment assets	134,459,366	314,656,614	449,115,980
Unallocated assets			588,545,719
			1,037,661,699
Segment liabilities	146,268,850	332,907,955	479,176,804
Unallocated liabilities			265,898,547
Equity			292,586,349
			1,037,661,699

Nine Months ended 31 March 2016			
	Financing activities	Investing activities	Total
Profit on financing	65,415,297	-	65,415,297
Return on investments	-	3,836,064	3,836,064
Total income for reportable segments	65,415,297	3,836,064	69,251,361
Finance costs	94,330,930	4,151,440	98,482,370
Administrative and other operating expenses	44,723,304	1,830,686	46,553,990
Segment result	(73,638,937)	(2,146,062)	(75,784,999)
Other operating income			11,232,592
Loss before taxation			(64,552,407)
Segment assets	300,737,095	496,089,215	796,826,310
Unallocated assets			586,068,594
			1,382,894,904
Segment liabilities	204,463,382	328,564,444	533,027,825
Unallocated liabilities			450,610,532
Equity			399,256,547
			1,382,894,904

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 2016.

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 2016.

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 28 April 2017.

16. GENERAL

- 16.1** Corresponding figures have been re-arranged and/or re-classified for the purpose of better presentation the effect of which is not material.
- 16.2** Figures have been rounded off to the nearest of rupee.

Chief Executive Officer**Chief Financial Officer****Director**

Consolidated Financial Statements - Group

31 March 2017

Director's Review 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 period ended 31 March 2017.

Your Group posted as loss after tax of Rs. 42.78 million for the nine months ended 31 March 2017 reflecting EPS of Rs. (0.97) as compared to a loss of Rs. 73.313 million and EPS of Rs. (1.66) corresponding period of last year. The primary reason for loss is 93.63% reduction in return on financing and the reduction of 46.84% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also reduce from 50.33% as compared to the corresponding period of last year. Return on investment improved significantly from 3.836 million to Rs. 46.772 million showing an increase 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: 28 April 2017

Condensed Interim Consolidated Balance Sheet

As at 31 March 2017

	Note	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	89,802,593	98,564,132
Intangible assets		326,642	387,467
Cards and rooms		36,441,420	36,441,420
Long term investment in subsidiary company		-	-
Long term investments	6	32,484,050	149,289,249
Long term finances		18,949,723	20,489,485
Long term loans and advances		1,363,866	1,061,523
Long term deposits and prepayments		4,133,609	4,133,609
Deferred tax asset		136,551,606	136,551,606
		320,053,509	446,918,492
CURRENT ASSETS			
Current maturities of non-current assets		42,768,104	50,448,299
Short term investments	7	87,987,824	119,711,752
Short term finances		18,608,248	24,659,107
Advances		3,866,868	5,043,259
Short term deposits and prepayments		3,103,915	7,786,695
Interest accrued		21,063,464	19,571,208
Other receivables		104,294,212	96,729,274
Tax refunds due from the government		165,134,060	186,226,341
Cash and bank balances		5,973,308	8,232,696
		452,800,003	518,408,631
		772,853,512	965,327,123
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		441,000,000	441,000,000
Reserves		(419,860,868)	(378,246,524)
		21,139,132	62,753,476
Surplus on revaluation of property, plant and equipment		29,954,049	31,121,088
NON-CURRENT LIABILITIES			
Long term finances- subordinated loan		154,470,420	-
Long term certificates of deposit		66,711,234	280,535,817
CURRENT LIABILITIES			
Current maturities of non-current liabilities		200,243,901	240,671,522
Short term borrowings		-	100,000,000
Short term certificates of deposit		183,620,369	129,391,226
Accrued markup		30,221,932	35,379,122
Trade and other payables	8	74,237,907	70,137,527
Provision for taxation		12,254,568	15,337,345
		500,578,677	590,916,742
Contingencies and commitments	9	-	-
		772,853,512	965,327,123

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Consolidated Profit and Loss Account

For the period ended 31 March 2017 (Un-audited)

		Nine Months ended		Quarter ended	
	Note	31-Mar-17 Rupees	31-Mar-16 Rupees	31-Mar-17 Rupees	31-Mar-16 Rupees
INCOME					
Profit on financing		2,826,042	44,372,901	328,870	4,130,065
Return on investments	10	46,772,207	3,836,064	30,044,947	(22,516,067)
Fees and commission		372,980	46,774,203	-	5,871,070
Profit on bank deposits		498,585	2,953,418	22,965	686,768
Mark-up on lease finance		10,852	-	-	-
Other income		1,663,409	9,693,770	550,249	506,186
		52,144,075	107,630,356	30,947,031	(11,321,978)
EXPENSES					
Return on certificates of deposit		48,007,267	90,304,819	13,816,085	25,498,015
Mark-up on borrowings from financial institutions		4,152,348	3,554,579	-	2,144,133
Amortization of premium on held to maturity investments		775,667	46,962	-	15,654
Administrative and other operating expenses	11	41,732,897	84,020,231	13,796,420	22,005,965
Other financial charges		33,398	87,643	8,014	26,932
		94,701,577	178,014,234	27,620,519	49,690,699
Operating loss before provisions and taxation		(42,557,502)	(70,383,878)	3,326,512	(61,012,677)
Provision for doubtful financing		94,576	-	-	-
Loss before taxation		(42,462,926)	(70,383,878)	3,326,512	(61,012,677)
Taxation		(318,457)	(2,928,910)	(100,859)	(527,630)
Net loss for the period		(42,781,383)	(73,312,788)	3,225,653	(61,540,307)
Loss per share-basic and diluted		(0.97)	(1.66)	0.07	(1.40)

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

Condensed Interim Consolidated Statement of Comprehensive Income

For the period ended 31 March 2017 (Un-audited)

	Nine Months ended		Quarter ended	
	31-Mar-17 Rupees	31-Mar-16 Rupees	31-Mar-17 Rupees	31-Mar-16 Rupees
Net loss for the period	(42,781,383)	(73,312,788)	3,225,653	(61,540,307)
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss account				
- Gain on remeasurement of available for sale investments	-	5,933,149	-	3,232,754
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-
Total comprehensive loss for the period	(42,781,383)	(67,379,639)	3,225,653	(58,307,553)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

Condensed Interim Consolidated Cash Flow Statement

For the period ended 31 March 2017 (Un-audited)

	31-Mar-17 Rupees	31-Mar-16 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(42,462,926)	(70,383,878)
Adjustment for non cash expenses and other items:		
Dividend income	-	(233,374)
Depreciation on property and equipment	5,389,106	6,538,850
Amortization on intangible assets	60,827	121,880
Amortization of premium on held to maturity investments	-	46,962
	5,449,933	6,474,318
	(37,012,993)	(63,909,559)
Decrease / (increase) in operating assets		
Disbursements of finances - net	15,270,815	233,198,254
Net investment in lease finance	-	-
Investments - net	148,529,127	9,853,618
Long term and short term advances	874,048	973,459
Interest accrued	(1,492,256)	13,472,600
Other receivables	(7,564,938)	89,105,347
Deposits and prepayments	4,682,780	55,730,639
	160,299,576	402,333,917
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(100,000,000)	100,000,000
Certificates of deposit	(159,595,440)	(312,360,104)
Accrued markup	(45,584,811)	2,336,469
Trade and other payables	4,100,380	(178,465,324)
	(301,079,871)	(388,488,960)
	(140,780,295)	13,844,957
Net cash used in operations	(177,793,288)	(50,064,602)
Taxation - net	17,691,047	28,494,580
Net cash generated from / (used in) operating activities	(160,102,241)	(21,570,022)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	-	(405,136)
Dividend received	-	233,374
Proceeds from sale of fixed assets	3,372,433	-
Investment in Cards and rooms	-	-
Net cash generated from / (used in) investing activities	3,372,433	(171,762)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - Subordinated loans	154,470,420	-
Redemption of listed term finance certificates	-	-
Net cash used in financing activities	154,470,420	-
Net increase / (decrease) in cash and cash equivalents	(2,259,388)	(21,741,784)
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	5,973,308	7,617,671

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

Condensed Interim Consolidated Statement of Changes in Equity

For the period ended 31 March 2017 (Un-audited)

	Capital Reserves			Revenue Reserves	
	Share capital	Statutory reserve	Loss on remeasurement of available for sale investments	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees	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 Period	-	-	-	(73,312,788)	(73,312,788)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
Incremental depreciation on revalued assets for the period	-	-	-	1,228,464	1,228,464
- Gain on remeasurement of available for sale investments	-	-	5,933,149	-	5,933,149
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	5,933,149	(72,084,324)	(66,151,175)
Balance as at 31 March 2016	441,000,000	158,496,746	-	(482,696,525)	116,800,221
Total Comprehensive Income for the period:					
Profit for the period ended 30 June 2016	-	-	-	(54,456,409)	(54,456,409)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
Incremental depreciation on revalued assets for the period	-	-	-	409,488	409,488
- Gain on remeasurement of available for sale investments	-	-	-	-	-
Items that not to be reclassified subsequently to profit and loss account	-	-	176	-	176
	-	-	176	(54,046,921)	(54,046,745)
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 period ended 31 March 2017	-	-	-	(42,781,383)	(42,781,383)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account					
Incremental depreciation on revalued assets for the period	-	-	-	1,167,039	1,167,039
- Gain on remeasurement of available for sale investments	-	-	-	-	-
Items that not to be reclassified subsequently to profit and loss account	-	-	-	-	-
	-	-	-	(41,614,344)	(41,614,344)
Balance as at 31 March 2017	441,000,000	158,496,746	176	(578,357,790)	21,139,132

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

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Notes to the Consolidated Financial Information

For the period ended 31 March 2017 (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").

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 06 April 2017. The ratings denote an adequate capacity of timely payment of financial commitments.

1.1 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.

1.2 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.

2. BASIS OF PRESENTATION

- 2.1 This interim financial information is un-audited 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 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 reflect that the equity of the company as at 31 March 2017 is Rs. 21.139 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 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 2017, 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 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 2016.

	Note	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5. PROPERTY AND EQUIPMENTS			
Property and equipments	5.1	89,802,593	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
Vehicles		-	-
		-	422,136
Disposals:			
Vehicles	5.1.1	3,372,433	-
Depreciation for the period / year		5,389,106	8,739,699
Closing written down value		89,802,593	98,564,132
5.1.1 Particulars of vehicles disposed off during the period:			
Cost		22,111,507	-
Accumulated depreciation		(18,739,074)	-
Book value		3,372,433	-

	Note	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
6. LONG TERM INVESTMENTS			
a) Held to maturity			
Pakistan investment bonds		-	100,775,669
b) Available for sale - at cost			
Investment in unquoted Companies	6.01	32,484,050	48,513,580
		32,484,050	149,289,249
6.1 Investment in Unquoted Companies			
Karachi Stock Exchange Limited (KSE)		24,044,300	40,073,830
Lahore Stock Exchange Limited (LSE)		8,439,750	8,439,750
		32,484,050	48,513,580
7. SHORT TERM INVESTMENTS			
a) Held to maturity			
Treasury bills		75,207,678	94,331,566
b) Held for trading			
i) Shares/ units			
Listed		-	15,830,632
Others		12,779,689	9,470,609
c) Available for sale			
Listed shares / units		281	281
		87,987,648	119,633,088
Deficit on remeasurement		176	78,664
		87,987,824	119,711,752
8. TRADE AND OTHER PAYABLES			
Customers' credit balances		19,365,276	24,766,781
Accrued expenses and other payables		51,214,853	41,637,522
Provision for compensated absences		1,272,124	1,347,570
Unclaimed dividend		2,385,654	2,385,654
		74,237,907	70,137,527
9. CONTINGENCIES AND COMMITMENTS			
a) Contingencies			
There exist no known contingencies as at balance sheet date.			
b) Commitments			
Outstanding guarantees		6,500,000	71,823,484

10. RETURN ON INVESTMENTS

	Nine months ended		Quarter ended	
	31-Mar-17 Rupees (Un-audited)	31-Mar-16 Rupees (Un-audited)	31-Mar-17 Rupees (Un-audited)	31-Mar-16 Rupees (Un-audited)
Mark-up / return on investments	37,089,244	11,494,032	30,044,947	4,037,021
Dividend income	-	233,374	-	-
Capital (Loss) / gain on listed shares/securities	9,682,963	(7,891,342)	-	(26,553,088)
	46,772,207	3,836,064	30,044,947	(22,516,067)

11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Salaries, wages and benefits	18,696,036	30,229,827	5,140,601	9,117,952
Commission paid to traders	-	19,360,011	-	2,419,086
Staff training and welfare	35,980	193,163	9,480	-
Advertisement and business promotion	97,250	204,200	12,900	128,500
Rent, rates and taxes	2,353,876	5,224,846	720,269	1,277,718
Utilities	1,704,809	1,772,813	316,947	627,353
Communication charges	1,821,743	3,355,295	984,924	973,742
Traveling and conveyance	1,696,424	3,386,090	225,254	1,323,013
Repair and maintenance	1,500,893	2,323,196	307,976	714,220
Entertainment	708,843	1,018,179	(236,831)	342,896
Fee and subscriptions	2,187,114	1,022,446	1,589,562	126,397
Legal and professional charges	4,020,167	3,392,978	2,509,853	1,414,514
Printing and stationery	581,185	1,007,208	204,272	269,016
Fee, brokerage and commission	37,910	64,095	19,046	37,481
CDC and clearing charges	425,862	3,716,207	93,240	667,201
Donation	90,000	-	90,000	-
Insurance	265,615	967,073	29,247	163,962
Amortization of issuance cost of listed TFCs	-	-	-	-
Depreciation	5,389,106	6,538,850	1,781,624	2,366,487
Amortization on intangible assets	60,827	64,224	(3,743)	8,595
Miscellaneous expenses	59,257	179,530	1,799	27,832
	41,732,897	84,020,231	13,796,420	22,005,965

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-Mar-17 Rupees (Un-audited)	31-Mar-16 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	-	968,836
Profit paid on certificates of deposit	1,504,046	2,693,519
Directors:		
Return on finances received	418,508	1,033,470
Profit paid on certificates of deposit	328,219	5,840,066
Executives:		
Return on finances received	58,263	17,538
Profit paid on certificates of deposit	979,999	5,000,495
Proceeds from sale of vehicle	3,372,433	-
Others		
Contribution to staff retirement benefits plan	588,512	766,501
	31-Mar-17 Rupees (Un-audited)	30-Jun-16 Rupees (Un-audited)
Balance at the end of the period		
Associated companies:		
Advances outstanding	12,188,017	12,480,743
Letter of guarantee outstanding	-	8,336,373
Certificates of deposit outstanding	-	34,357,049
Other receivable / (payable)	25,030,086	26,017,604
Markup payable on COD	-	221,924
Directors:		
Financing outstanding	-	635,154
Certificates of deposit outstanding	23,305,702	23,305,702
Other receivable	54,127	-
Markup payable on COD	-	101,608
Executives:		
Advances outstanding	1,821,988	2,066,165
Certificates of deposit outstanding	-	51,500,000
Markup payable on COD	-	300,548

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.

Nine Months ended 31 March 2017			
	Financing activities	Investing activities	Total
Profit on financing	2,826,042	-	2,826,042
Return on investments	-	46,772,207	46,772,207
Total income for reportable segments	2,826,042	46,772,207	49,598,249
Finance costs	48,817,240	4,151,440	52,968,680
Administrative and other operating expenses	39,902,211	1,830,686	41,732,897
Provision for doubtful financing	(94,576)		(94,576)
Segment result	(85,798,833)	40,790,081	(45,008,752)
Other operating income			2,534,974
Loss before taxation			(42,473,778)
Segment assets	84,459,366	175,128,084	259,587,450
Unallocated assets			513,266,062
			772,853,512
Segment liabilities	70,288,547	137,441,041	207,729,587
Unallocated liabilities			573,984,794
Equity			21,139,132
			772,853,512

Nine Months ended 31 March 2016			
	Financing activities	Investing activities	Total
Profit on financing	44,372,901	-	44,372,901
Return on placements	-	3,836,064	3,836,064
Total income for reportable segments	44,372,901	3,836,064	48,208,965
Finance costs	89,842,563	4,151,440	93,994,003
Administrative and other operating expenses	82,189,545	1,830,686	84,020,231
Provision for doubtful financing	-	-	-
Segment result	(127,659,207)	(2,146,062)	(129,805,269)
Other operating income			59,421,391
Loss before taxation			(70,383,878)
Segment assets	200,737,095	354,480,880	555,217,975
Unallocated assets			529,424,965
			1,084,642,940
Segment liabilities	89,620,093	160,951,406	250,571,498
Unallocated liabilities			717,271,222
Equity			116,800,221
			1,084,642,940

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 2016.

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 2016.

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 28 April 2017.

16. GENERAL

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

16.2 Figures have been rounded off to the nearest of rupee.

Chief Executive Officer

Chief Financial Officer

Director



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