

A young girl in a pink dress is running through a lush green field filled with various colorful flowers, including purple, yellow, and blue blossoms. The background is slightly blurred, showing more greenery and a bright sky.

INVESTING IN HAPPINESS

ANNUAL REPORT
2014

ESCORTS
INVESTMENT
BANK

VISION

Value addition for our stakeholders through enhanced business activity and emphasis on Better Risk Identification and Management as opposed to Risk Avoidance

MISSION

To build Escorts Investment Bank Limited into an elite institute comparable with, if not better than, any top quality local or foreign financial institution, in terms of a progressive corporate culture and an autonomous, committed and dedicated Executive Management with
An Eye On The Future





ESCORTS INVESTMENT
BANK LIMITED

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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

Amjad Mahmood Agha

Muhammad Sharif Baqir

Company Secretary / Chief Financial Officer

Hamid ur Rehman

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 Rasheed Alam

Internal Auditors

Nasir Javaid Maqsood Imran

Chartered Accountants

External Auditors

Zahid Jamil & Company

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

NIB Bank Limited

Sind Bank Limited

Apna Microfinance Bank Limited

MCB Bank Limited

NETWORK

Head Office & Lahore Branch

Escorts House

26-Davis Road, Lahore

Tel: (042) 3637 1931-34

Fax: (042) 3637 5950

mailmanager@escortsbank.net

www.escortsbank.net

Branch Offices

Karachi Office

Escorts Investment Bank Limited

Room # 631, 632, Stock Exchange Building,

Stock Exchange Road, Karachi

Tel: (021) 3247 1671-5

Fax: (021) 3247 237

karachi@escortsbank.net

www.escortsbank.net

Islamabad Office

Escorts Investment Bank Limited

Shalimar – 5/1, Attaturk Ave, Islamabad

Tel: (051) 227 1762

Fax: (051) 227 1764

islamabad@escortsbank.net

www.escortsbank.net



Financial Statements

30 June 2014

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Members of **ESCORTS INVESTMENT BANK LIMITED** will be held on Thursday October 30, 2014 at 09:00 a.m. at Escorts House, 26 Davis Road, Lahore the registered office of the Company, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2014 together with the Directors' and Auditors' report thereon;
2. To appoint External Auditors and fix their remuneration for the year ending June 30th, 2015.

OTHER BUSINESS:

3. To transact any other business with the permission of the Chair.

By ORDER OF THE BOARD

Hamid ur Rehman
Company Secretary

Dated: October 09, 2014

Notes:

1. The share transfer books shall remain closed from October 24, 2014 to October 30, 2014 (both days inclusive). Transfers received at Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore, by the close of the business hours on October 23, 2014 will be treated in time for the purpose of casting of votes at the AGM.
2. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend the meeting, speak and vote on his/her behalf. Form of Proxy is enclosed.
3. The Form of Proxy must be signed across a rupees five revenue stamp and should be received by the Company at its Registered Office at least 48 hours before the meeting.
4. Shareholders are requested to promptly notify the Company of any change in their addresses at the Registered Office of the Company.
5. CDC Account Holders will have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
 - 5.1 For attending the meeting:
 - 5.1.1 In case of individual, the account holder or sub-account holder shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- 5.1.2 In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall have to be produced at the time of the meeting.
- 5.2 For appointing proxies:
 - 5.2.1 In case of individual, the account holder or sub-account holder shall submit the proxy form as per the requirements of para 3 above.
 - 5.2.2 The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers should be mentioned on the Proxy Form.
 - 5.2.3 Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
 - 5.2.4 The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - 5.2.5 In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall have to be submitted along with Proxy Form to the Company.

Director's Report

The Board of Directors of Escorts Investment Bank Limited is pleased to present the Annual Report 2014 together with the Audited Financial Statements for the year ended June 30, 2014.

The Board hereby confirms that:

- a) these financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) proper books of accounts of the Company have been maintained;
- c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) the system of internal controls is sound in design and has been effectively implemented and efficiently monitored;
- f) there are no significant doubts upon the Company's ability to continue as going concern; and
- g) there is no material departure form the best practices of corporate governance, as detailed in the listing regulations.
- h) information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) the statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Company.

Financial Results

The financial results for the year under review are summarized as follows:

	2014 Rupees	2013 Rupees
(Loss)/ Profit before provisions and taxation	(17,267,171)	18,637,771
Less: (Provision) for / reversal of doubtful finances and receivables	192,224	-246,507
(Loss)/ Profit before taxation	(17,074,947)	18,391,264
Taxation – net	(646,532)	1,931,616
(Loss)/ Profit after taxation	(17,721,479)	20,322,880
Other Comprehensive income- net of tax	1,814,905	1,910,424
Total comprehensive (Loss)/ Profit - net of tax	(15,906,574)	22,233,304

Key financial data and ratios for the last eight years are attached.

The fiscal year 2013-2014 has been a challenging year for the NBFC sector in Pakistan that has continued to face obstacles in its business activities due to factors such as reluctance of financial institutions/commercial banks to lend borrowings to NBFCs. During the year the Company incurred a loss after tax of Rs. 17.7 million as against a profit of Rs. 20.3 million in the preceding year.

The total revenue of your Company has decreased from Rs. 241.1 million in preceding year to Rs. 164.8 million in the financial year ended June 30, 2014. This 31.6% decrease pertains primarily to decrease in return on investments and placements.

Income from financing has shown an improvement of 23.5% because the activity in capital markets has increased significantly and resultantly the magnitude of Margin Financing increased accordingly. The quality of this form of earning is excellent because of the better quality and liquid-ability of the collateral. The other income has decreased from Rs. 49.2 million in the previous year to Rs. 7.3 million in the year under consideration.

It is pertinent to note that although the revenue has decreased by around 31.6% during the year however, the total expenses of the Company have reduced by more than 18.1%. During the previous year, the total expenses of the Company were Rs. 222.5 million whereas for the year ended June 30, 2014, the total expenses incurred were Rs. 182.1million.

The current ratio of the Company has increased from 1.08 in 2013 to 1.28 in the year ended June 30, 2014. This shows that the Company has improved its short term liquidity and medium to long term solvency.

Term Finance Certificates (TFCs)

It is worthwhile to mention here that the bank issued a listed Term Finance Certificates (TFCs) of Rs. 500 million in March, 2007 and it has been fully redeemed in September 2014.

Credit Rating

As an expression of confidence in your Company's performance, The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company at "BBB" (Triple B) as on March 27, 2014. The Short Term ratings have been maintained at A3 (Single A three).

Board Meetings

The Board presently comprises of one executive and six non executive directors. No casual vacancy occurred during the year.

During the year, four meetings of the Board of Directors were held and following is the detail of attendance by the Directors:

Directors	Attended
Mr. Bairam Qureishy	4
Ms. Shazia Bashir	4
Mr. Tajamal Hussain Bokharee	4
Mr. Mutahir Ahmed	4
Mr. Zulfiqar Ali Khan	1
Mr. Muhammad Sharif Baqir	-
Mr. Agha Mahmood Amjad	-

Leave was granted to directors who could not attend some or all of the Board meetings.

Pattern of shareholding

There were 429 shareholders of the Company as at 30 June 2014. The pattern of shareholding disclosing the aggregate number of shares held by various categories of shareholders appears at the end of this Annual Report.

Value of Provident Fund Investment

The Company operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund @ 10% of basic salary. Based on latest financial statements of the fund the value of its investment as at June 30, 2014 works out to Rs. 5.88 million and cash at bank balances amount to Rs. 0.116 million.

Changes in Shareholding

There was no purchase and sale of shares of Escorts Investment Bank Limited by the Directors, CEO and CFO in the year under review.

Internal Audit Function

The Company has outsourced its internal audit function to M/s Nasir Javaid Maqsood Imran, Chartered Accountants. The Audit Committee meets on a regular basis to review efficiency and effectiveness of the Internal Audit Function.

Auditors' Emphasis on Minimum Capital Requirement

For the shortage in minimum equity requirement the management of your Company has given its view in note No. 2.2 to the Financial Statements.

Auditors

The Bank's external auditors M/s Zahid Jamil & Co, Chartered Accountants retire and being eligible, offer themselves for reappointment. The Board and Audit Committee recommended their appointment.

Corporate Social Responsibilities

Escorts Investment Bank Limited provides patronage to its group entity Escorts Foundation (the Foundation), which is an NGO involved in rural development programmes since 1990. Escorts Foundation's major initiatives are in rural development programmes, energy conservation and environment protection measures and education through its projects including Home Schools Project and Smokeless Stove Project.

Escorts Investment Bank Limited commits its full support and cooperation, financial and otherwise to the foundation as part of its CSR activities. In addition, other activities include but are not limited to contributions to national exchequer by way of taxes, timely payments to all its creditors, vendors and depositors. The Company has also established procedures for the occupational safety and health and business ethics and anti corruption measures. Escorts Investment Bank Limited has also contributed materially to help and assist the flood affected people during and after the year end.

Future Outlook

Owing to the distress subdued economic situation prevailing in the country and world over, the management has taken the challenge to turnaround the bank by exploring new venues. In this regard the management has developed and diversified its portfolio of high yield products including share and commodities brokerage, commodities, bills discounting, financing against shares (Margin Financing), car finance, advisory services and non-fund based products.

Management further anticipates an increased equity market activity which will result in considerable rise in Margin Financing and Equity Portfolio and hence a remarkable earning in the shape of brokerage commission as well as profit on the said financing. Further, the management is continuing to attract the potential corporate and retail clients to increase the brokerage revenue and hopes that future periods are expected to show better profitability for the Company with improved earnings quality and high service levels.

Acknowledgement

The Directors wish to place on record the gratitude to Securities and Exchange Commission of Pakistan for their valued support, assistance and guidance. The Board would like to take this opportunity to express their admiration to the employees of the Company for their commitment, hard work and cooperation throughout the year. The Company recognizes and records its gratitude for all their efforts.

For and on behalf of Board

Shazia Bashir
President and Chief Executive Officer

Director

Lahore: October 02, 2014

Financial Highlights

Last Eight Years of Escorts Bank at a Glance

	(Rupees in '000')							
	2014	2013	2012	2011	2010	2009	2008	2007
FINANCIAL DATA								
Share Capital	441,000	441,000	441,000	441,000	441,000	441,000	441,000	441,000
Reserves	40,901	56,808	34,575	45,895	76,973	156,403	410,850	361,233
Shareholders' Equity	481,901	497,808	475,575	486,895	517,973	597,403	851,850	802,233
Deposits	1,185,538	758,007	659,261	691,974	580,862	413,733	1,327,061	2,081,408
Borrowings from Financial Institutions	44,503	-	599,349	809,821	304,763	438,563	2,983,208	2,770,032
Total Liabilities	1,437,716	993,420	1,700,946	1,888,768	1,307,045	1,510,240	5,645,060	5,132,427
Tangible Fixed Assets	143,737	128,046	138,188	110,296	122,008	137,981	166,115	159,142
Intangible Fixed Assets	385	578	1,444	2,311	-	-	35,917	44,087
Capital Work in Progress	-	7,669	-	-	2,100	1,300	1,300	18,036
Financing - Net of Provision	456,453	336,352	326,872	318,710	250,393	158,915	281,673	351,638
Net Investment in Finance Lease	3,065	3,572	5,431	11,846	21,633	35,451	72,272	64,949
Investments & Placements	569,455	307,547	984,310	1,351,149	789,845	1,096,536	4,631,475	4,671,168
Total Assets	1,919,617	1,491,228	2,176,521	2,375,663	1,825,018	2,107,643	6,496,909	5,934,660
OPERATING RESULTS								
Total Revenue	164,887	241,185	264,110	239,698	182,339	356,524	837,164	841,512
Markup Expense	118,983	167,961	218,037	197,796	159,061	270,646	482,477	472,673
Operating & Other Expenses	63,171	54,586	68,057	75,832	103,498	153,678	251,038	226,953
(Reversal) / provision against								
Non-Performing Loans	(192)	247	49	(321)	(3,357)	3,802	9,134	684
Profit/(loss) before Tax	(17,075)	18,391	(22,033)	(34,021)	(79,598)	(166,002)	94,512	141,201
Profit/(loss) after Tax	(15,907)	22,233	(11,320)	(31,078)	(79,430)	(166,247)	137,817	130,164
Dividend (%)	-	-	-	-	-	-	20.00	20.00
FINANCIAL RATIOS								
Earnings/(loss)/ per Share (Rs.)	(0.40)	0.46	(0.26)	(0.70)	(1.80)	(3.77)	3.13	2.95
Net Asset Value per Share (Rs.)	10.93	11.29	10.78	11.04	11.74	13.54	19.32	18.19
Market Value per Share (Rs.)	2.75	3.70	1.95	1.80	2.89	2.40	12.68	16.40
High	2.75	4.98	2.95	3.85	4.30	11.99	20.10	17.40
Low	2.75	1.75	1.10	1.10	1.55	2.40	11.00	13.00
Price Earning Ratio	-	8.04	-	-	-	-	4.06	5.56
Dividend per Share (Rs.)	-	-	-	-	-	-	2.00	2.00
Dividend Yield (%)	-	-	-	-	-	-	15.77	12.20
Dividend Payout Ratio(%)	-	-	-	-	-	-	64.00	67.76
Profit/(loss) Before Tax Ratio (%)	(10.47)	7.63	(8.34)	(14.19)	(43.65)	(46.63)	11.29	16.78
Revenue to Expenses (Times)	0.91	1.08	0.92	0.87	0.70	0.69	1.13	1.20
Return on Average Assets (%)	-	1.21	-	-	-	-	2.22	2.41
Return on Capital Employed (%)	-	4.57	-	-	-	-	16.66	16.66
Total Assets Turnover Ratio (Times)	0.09	0.16	0.12	0.10	0.10	0.17	0.13	0.16
Advances to Deposits (Times)	0.39	0.44	0.50	0.47	0.35	0.30	0.21	0.17
Borrowings to Equity (Times)	0.09	-	0.79	0.60	1.70	2.33	5.06	6.05
Total Liabilities to Equity (Times)	2.98	2.00	3.58	3.88	2.52	2.52	6.63	6.40

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (The Code) contained in Regulation No. 35 (Chapter XI) of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Escorts Investment Bank Limited (“the Company”) has applied the principles contained in the Code in the following manner:

1. The Company encourage representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Amjad Mahmood Agha Mr. Muhammad Sharif Baqir
Executive Director	Ms. Shazia Bashir
Non-Executive Directors	Mr. Bairam Qureishy Mr. Mutahir Ahmed Mr. Tajamul Hussain Bokharee Mr. Zulfiqar A.Khan Mr. Amjad Mahmood Agha Mr. Muhammad Sharif Baqir

The independent directors meet the criteria of independence under clause (i) b of the Code.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including the Company
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Finance Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board of Directors during the year.
5. The Company has prepared a ‘Code of Conduct’ (the Code) and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a statement of vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were prepared or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors are exempted from training Program because they fulfill the exemption criteria provided in the proviso of clause 35 (xi) of the Code.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members all of whom are non-executive Directors. The Board shall ensure that the Chairman Audit Committee is an independent director for future compliance.
16. The meetings of the Audit Committee held at least once every quarter prior to approval of interim and final results of the Company as required by the Code.
17. The Board will form an HR and Remuneration Committee. It will comprises three members, of whom one will be an executive director and two directors including chairman of the committee will be non executive Directors.
18. The Board has outsourced its internal audit function to M/S Nasir Javaid Maqsood Imran, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to Directors, Employees and Stock Exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with. (Except for the followings, towards which reasonable progress is being made by the company to seek compliance by the end of the next year.)
 - a) Chairman of the Audit Committee is not an independent director.
 - b) Formulation of TOR of the Audit Committee.
 - c) Formulation of HR and Remuneration Committee.

Shazia Bashir
President and Chief Executive Officer

Lahore
Date: October 02, 2014

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ESCORTS INVESTMENT BANK LIMITED to comply with the listing regulation No. 35 of Karachi Stock Exchange and Lahore Stock Exchange where the Company is listed.

The responsibility of compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of Compliance reflects the status of Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulations 35 notified by the Karachi and Lahore Stock Exchanges require the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matter discuss in paragraph "a to c" below nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code of Corporate Governance for the year ended June 30, 2014.

- a) The Human Resource and Remuneration committee has not been formed.
- b) Chairman of the audit committee is not an independent director.
- c) Term of reference of the Audit Committee has not been formulated.

Lahore
Date: October 02, 2014
Engagement Partner: Muhammad Amin

Zahid Jamil & Company
Chartered Accountants

Statement of Ethics and Business Practices

The following core values have been incorporated in our system to promote ethical business practices while producing quality services.

Business Practices

Escorts Investment Bank Limited (“the Company”) recognizes responsibilities in the following areas:

Shareholders

To protect shareholders investment and to provide them maximum return on their investment. We focus on maximizing long term shareholders’ value through strong financial performance and returns, disciplined and profitable expansion.

Customers

To provide them with the best investment opportunities and financial products that can cater to changing economic environment. Our focus is on building enduring relationships with our clients to help meet their financial goals, providing friendly, caring, seamless service and excellent value through a wide range of products and services. Prompt, efficient attention to complaints is integral to our client care commitment.

Employees

To provide our employees with a friendly and congenial environment to work in and to provide them an equal opportunity to prosper and grow. There are job opportunities available for the most deserving candidates depending on their professional achievements and skills in their chosen departments. We feel that strong relationship with employees is vital to our future success. Each employee plays an important role in advancing our reputation and is required to be fully familiar with our code of conduct. We are focused on providing leading-edge workplace practices, opportunities for continuous learning, and challenging and satisfying careers to our employees.

Society

To conduct business as a good corporate citizen of the society, while respecting and complying with the prevalent laws as a financial entity.

Business Integrity

The Company believes in the following five principles to be applied in all aspects of their business:

- Personal Responsibility
- Integrity
- Honesty
- Team Work
- Diversity

All business transactions on behalf of Escorts Investment Bank Limited must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and should be subject to audit.

Reliability and Reporting

All transactions and contracts are fully documented and are available for review to the concerned quarters. The Company complies with the International Accounting Standards (as applicable in Pakistan) and all applicable laws and regulations, whereby its financial statements present a true picture of the underlying transactions.

Economic Principles

Maximization of Profitability is essential for any financial institution, as this is used as a yardstick to determine efficiency. Also, it is necessary to allocate resources including Capital, Management Time, Human Resources and Information Technology according to a range of factors, such as size and complexity of the operation, growth prospects and contribution made by each area.

Political Activities

The Company believes in staying detached from all political activities.

Health and Safety

The maintenance of appropriate health and safety standards throughout the Company is a key responsibility of all managers. Company's objective is to identify, remove, reduce or control material risks of fire and of accidents or injuries to employees and Visitors.

Statement of Compliance with Best Practices on Transfer Pricing for the Year Ended 30 June 2014

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of the stock exchanges where the Company's shares are listed.

For and on behalf of the Board

Shazia Bashir
President and Chief Executive Officer

Lahore
Date: October 02, 2014

Auditors' Report to the Members

We have audited the annexed balance sheet of ESCORTS INVESTMENT BANK LIMITED ("the company") as at JUNE 30, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion-
 - i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at JUNE 30, 2014 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII OF 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to:

- (i) note # 2.2. to the accompanying financial statements which indicate that the company's equity as at June 30, 2014 has fallen below the minimum equity required under regulation 4 of NBFC and Notified Entities Regulations 2008.

Lahore
Date: October 02, 2014
(Engagement Partner: Muhammad Amin)

Zahid Jamil & Company
Chartered Accountants

Balance Sheet

as at 30 June 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current Assets			
Fixed assets	6	110,672,527	102,843,295
Cards and rooms	7	33,450,000	33,450,000
Long term investment in subsidiary company	8	175,004,000	175,004,000
Long term investments	9	100,895,285	100,980,776
Long term finances	10	42,776,862	179,386,953
Net investment in lease finance	11	-	-
Long term loans and advances	12	1,148,597	1,355,926
Long term deposits and prepayments	13	51,917,673	53,914,604
Deferred tax asset	14	102,292,639	100,222,616
		618,157,583	747,158,170
Current Assets			
Current maturities of non-current assets	15	155,064,767	52,755,719
Short term investments	16	468,559,559	206,566,908
Short term finances	17	265,001,320	111,373,306
Advances	18	2,898,552	3,557,292
Short term deposits and prepayments	19	1,308,905	21,712,413
Interest accrued		10,198,315	9,180,420
Other receivables	20	91,768,997	54,012,549
Tax refunds due from the government		255,942,074	248,829,923
Cash and bank balances	21	50,716,737	36,080,966
		1,301,459,226	744,069,496
		1,919,616,809	1,491,227,666
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	22	441,000,000	441,000,000
Reserves	23	40,901,604	56,808,178
		481,901,604	497,808,178
Surplus on revaluation of fixed assets	24	34,483,200	36,298,105
Deficit on revaluation of investments	25	(7,664,952)	(5,224,348)
Non-Current Liabilities			
Term finance certificates	26	-	24,641,647
Long term certificates of deposit	27	394,766,083	249,661,415
Long term security deposit	28	-	-
Current Liabilities			
Current maturities of non-current liabilities	29	68,741,337	69,234,530
Short term borrowings	30	44,503,605	-
Short term certificates of deposit	31	749,961,280	490,714,262
Accrued markup	32	9,720,238	17,928,487
Trade and other payables	33	103,268,559	72,946,090
Provision for taxation	34	39,935,855	37,219,300
		1,016,130,874	688,042,669
Contingencies and Commitments	35	-	-
		1,919,616,809	1,491,227,666

The annexed notes 1 to 55 form an integral part of these financial statements.

Profit and Loss Account for the year ended 30 June 2014

	Note	2014 Rupees	2013 Rupees
INCOME			
Profit on financing	36	77,574,805	62,784,239
Mark-up on lease finance		-	3,040
Return on placements	37	413,023	28,372,041
Return on investments	38	58,821,556	96,114,938
Fees and commission	39	17,446,897	3,211,165
Profit on bank deposits		3,238,002	1,484,491
Other income	40	7,392,619	49,215,319
		164,886,902	241,185,233
EXPENSES			
Return on certificates of deposit		110,994,096	82,170,679
Return on term finance certificates		3,824,305	7,821,073
Mark-up on short term running finance		-	567,112
Mark-up on borrowings from financial institutions		4,164,606	77,392,312
Amortization of premium on held to maturity investments		85,492	596,246
Administrative and other operating expenses	41	62,943,841	53,880,486
Other financial charges		141,733	119,554
		182,154,073	222,547,462
Operating (loss) / profit before provisions and taxation		(17,267,171)	18,637,771
Reversal / (provision) for doubtful finances		192,224	(246,507)
(Loss) / profit before taxation		(17,074,947)	18,391,264
Taxation-Net	42	(646,532)	1,931,616
(Loss) / profit after taxation		(17,721,479)	20,322,880
Other comprehensive income - net of tax		1,814,905	1,910,424
Total comprehensive (loss) / profit - net of tax		(15,906,574)	22,233,304
(Loss) / profit per share-basic and diluted	43	(0.40)	0.46

The annexed notes 1 to 55 form an integral part of these financial statements.

Chief Executive Officer

Director

Cash Flow Statement

for the year ended 30 June 2014

	2014 Rupees	2013 Rupees
Cash flow from operating activities		
(Loss) / profit before taxation	(17,074,947)	18,391,264
Adjustment for non cash expenses and other items:		
Dividend Income	(3,429,634)	(54,897,099)
Depreciation on property and equipment	6,232,126	10,893,393
Amortization on intangible assets	192,641	866,580
Reversal / (provision) for doubtful finances	192,224	(246,507)
Amortization of premium on held to maturity investments	85,492	596,246
Amortization of issuance cost of listed TFCs	2,028,900	2,028,900
Gain on sale of fixed assets	(560,215)	-
Fair value gain on held for trading investments	(19,041)	(23,061)
	4,722,493	(40,781,548)
	(12,352,454)	(22,390,284)
Decrease / (increase) in operating assets		
Disbursements of finances - net	(120,293,627)	(9,233,739)
Net investment in lease finance	123,680	1,029,255
Placements	-	720,647,460
Investments - net	(264,414,216)	(42,539,426)
Long term and short term advances	765,329	(623,178)
Interest Accrued	(1,017,895)	15,807,135
Other receivables	(37,756,448)	14,253,386
Deposits and prepayments	22,768,331	6,328,909
	(399,824,846)	705,669,802
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	44,503,605	(599,348,500)
Certificates of deposit	427,531,146	98,745,710
Accrued markup	(8,208,249)	706,761
Trade and other payables	30,323,819	(161,613,767)
	494,150,321	(661,509,796)
Net changes in operating assets and liabilities	94,325,475	44,160,006
Net cash generated from / (used in) operating activities before taxes	81,973,021	21,769,722
Taxation-Net	(7,112,150)	(18,139,942)
Net cash generated from operating activities	74,860,871	3,629,780

	2014 Rupees	2013 Rupees
Cash flow from investing activities		
Fixed capital expenditure incurred	(14,253,999)	(751,588)
Capital work in progress	-	(7,668,861)
Dividend received	3,429,634	54,897,099
Proceeds from sale of fixed assets	560,215	-
Net cash (used in) / generated from investing activities	(10,264,150)	46,476,650
Cash flow from financing activities		
Redemption of listed term finance certificates	(49,959,600)	(49,959,600)
Dividend paid	(1,350)	-
Net cash used in financing activities	(49,960,950)	(49,959,600)
Net increase in cash and cash equivalents	14,635,771	146,830
Cash and cash equivalents at the beginning of the year	36,080,966	35,934,136
Cash and cash equivalents at the end of the year	50,716,737	36,080,966

The annexed notes 1 to 55 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2014

	Share capital	RESERVES		Total
		Statutory reserve	Accumulated profit / (loss)	
----- Rupees -----				
Balance as at July 01, 2012	441,000,000	154,050,085	(119,475,211)	475,574,874
Net profit for the year	-	-	20,322,880	20,322,880
Other comprehensive income	-	-	1,910,424	1,910,424
Transfer to statutory reserve	-	4,446,661	(4,446,661)	-
Total comprehensive profit	-	4,446,661	17,786,643	22,233,304
Balance as at June 30, 2013	441,000,000	158,496,746	(101,688,568)	497,808,178
Net Loss for the year	-	-	(17,721,479)	(17,721,479)
Other comprehensive income	-	-	1,814,905	1,814,905
Transfer to statutory reserve	-	-	-	-
Total comprehensive loss	-	-	(15,906,574)	(15,906,574)
Balance as at June 30, 2014	441,000,000	158,496,746	(117,595,142)	481,901,604

The annexed notes 1 to 55 form an integral part of these financial statements.

Chief Executive Officer

Director

Notes to the Financial Statements

for the year ended June 30, 2014

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 on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Karachi and Lahore stock exchanges. The Company 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 “BBB” (Triple B) and also maintained the short-term rating at “A3” (A three) dated 27 March 2014. The ratings denotes an adequate capacity of timely payment of financial commitments.

These financial statements are the separate financial statements of the Company. In addition to these financial statements, consolidated financial statements of the Company and its subsidiary company, Escorts Capital Limited, have also been prepared.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, ‘Financial Instruments: Recognition and Measurement’ and International Accounting Standard (IAS) 40, ‘Investment Property’ through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, ‘Financial Instruments: Disclosures’ through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

- 2.2** The financial statements of the company reflect that the equity of the company as at June 30, 2014 is Rs. 481.902 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 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

IFRS 7	Financial instruments: Disclosures (Amendment)
IAS 1	Presentation of Financial Statements - (Amendment)
IAS 19	Employee Benefits (Revised)
IFRIC 20	Stripping Cost in the Production Phase of a Surface Mine.

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

2.4 Change in Accounting Estimate

During the year, the Company has revised its accounting estimate for charging depreciation on fixed assets from straight line method to reducing balance method. The above revision would result in more accurate reflection of depreciation charge over the useful lives of the related assets. The above change has been prospectively accounted for as change in accounting estimates in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". Had there been no change in the aforesaid accounting estimate, loss before tax would have been higher by Rs. 3.203 million, whereas the carrying value of fixed assets of the Company would have been lower by the same amount.

3. FIXED ASSETS

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment, if any, except for Capital Work in Progress which is stated at cost. Depreciation is charged using "reducing balance method" at the following rates:

	Rate in %
Free-hold premises	5
Leasehold improvements	20
Freehold improvements	20
Furniture and fittings	10
Computer equipment	33.33
Office equipment	10
Vehicles	20

Full month's depreciation is charged on additions during the month in which asset is available for use, while no depreciation is charged in the month in which asset is disposed off.

Minor repair and renewals are charged to income as and when incurred.

Major renewals and improvements are capitalized.

The gain or loss on disposal or retirement of an asset, represented by the difference between sale proceeds and the carrying amount of the asset, is included in income currently.

Fully depreciated assets are being kept at a token value of Rs. 1/- each.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments, if any. Amortization is recorded when these assets are available for use using reducing balance method whereby the cost of an intangible asset is amortised at the following rates:

	Rate in %
Computer software	33.33

Revaluation surplus

Amortization of surplus on revaluation of fixed assets is charged to retained earnings through statement of comprehensive income.

3.2 Assets subject to finance lease

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities at the lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. Financial charges are allocated to accounting periods in a manner so as to provide constant periodic rate of charge on the outstanding liability. Depreciation is charged using “straight line method” at the rates specified in note 3.1

3.3 Cards and Rooms

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 Investments

3.4.1 Subsidiary Company

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 “Consolidated and Separate Financial Statements”. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the period in which they incur.

3.4.2 Held to maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held to maturity.

3.4.3 Available for sale

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices are classified as available for sale.

3.4.4 Held for trading

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin are classified as held for trading.

All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, in accordance with the requirements of circulars issued by State Bank of Pakistan, Investments at fair value through profit and loss account and Investments Available for Sale for which active market exists, are measured at their market value while Investments Held to Maturity are stated at amortized cost using the effective interest rate method less impairment, if any.

All "regular way" purchases and sales of listed shares are recognized on the trade date, i.e. the date that the company commits to purchase/sell the asset.

Any surplus or deficit on revaluation of investments at fair value through profit and loss account is charged to income currently, while in case of available for sale investments, the resulting surplus/ (deficit) is kept in a separate account and is shown in the balance sheet below the shareholders' equity. At the time of disposal the respective surplus or deficit is transferred to income currently.

Amortization cost is charged to profit and loss account.

However, as allowed by the BSD circular no. 10 dated 13 July 2004, the Company will be free to determine the extent of holding under the above categories taking into consideration various aspects such as trading strategies, intention of acquisition of securities, capital position, expertise available to manage investment portfolio, and the risk management capabilities. Under exceptional circumstances, shifting from one category to another category may be made subject to the following conditions:

Shifting of investments to/from held to maturity category is allowed once a year only with the approval of the Board of Directors within two months of the commencement of accounting year. Any further shifting to/from this category is not allowed during the remaining part of that accounting year.

Shifting to/from available for sale category is allowed with the approval of the Assets and Liabilities Committee (ALCO) subject to the condition that the reasons for such shifting will be recorded in writing; and

Shifting from held for trading category to available for sale or held to maturity categories is generally not be allowed. It is permitted under exceptional circumstances like not being able to sell the securities within the prescribed period of 90 days due to tight liquidity position in market or extreme market volatility with the approval of ALCO. The justification for such exceptional shifting of securities shall be recorded in the minutes of ALCO meeting. Shifting of securities from one category to another shall be done at the lower of the market value or the acquisition cost/book value, and the diminution in value, if any, on such transfer shall be fully provided for.

The surplus/deficit arising as a result of revaluation of held for trading investments is taken to profit and loss account. Furthermore, the surplus/deficit on revaluation of available for sale and held to maturity securities is taken to "Surplus/Deficit on revaluation of Available for Sale Investments" account. However, any permanent diminution in the value of available for sale or held to maturity securities is provided for by charging it to the profit & loss account. The measurement of surplus/ deficit is done on portfolio basis for each of the above three categories separately.

3.4.5 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in borrowings from banks/ NBFCs. The difference between sale and repurchase price is treated as mark-up on borrowings from banks/ NBFCs and accrued over the life of the repo agreement.

Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

3.4.6 Trade date accounting

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.4.7 Commodities

Commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. These inventories are measured at fair value less cost to sell.

3.5 Net investment in lease finance

Leases where all the risks and rewards incidental to ownership of the assets are substantially transferred to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and deposit accounts.

3.7 Financial instruments

3.7.1 Financial assets

Financial assets are cash and bank balances, placements, investments, financing and other receivables. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivables, while other financial assets are stated at cost except for investments, which have been revalued as per accounting policy.

3.7.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include redeemable capital, certificates of deposit, borrowings, trade and other payables. Mark-up based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

3.7.3 Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the balance sheet date. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the balance sheet. The corresponding gains and losses are included in the profit and loss.

3.7.4 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

3.7.5 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.8 Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.9 Redeemable capital - Term finance certificates

Term finance certificates are initially recognised at their fair value less transaction costs that are directly attributable to the issue of term finance certificates. The transaction costs are amortised over the term of term finance certificates.

3.10 Staff retirement benefits

Employees compensated absences

Liability for accumulated compensated absences of employees is accounted for in the period in which these absences are earned on termination basis.

Provident fund

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by employees and the Company to the fund at 10% of Basic Salary. The fund is administrated by the Trustees.

3.11 Revenue recognition

Return on finances provided, placements, government securities and term finance certificates are recognized on time proportionate basis.

Mark-up on lease finance is recognized using the finance method. Under this method, the unearned lease income i.e. the excess of the aggregate lease rentals and the residual value over the cost of the leased assets, is deferred and taken to income so as to produce a constant periodic rate of return on the outstanding net investment in lease finance. Processing fee, documentation charges and other lease related income are taken to income currently.

Brokerage commission and other advisory fee are recognized when such services are provided.

Guarantee commission is received in advance, and deferred over the guarantee period.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

Consultancy and corporate advisory fee income is recognized using percentage of completion method.

Dividend income is recognized when the right to receive payment is established.

3.12 Return on deposits and borrowings

Return on Certificates of Deposits (CODs) and borrowings are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

3.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available, rebates and exemptions, if any.

Deferred

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.14 Operating segment

The Company has structured its key business areas in two segments in a manner that each segment becomes a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Company have been categorized into the following classifications of business segments.

Business segments

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

Financing activities

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

Investment activities

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

3.15 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.16 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

3.17 Dividend distributions and appropriations

Dividend distribution and appropriations other than statutory appropriations are recorded in the period in which they are approved.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of certain critical accounting judgments and estimates, that effect the reported amount of revenue, expenses, assets and liabilities. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, estimated results may differ from actual. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- i) Provision for taxation and deferred tax (Notes 34 and 14)
- ii) Classification and valuation of investments (Notes 09 and 16)
- iii) Determination and measurement of useful life and residual value of property and equipment (Note 6)
- iv) Classification and provision of long term finances, net investment in finance lease, short term finances and other receivables (Notes 10.6, 11.2, 17.3 and 20.2.1)
- v) Impairment of investments (Note 9.1 and 16)

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures (Amendment)	01-Jan-15
IFRS 10	Consolidated financial statements	01-Jan-15
IFRS 11	Joint arrangements	01-Jan-15
IFRS 12	Disclosure of interest in Other Entities	01-Jan-15
IFRS 13	Fair Value Measurement	01-Jan-15
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	01-Jan-16
IAS 16 & 41	Agriculture Bearer Plants	01-Jan-16
IAS 19	Employee Benefits (Amendment)	01-Jul-14
IAS 27	Separate Financial Statements (Revised)	01-Jan-15
IAS 28	Investment in Associates and Joint Ventures (Revised)	01-Jan-15
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	01-Jan-14
IAS-36	Recoverable amount disclosures for Non-Financial Assets (Amendment)	01-Jan-14
IAS-39	Financial Instruments: Recognition and measurement-on novation of derivatives and hedge accounting	01-Jan-14
IFRIC 21	Levies	01-Jan-14

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However that are not considered relevant to the Company and therefore are not expected to materially affect the financial statements of the Company for accounting periods on dates prescribed therein.

		2014 Rupees	2013 Rupees
6. FIXED ASSETS			
	Tangible		
	Property and equipment	6.1 110,287,188	94,596,454
	Capital work in progress	-	7,668,861
	Intangible assets	6.2 385,339	577,980
		110,672,527	102,843,295

6.1 Property, plant and equipment

	Cost			Depreciation			Net book value as at 30 June 2014	RATE %
	As at 01 July 2013	Additions/ (disposals)/ adjustments	As at 30 June 2014	As at 01 July 2013	For the year	(Disposals)		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Owned								
Free-hold premises	127,901,129	-	127,901,129	38,161,185	4,486,997	-	42,648,182	85,252,947 5
Lease-hold improvements	13,827,516	14,576,892	28,404,408	13,812,277	358,038	-	14,170,315	14,234,093 20
Free-hold improvements	6,712,240	-	6,712,240	6,712,240	-	-	6,712,240	- 20
Office furniture and fixtures	4,263,252	118,500	4,381,752	3,055,000	130,525	-	3,185,525	1,196,227 10
Computer equipments	7,647,302	83,700	7,731,002	7,405,732	102,774	-	7,508,506	222,496 33.33
Office equipments	9,067,800	972,676	10,040,476	5,782,531	412,677	-	6,195,208	3,845,268 10
Vehicles	19,896,473	6,171,092	24,667,027	19,790,293	741,115	-	19,130,870	5,536,157 20
		(1,400,538)				(1,400,538)		
	189,315,712	21,922,860	209,838,034	94,719,258	6,232,126	-	99,550,846	110,287,188
		(1,400,538)				(1,400,538)		
2014	189,315,712	20,522,322	209,838,034	94,719,258	6,232,126	(1,400,538)	99,550,846	110,287,188

	Cost			Depreciation			Net book value as at 30 June 2013	RATE %
	As at 01 July 2012	Additions/ Revaluation/ (disposals)	As at 30 June 2013	As at 01 July 2012	For the year	(Disposals)		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Owned								
Free-hold premises	127,901,129	-	127,901,129	31,766,129	6,395,056	-	38,161,185	89,739,944 5
Lease-hold improvements	13,827,516	-	13,827,516	12,129,935	1,682,342	-	13,812,277	15,239 20
Free-hold improvements	6,712,240	-	6,712,240	5,705,404	1,006,836	-	6,712,240	- 20
Office furniture and fixtures	4,263,252	-	4,263,252	2,650,552	404,448	-	3,055,000	1,208,252 10
Computer equipments	7,544,302	103,000	7,647,302	7,283,688	122,044	-	7,405,732	241,570 33.33
Office equipments	8,536,292	531,508	9,067,800	4,951,344	831,187	-	5,782,531	3,285,269 10
Vehicles	10,787,093	9,109,380	19,896,473	10,346,515	451,478	8,992,300	19,790,293	106,180 20
	179,571,824	9,743,888	189,315,712	74,833,567	10,893,391	8,992,300	94,719,258	94,596,454
Leased								
Vehicles	8,992,300	-	-	8,992,300	-	-	-	- 20
		(8,992,300)				(8,992,300)		
2013	188,564,124	751,588	189,315,712	83,825,867	10,893,391	-	94,719,258	94,596,454

6.1.1 Following assets having book value above Rs. 50,000 disposed off during the year

	Cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Sale proceeds Rupees	Gain Rupees	Mode of Disposal	Particulars of Purchaser
Vehicle	1,400,538	(1,400,538)	-	560,215	560,215	Company Policy	Ms. Shazia Bashir - President & CEO
	1,400,538	(1,400,538)	-	560,215	560,215		

6.2 Intangible assets

	Cost			Amortization			Net book value as at 30 June 2014 Rupees	Rate %
	As at 01 July 2013 Rupees	Additions/ (disposals) Rupees	As at 30 June 2014 Rupees	As at 01 July 2013 Rupees	For the year Rupees	(Disposals) Rupees		
Computer Software								
2014	2,600,000	-	2,600,000	2,022,020	192,641	-	2,214,661	385,339 33.33
2013	2,600,000	-	2,600,000	1,155,440	866,580	-	2,022,020	577,980 33.33

6.3 Had there been no revaluation, the related figures of free-hold premises as on June 30, 2014 would be as follows;

	Cost Rupees	Accumulated Depreciation Rupees	Net Book Value Rupees
Free hold premises	89,692,600	38,922,853	50,769,747
			2014 Rupees
			2013 Rupees

7. CARDS AND ROOMS

Corporate membership of Pakistan Mercantile Exchange Limited	750,000	750,000
Rooms	32,700,000	32,700,000
	33,450,000	33,450,000

8. LONG TERM INVESTMENT IN SUBSIDIARY COMPANY

Escorts Capital Limited - Unlisted 17,500,400 (2013: 17,500,400) ordinary shares of Rs. 10 each Holding 100% - (2013 Rs. 100 %). Breakup value Rs. 1.07 per share (2013: Rs. 2.68 per share)	175,004,000	175,004,000
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8.1 The Company has carried out an assessment of its investment in subsidiary company namely Escorts Capital Limited (ECL) under the requirements of International Accounting Standard (IAS 36) "Impairment of Assets" using the cash flow projections based on the business plan of ECL which has been approved by the Board of Directors of ECL. The approved business plan of ECL includes major initiatives such as hiring of new teams and opening of new branches in various cities of the Country to improve the future profitability.

The recoverable amount of the investment in ECL has been determined based on value in use calculations, using cash flow projections covering a five year period discounted at the discount rate of 19.44%. The cash flows beyond the five year period are extrapolated using a terminal growth rate. Based on the above assessment, the management has concluded that the recoverable amount of investment in ECL exceeds its carrying amount. Hence, no impairment loss has been recorded in the current year's profit and loss account.

		2014 Rupees	2013 Rupees
9.	LONG TERM INVESTMENTS		
	Held to maturity		
	Pakistan Investment Bonds (PIBs)	9.1 100,895,285	100,980,776
9.1	Pakistan Investment Bonds (PIBs)		
	Cost	101,739,700	166,539,200
	Less: Amortization - Opening	758,923	10,305,204
	Charged during the year	85,492	596,246
		100,895,285	155,637,750
	Less: Impairment loss	-	4,656,974
	Matured / sold during the year	-	50,000,000
		100,895,285	100,980,776

This represents investment in 20 years bonds issued by the Government of Pakistan having market value of Rs 83.357 million (2013: 90.379 million). Period to maturity of these investments are 10 years and carry mark-up at rates (coupon rate) 10% per annum (2013: 10% per annum). PIBs having face value of Rs. 100 million (2013: Rs. 100 million).

9.1.1 Encumbered and un-encumbered - Face value

	2014			2013		
	Held by the Bank	Given as a collateral	Total	Held by the Bank	Given as a collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Pakistan Investment Bonds	100,000,000	-	100,000,000	100,000,000	-	100,000,000

		Note	2014 Rupees	2013 Rupees
10.	LONG TERM FINANCES			
	Related parties-Secured and considered good			
	Associated companies	10.1	5,793,089	7,135,710
	Subsidiary Company	10.2	100,000,000	100,000,000
	Executives	10.3	42,741,539	29,236,659
	Others	10.4	301,774	1,120,783
			148,836,402	137,493,152
	Others - Secured and considered good	10.5	42,615,705	87,485,566
			191,452,107	224,978,718

	Note	2014 Rupees	2013 Rupees
Considered doubtful			
Others	10.6	32,738,390	32,930,614
Less: Provision for doubtful finances	10.7	32,738,390	32,930,614
		-	-
		191,452,107	224,978,718
Less: Current maturity	15	148,675,245	45,591,765
		42,776,862	179,386,953

10.1 Associated companies

These represent finance provided against hypothecation of vehicles for a period of 5 years (2013: 5 years), carrying mark-up @ 18% per annum. (2013: 18% per annum).

	2014 Rupees	2013 Rupees
The maximum balance outstanding at the end of any month during the year was:		
Escorts Pakistan Limited	7,135,710	7,411,241
Essem Hotel Limited	-	336,616

10.2 Subsidiary company

These represent finance provided against current and fixed present and future moveable and immoveable assets of the company to Escorts Capital Limited, for a period of 3 years and carries markup at the rate of 16% per annum (2013: 16 % per annum).

10.3 Executives

This represent finance provided to Executive against lien of assets for a period ranging from 3 years to 5 years and carries mark-up at the rate of 16% p.a. Further, house finance provided to CEO against mortgage of property for a period of 18 years and carries mark-up at the rate of 6% p.a.

	CEO Rupees	Director Rupees	Others Rupees	2014 Rupees	2013 Rupees
Opening Balance	25,728,754	720,672	2,787,233	29,236,659	21,658,626
Disbursements during the year	14,271,246	1,432,400	1,200,000	16,903,646	8,922,900
	40,000,000	2,153,072	3,987,233	46,140,305	30,581,526
Less: Repayments / transfer during the year	1,515,850	311,285	1,571,631	3,398,766	1,344,867
	38,484,150	1,841,787	2,415,602	42,741,539	29,236,659
The maximum balance outstanding at the end of any month during the year.				43,517,909	29,236,659

- 10.4** These finance facility issued to a close family member of a key management personnel and is secured against lien over Company's own Certificates of Deposit for a period up to 1.5 years. The expected rate of return is 15.25% per annum (2013: 15.25% per annum).
- 10.5** These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks for a period up to 5 years. The expected rate of return range from 12% to 20% per annum (2013: 12% to 20% per annum).
- 10.6** These finance facilities are secured by ranking charge on assets and pledge of stocks for a period up to 5 years. The expected rate of return range from 14% to 17% per annum (2013: 14% to 17% per annum).

	Note	2014 Rupees	2013 Rupees
10.7 Particulars of provision for doubtful finances			
Opening balance		32,930,614	32,691,426
(Reversal) / addition for the year		(192,224)	239,188
Closing balance		32,738,390	32,930,614
11. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	11.1	3,880,041	4,387,321
Less: Provision for doubtful leases	11.2	815,160	815,160
		3,064,881	3,572,161
Less: Current maturity	15	3,064,881	3,572,161
		-	-

11.1 Particulars of net investment in lease finance

	2014			2013
	Not later than one year Rupees	Later than one year but not later than five years Rupees	Total Rupees	Total Rupees
Leased rentals receivable	912,854	-	912,854	1,036,534
Add: Residual value	3,289,300	-	3,289,300	3,672,900
Gross investment in lease finance	4,202,154	-	4,202,154	4,709,434
Less: Unearned finance income	322,113	-	322,113	322,113
Net investment in lease finance	3,880,041	-	3,880,041	4,387,321

11.1.1 The leases made by the Company are for a period ranging from three years to five years. Security deposits obtained at the time of disbursement of lease facility range from 11% to 45% (2013: 11% to 45%). Leased assets are insured in favor of the Company. The rate of return range from 15% to 17 % per annum (2013: 15% to 17% per annum). Penalty is charged in case of delayed payment. These leases pertain to previous years as the company does not have license for lease now.

11.1.2 As per the prudential Regulations for Non-Banking Finance Companies, the aggregate net exposure in finance leases against which income suspension is required amounted to Rs. 0.912 million (2013: 1.036 million) at the end of current year.

	Note	2014 Rupees	2013 Rupees
11.2 Particulars of provision for doubtful leases			
Opening balance		815,160	807,841
Charge for the year		-	7,319
Closing balance		815,160	815,160
12. LONG TERM LOANS AND ADVANCES			
Loan to staff - Unsecured, considered good			
Executives - Related parties	12.1	1,430,103	1,714,069
Other employees		1,046,203	868,826
		2,476,306	2,582,895
Less: Current maturity	15	1,327,709	1,226,969
		1,148,597	1,355,926

12.1 These represent interest free loans to staff for a period of 3 years and are repayable in equal monthly installments, in accordance with the Company's Policy for staff loans.

	Note	2014 Rupees	2013 Rupees
Opening Balance		1,714,069	1,323,332
Add: Disbursements during the year		1,046,407	886,381
		2,760,476	2,209,713
Less: Repayments during the year		1,330,373	495,644
		1,430,103	1,714,069
The maximum balance outstanding from executives at the end of any month during the year was:		1,671,837	1,772,678

	Note	2014 Rupees	2013 Rupees
13. LONG TERM DEPOSITS AND PREPAYMENTS			
Security deposits	13.1 & 13.2	50,754,950	50,754,950
Prepayments		3,159,655	5,524,478
		53,914,605	56,279,428
Less: Current maturity	15	1,996,932	2,364,824
		51,917,673	53,914,604

13.1 This includes Rs. 50 million (2013: Rs. 50 million) paid to Escorts Capital Limited (Subsidiary).

13.2 Prior year figure has been reclassified for better presentation (Refer note # 55.1).

	Note	2014 Rupees	2013 Rupees
14. DEFERRED TAX ASSET			
Taxable temporary differences			
Fixed assets		(9,202,837)	(8,572,123)
Deductible temporary differences			
Investments		33,550,022	33,522,790
Finances and receivables		15,073,517	21,715,385
Trade and other payables		612,173	612,173
Finance lease		259,657	259,657
Tax losses		62,000,107	52,684,734
		102,292,639	100,222,616
14.1 Movement in deferred tax asset			
Opening balance		100,222,616	95,555,063
Provision during the year		2,070,023	4,667,553
Closing balance		102,292,639	100,222,616

14.2 The Company recognized deferred tax asset in respect of carry forward losses and unabsorbed tax depreciation. The management of the company believes that based on the projections of future taxable profits, it would be able to realize these tax losses in the future.

	Note	2014 Rupees	2013 Rupees
15. CURRENT MATURITIES OF NON-CURRENT ASSETS			
Long term finances	10	148,675,245	45,591,765
Net investment in lease finance	11	3,064,881	3,572,161
Long term loans and advances	12	1,327,709	1,226,969
Long term deposits and prepayments	13	1,996,932	2,364,824
		155,064,767	52,755,719

	Note	2014 Rupees	2013 Rupees
16. SHORT TERM INVESTMENTS			
Held to Maturity			
Treasury Bills	16.1.1	64,855,608	-
Held for Trading			
Shares / units			
Listed	16.2	2,990,040	1,702,418
Others	16.3	21,488,699	16,958,362
Investment in Commodities:			
Rice		78,538,116	-
Wheat		241,559,197	-
Sugar		-	91,200,000
Grams		-	17,012,420
Available for sale			
Listed shares / units	16.4	67,469,731	85,613,976
		476,901,391	212,487,176
Deficit on revaluation		(8,341,832)	(5,920,268)
		468,559,559	206,566,908

16.1 Encumbered and un-encumbered - Face value

	2014			2013		
	Held by the Bank	Given as a collateral	Total	Held by the Bank	Given as a collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Treasury Bills (T-Bills)	21,000,000	45,000,000	66,000,000	-	-	-

	2014 Rupees	2013 Rupees
16.1.1 Treasury Bills		
Face value	66,000,000	-
Less: Discount	(1,144,392)	-
Book value	64,855,608	-

16.2 Particulars of listed shares / units - Held for Trading

No. of Certificates 2014		N A M E	2014		2013		
			Carrying value Rupees	Market value Rupees	Carrying value Rupees	Market value Rupees	
		Investment Companies					
64,000	64,000	Jahangir Siddique & Company Ltd.	1,178,608	668,160	1,178,608	739,840	
		Financial Services					
25,000	25,000	JS Investment Limited	377,000	292,750	377,000	171,250	
		Personal Goods (Textile)					
-	15,001	Azgard Nine Limited	-	-	146,810	95,406	
		Chemicals					
45,000	-	Maple Leaf Cement Factory Limited	1,434,432	1,352,250	-	-	
134,000	104,001		2,990,040	2,313,160	1,702,418	1,006,496	

16.3 Shares - Others

This represents investments in various listed companies shares. Because of changes in NBFC Regulations in 2008, the Company had to conclude its brokerage business under the Investment Finance Services License. The Company started the process of intimating its brokerage clients to close their accounts with the Company in compliance with these regulations. Most of the account holders have closed their accounts accordingly. Certain accounts could not be transferred/closed because of non receipt of response from the holders despite repeated reminders. The management has decided to record these on balance sheet as an asset and a corresponding liability of the same amount.

16.4 Particulars of listed shares / units - Available for sale investments

All shares / units have face value of Rs. 10 each.

No. of Certificates 2014		N A M E	2014		2013		
			Carrying value Rupees	Market value Rupees	Carrying value Rupees	Market value Rupees	
		Mutual Fund - Close End					
49	49	Dawood Capital Management Fund	281	98	281	174	
1,778	10,000	Pakistan Stock Market Fund (previously: Pakistan Premier Fund)	41,032	114,308	41,032	145,900	
30,000	-	PICIC Islamic Income Fund	3,000,000	3,002,418	-	-	
		Commercial Banks					
-	50,000	Bank Alfalah Limited	-	-	898,285	911,000	
-	2,500	MCB Bank Limited	-	-	631,001	606,475	
2,000	400,035	National Bank of Pakistan	118,192	124,460	17,345,746	16,449,439	
-	225,000	NIB Bank Limited	-	-	588,809	522,000	
-	76,000	Askari Bank Limited	-	-	1,275,768	1,156,720	
100,000	100,000	JS Bank Limited	708,000	544,000	708,000	435,000	
-	100,000	Samba Bank Limited	-	-	295,047	257,000	
-	325,000	Silk Bank Limited	-	-	821,569	734,500	
375,000	-	The Bank of Punjab	4,287,119	3,412,720	-	-	

No. of Certificates		N A M E	2014		2013	
			Cost	Market value	Cost	Market value
2014	2013		Rupees	Rupees	Rupees	Rupees
Non Life Insurance						
52,500	5,000	Adamjee Insurance Company Limited	2,554,213	2,402,925	429,543	380,400
-	25,000	Pakistan Reinsurance Company Limited	-	-	556,806	590,750
Investment Companies						
25,000	25,000	Jahangir Siddique & Company Ltd.	568,500	261,000	568,500	289,000
Oil and Gas						
7,500	70,000	Pakistan Petroleum Limited	1,637,574	1,682,550	14,907,042	14,810,600
-	13,500	Pakistan Oilfields Limited	-	-	6,925,051	6,714,495
-	60,000	Byco Petroleum Pakistan Limited	-	-	719,412	626,400
-	15,000	Pakistan State Oil Company Limited	-	-	4,993,570	4,805,700
15,000	-	National Refinery Limited	4,030,028	3,230,550	-	-
6,500	-	Oil & Gas Development Company Limited	1,688,591	1,698,320	-	-
Construction and Materials (Cement)						
-	83,000	D.G Khan Cement Company Limited	-	-	7,013,459	6,946,270
-	75,000	Fauji Cement Company Limited	-	-	1,001,892	996,750
-	250,000	Lafarge Pakistan Cement Limited	-	-	2,315,942	2,122,500
-	200,000	Dewan Cement Company Limited	-	-	1,682,288	1,372,000
Textile Composite						
150,000	-	Nishat Mills Limited	17,378,248	16,788,000	-	-
Textile Spinning						
350,000	-	Nishat Chunian Limited	18,040,453	14,836,500	-	-
Chemical						
-	2,500	Fatima Fertilizer Company Limited	-	-	62,520	62,075
45,500	59,000	Fauji Fertilizer Company Limited	5,305,473	5,107,375	6,879,708	6,338,370
321,000	321,000	Lotee Chemical Pakistan Limited	3,340,652	2,285,520	3,340,652	2,446,020
-	51,000	Arif Habib Corporation Limited	-	-	1,315,346	1,130,160
76,000	100,000	Maple Leaf Cement Factory Limited	2,337,737	2,283,800	2,298,523	2,193,000
-	315,500	Engro Polymer & Chemicals Limited	-	-	4,236,176	3,836,480
Industrial Metals And Mining						
-	5,000	Crescent Steel and Allied Products	-	-	234,405	224,950
Electricity						
-	50,000	Nishat Power Limited	-	-	1,785,178	1,674,500
Multiutilities (Gas and Water)						
-	25,000	Sui Northern Gas Pipelines Limited	-	-	566,307	501,500
Technology & Communication						
35,000	50,000	Pakistan Telecommunication Limited	1,134,113	891,450	1,176,118	1,109,500
Food						
9,500	-	Engro Foods Limited	1,000,245	974,035	-	-
Transport						
25,000	-	Pakistan International Airline Limited	299,280	164,750	-	-
1,627,327	3,089,084		67,469,731	59,804,779	85,613,976	80,389,628

	Note	2014 Rupees	2013 Rupees
17. SHORT TERM FINANCES			
Secured and considered good			
Executives	17.1	500,000	1,000,000
Others	17.2	264,501,320	110,373,306
Considered doubtful			
Others		13,767,834	13,767,834
Less: Provision for doubtful finances	17.3	13,767,834	13,767,834
		-	-
		265,001,320	111,373,306

17.1 This represent finance provided to Executive against Company's own Certificate of Deposits for a period of 1 year and carries mark-up at the rate of 15% (2013: 12.75% per annum).

17.2 These are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks. The expected rate of return range from 15.25% to 20% per annum (2013: 12% to 18% per annum). These include finances against Company's own Certificates of Deposit amounting to Rs. nil (2013: Rs. 3.370 million), while Rs.253.042 million (2013: Rs. 108.857 million) relate to Margin Finance in accordance with Margin Trading Rules, 2004 issued by Securities and Exchange Commission of Pakistan the rate of return range from 18% to 20% per annum (2013: 16% to 18% per annum).

	Note	2014 Rupees	2013 Rupees
17.3 Particulars of provision for doubtful finances:			
Opening balance		13,767,834	13,767,834
Provisions / (reversal) for the year		-	-
Closing balance		13,767,834	13,767,834
18. ADVANCES			
Considered good			
Advances		2,898,552	3,557,292
19. SHORT TERM DEPOSITS AND PREPAYMENTS			
Short term deposits	19.1	339,420	21,339,420
Prepayments		969,485	372,993
		1,308,905	21,712,413

19.1 This represents deposit with Escorts Capital Limited (Subsidiary) against exposure limit.

	Note	2014 Rupees	2013 Rupees
20. OTHER RECEIVABLES			
Receivable from subsidiary Company	20.1	65,727,549	18,233,550
Receivable from associated Company	20.2	17,818,382	19,661,484
Receivable from clients	20.3	6,559,138	15,159,653
Others		1,663,928	957,862
		91,768,997	54,012,549

20.1 This represents running account between Escorts Capital Limited (Subsidiary) and the Company which is interest free and is in normal course of business.

20.2 This includes Rs. 7.819 million receivable from Essem Hotels Limited and Rs. 9.998 million receivable from Escorts Pakistan Limited.

	Note	2014 Rupees	2013 Rupees
20.3 Receivables from clients			
Considered good		6,559,138	15,159,653
Considered doubtful		21,474,235	21,474,235
Less: Provision for doubtful receivables	20.3.1	(21,474,235)	(21,474,235)
		-	-
		6,559,138	15,159,653

20.3.1 Particulars of provision for doubtful receivables

Opening balance		21,474,235	21,474,235
Provision/(reversal) for the year		-	-
Closing balance		21,474,235	21,474,235

21. CASH AND BANK BALANCES

Cash in hand		-	86,611
Cash with banks			
Current accounts with:			
State Bank of Pakistan		502,563	727,428
Others		1,003,300	576,904
		1,505,863	1,304,332
Saving accounts	21.1	49,210,874	34,690,023
		50,716,737	36,080,966

21.1 Rate of return on these accounts range from 6% to 11.50% per annum (2013: 5% to 9% per annum).

	2014 Rupees	2013 Rupees
22. SHARE CAPITAL		
Authorized share capital 50,000,000 (2013: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital 42,000,000 (2013: 42,000,000) ordinary shares of Rs. 10 each	420,000,000	420,000,000
Issued as fully paid in cash 2,100,000 (2013: 2,100,000) ordinary shares of Rs. 10 each	21,000,000	21,000,000
Issued as fully paid bonus shares	21,000,000	21,000,000
	441,000,000	441,000,000

22.1 Essem Power (Private) Limited, an associated company, holds 39.01% (2013: 39.01%) ordinary shares in the Company.

	Note	2014 Rupees	2013 Rupees
23. RESERVES			
Capital reserve			
Statutory reserve	23.1	158,496,746	158,496,746
Revenue reserve			
Accumulated loss		(117,595,142)	(101,688,568)
		40,901,604	56,808,178

23.1 This represents special reserve created in compliance with the Rule 2 of Part III of Prudential Regulations for Non-Banking Finance Companies issued by Securities and Exchange Commission of Pakistan.

	Note	2014 Rupees	2013 Rupees
24. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		36,298,105	38,208,529
Less: Incremental depreciation for the year		(1,814,905)	(1,910,424)
Closing balance	24.1	34,483,200	36,298,105

24.1 This represents surplus raised on revaluation of building (ground floor) carried out by Maricon Consultants (Pvt) Limited dated June 29, 2012. The revalued amount is based on market values prevailing at the time of revaluation.

	Note	2014 Rupees	2013 Rupees
25. DEFICIT ON REVALUATION OF INVESTMENTS			
Available for sale			
Listed shares / units		(7,664,952)	(5,224,348)
		(7,664,952)	(5,224,348)
26. TERM FINANCE CERTIFICATES			
Listed:			
Face value		500,000,000	500,000,000
Less: Redeemed			
Opening balance		425,060,600	375,101,000
Redeemed during the year		49,959,600	49,959,600
		475,020,200	425,060,600
		24,979,800	74,939,400
Less: Current maturity	29	24,979,800	49,959,600
		-	24,979,800
Less: Cost on issuance/ rescheduling			
Opening balance		(2,367,053)	(4,395,953)
Amortization for the year	41	2,028,900	2,028,900
		(338,153)	(2,367,053)
Less: Current maturity	29	338,153	2,028,900
		-	(338,153)
		-	24,641,647

These TFCs were rescheduled two years back for further 3 years, carry return payable semi annually, at the rate of 8% per annum. These are secured against hypothecation of Rs. 667 million (2013: Rs. 667 million) worth of present and future assets of the Company. These TFCs are listed at Lahore Stock Exchange (Guarantee) Limited (LSE).

JCR VIS Credit Rating Company Limited has maintained the TFC-1 issue rating at BB (Double B) dated March 13, 2013. A "Negative Outlook" has been assigned to this rating.

	Note	2014 Rupees	2013 Rupees
27. LONG TERM CERTIFICATES OF DEPOSIT			
Related parties - Unsecured			
Associated Company	27.1	6,095,003	6,095,003
Executives	27.2	123,300,000	100,000,000
Others	27.3	30,000,000	30,000,000
		159,395,003	136,095,003
Others - unsecured			
Individuals	27.4	260,681,470	110,947,342
Others	27.5	15,500,000	20,250,000
		276,181,470	131,197,342
Less: Current maturity	29	40,810,390	17,630,930
		394,766,083	249,661,415

27.1 These have been issued for a term of 5 years and expected return on these certificates are 12.5% per annum (2013: 12.5% per annum) payable monthly.

27.2 These have been issued for term of 5 years and expected return on these certificates ranges from 12% to 13.5% per annum (2013: 13% to 13.5% per annum) payable monthly.

27.3 These have been issued to a close family member of a key management personnel for a term of 5 years and expected return on these certificates ranges from 13% to 14% per annum (2013: 13% to 14% per annum) payable monthly.

27.4 These have been issued for term ranging from over 1 year to 5 years and expected return on these certificates ranges from 10.25% to 14.50% per annum (2013: 10.25% to 14% per annum) payable monthly, quarterly, semi-annually or on maturity.

27.5 These have been issued for term ranging from 3 year to 5 years and expected return on these certificates are 12% per annum (2013: 12% to 13% per annum) payable monthly.

	2014 Rupees	2013 Rupees
27.6 Long term certificates of deposits includes:		
Corporates	21,595,003	-
Individuals	413,981,470	267,292,345
	435,576,473	267,292,345

	Note	2014 Rupees	2013 Rupees
28. LONG TERM SECURITY DEPOSIT			
Security deposit	28.1	3,289,300	3,672,900
Less: Current maturity	29	3,289,300	3,672,900
		-	-

28.1 These represent interest free security deposits received on lease contracts and are adjustable at the expiry of the lease contracts.

	Note	2014 Rupees	2013 Rupees
29. CURRENT MATURITIES OF NON-CURRENT LIABILITIES			
Term finance certificates - listed- net of amortization cost	26	24,641,647	47,930,700
Long term certificates of deposit	27	40,810,390	17,630,930
Long term security deposit	28	3,289,300	3,672,900
		68,741,337	69,234,530

30. SHORT TERM BORROWINGS

Financial institutions - Secured	30.1	44,503,605	-
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30.1 These represents borrowings under repurchase agreements, carrying markup of 11%, for the period of 7 days. These are secured against pledge of T-Bills.

	Note	2014 Rupees	2013 Rupees
31. SHORT TERM CERTIFICATES OF DEPOSIT			
Related parties - Unsecured			
Associated Company		-	44,260,083
Subsidiary Company	31.1	50,000,000	50,000,000
Executives	31.2	25,592,600	18,692,600
		75,592,600	112,952,683
Others - unsecured			
Individuals	31.3	323,311,831	357,261,579
Others	31.4	351,056,849	20,500,000
		674,368,680	377,761,579
		749,961,280	490,714,262

31.1 These have been issued for a terms of 6 months and expected rate of return on these certificates are 12% per annum (2013: 12% per annum) payable on maturity.

31.2 These have been issued for terms ranging from 1 month to 1 year and expected rate of return on these certificates ranges from 11.25% to 12% per annum (2013: 10.75% to 11.5% per annum) payable monthly.

31.3 These have been issued for terms ranging from 1 month to 1 year and expected rate of return on these certificates ranges from 6.5% to 14% per annum (2013: 6.5% to 13.25% per annum) payable monthly, quarterly, semi-annually or on maturity.

31.4 These have been issued for terms ranging from 6 months to 1 year and expected rate of return on these certificates ranges from 10% to 14.5% per annum (2013: 10.75% to 12% per annum) payable monthly & semi-annually.

	Note	2014 Rupees	2013 Rupees
31.5 Short term certificates of deposits includes:			
Financial institutions		340,306,849	-
Corporates		60,750,000	-
Individuals		348,904,431	490,714,262
		749,961,280	490,714,262

32. ACCRUED MARKUP

Secured

Accrued return on certificates of deposit		9,080,762	16,171,004
Accrued return on term finance certificates		585,828	1,757,483
Accrued return on secured borrowings		53,648	-

9,720,238 17,928,487

32.1 This includes an amount of Rs. 2.635 million (2013: 11.473 million) payable to Escorts Capital Limited (wholly owned subsidiary)

	Note	2014 Rupees	2013 Rupees
33. TRADE AND OTHER PAYABLES			
Customers' credit balances	33.1	61,973,001	5,689,188
Accrued expenses and other payables	33.2	37,099,776	62,948,059
Provision for compensated absences		1,810,128	1,921,839
Unclaimed dividend		2,385,654	2,387,004
		103,268,559	72,946,090

33.1 This includes an amount of Rs. 26.739 million payable to Essem Hotel Limited (Associated Company).

33.2 This includes an amount of Rs. Nil (2013: Rs. 5.371 million) payable on account of future purchase contracts.

34. PROVISION FOR TAXATION

The Company's assessments till Assessment Year 2002-03, has been finalized except that the Income Tax department is in appeal before the Honorable Lahore High Court for Assessment Years 1997-98 and 1998-99 on following issues:

- i) status of company as "banking company" rather than "public limited company"; and
- ii) taxability of "dividend income" as separate block of income.

The returns for the Tax Year 2003 to 2013 were filed. The Company has filed appeals before honorable High Court for Tax Year 2003 to 2006 on various matters. These appeals are pending hearing.

For tax year 2007, the honorable Appellate Tribunal Inland Revenue vacated the orders of CIR(A) and assessing officer and directed the assessing office to look into the matter again. The assessing officer issued a notice for set-aside proceeding which is still pending fixation.

In respect of tax year 2008, the appeal was decided in favor of the company by the honorable Appellate Tribunal Inland Revenue and original position as mentioned in return by the company was restored.

For tax year 2009, tax department has initiated proceeding under sec 161 of the income tax ordinance. The company has not received any notice for the tax year 2010 to 2013.

Financial impact of the above have not been acknowledged in these financial statements because of pending litigations.

	2014 Rupees	2013 Rupees
35. CONTINGENCIES AND COMMITMENTS		
35.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
35.2 Commitments		
Outstanding guarantees	10,338,873	35,719,022
36. PROFIT ON FINANCING		
Long term	28,512,530	44,883,633
Short term	49,062,275	17,900,606
	77,574,805	62,784,239
37. RETURN ON PLACEMENTS		
Clean placements	413,023	1,827,282
Placements under reverse repurchase agreements	-	26,544,759
	413,023	28,372,041

	2014 Rupees	2013 Rupees
38. RETURN ON INVESTMENTS		
Mark-up / return on investments		
Held to maturity investments		
Government securities	12,991,886	10,773,847
Available for sale investments		
Term Finance Certificates	-	136,758
	12,991,886	10,910,605
Dividend income		
Available for sale investments		
Listed shares/units	3,346,134	54,794,099
Held for Trading	83,500	103,000
	3,429,634	54,897,099
Capital gain / (loss) on investments		
Available for sale investments	15,395,096	19,098,651
Held for trading	27,004,940	11,208,583
	42,400,036	30,307,234
	58,821,556	96,114,938

39. FEES AND COMMISSION

These include Rs. 17.163 million (2013: Rs. 5.189 million), earned from Escorts Capital Limited (wholly owned subsidiary Company).

40. OTHER INCOME

These include Compensation on delayed refunds for the year amounting to Rs. 3.96 million (2013: Rs. 44.9 million), under Section 171 - Additional Payment for Delayed Refunds, of the Income Tax Ordinance, 2001. The Company had claimed income tax refunds from Tax Year 2003 to 2008 from the income tax authorities and subsequently these tax refunds were decided in due course by the appropriate income tax authorities and refund orders were issued to the Company accordingly.

	Note	2014 Rupees	2013 Rupees
41. ADMINISTRATIVE AND OTHER OPERATING EXPENSES			
Salaries, wages, other benefits and allowances	41.1	25,896,970	15,168,898
Staff Training and Welfare		60,155	67,400
Advertisement and business promotion		298,645	282,600
Rent, rates and taxes		4,225,031	3,460,408
Utilities		2,474,833	1,239,306
Communication charges		1,654,802	1,415,878
Traveling and vehicle maintenance		6,500,299	5,287,809
Repair and maintenance		3,033,834	1,776,634
Entertainment		1,199,080	1,321,117
Fee and subscriptions		1,533,867	2,171,878
Legal and professional charges	41.2	3,397,055	3,332,872
Printing and stationery		1,531,131	1,336,596
Fee, brokerage & commission		1,602,625	2,587,766
Insurance		940,332	631,261
Amortization of issuance cost of listed TFC's	26	2,028,900	2,028,900
Depreciation	6.1	6,232,126	10,893,391
Amortization of Intangible assets		192,641	866,580
Miscellaneous expenses		141,515	1,192
		62,943,841	53,880,486

41.1 This includes contribution to provident fund amounting to Rs. 0.940 million (2013: Rs. 0.775 million) made by the Company.

	Note	2014 Rupees	2013 Rupees
41.2 These include remuneration paid to the auditors as detailed below:			
Audit fee		750,000	675,000
Certification and consultancy charges		40,000	50,000
Out of pocket expenses		15,000	7,000
		805,000	732,000
42. TAXATION-NET			
Current taxation	42.1	2,716,555	2,735,937
Deferred taxation		(2,070,023)	(4,667,553)
		646,532	(1,931,616)

42.1 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements due to tax loss during the year.

	2014	2013
43. (LOSS) / PROFIT PER SHARE - BASIC AND DILUTED		
(Loss) / profit for the year after taxation (Rupees)	(17,721,479)	20,322,880
Number of ordinary shares	44,100,000	44,100,000
(Loss) / profit per share (Rupees)	(0.40)	0.46

43.1 No figure for diluted earnings per share has been computed as the company has not issued any instrument which would dilute its earnings per share.

44. 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.

For the year ended 30 June 2014

	Financing activities	Investing activities	Total
Profit on financing	77,574,805	-	77,574,805
Return on placements	-	413,023	413,023
Return on investments	-	58,821,556	58,821,556
Total income for reportable segments	77,574,805	59,234,579	136,809,384
Finance costs	67,595,586	51,614,646	119,210,232
Administrative and other operating expenses	35,690,945	27,252,896	62,943,841
Provision for doubtful financing	(192,224)	-	(192,224)
Segment result	(25,519,502)	(19,632,963)	(45,152,465)
Other operating income			28,077,518
Loss before taxation			(17,074,947)
Segment assets	463,646,510	785,127,554	1,248,774,064
Unallocated assets			670,842,745
			1,919,616,809
Segment liabilities	177,324,369	300,201,583	477,525,952
Unallocated liabilities			960,189,253
Equity			481,901,604
			1,919,616,809

For the year ended 30 June 2013

	Financing activities	Investing activities	Total
Profit on financing	62,784,239	-	62,784,239
Mark-up on lease finance	3,040	-	3,040
Return on placements	-	28,372,041	28,372,041
Return on investments	-	96,114,938	96,114,938
Total income for reportable segments	62,787,279	124,486,979	187,274,258
Finance costs	56,552,184	112,124,792	168,676,976
Administrative and other operating expenses	18,061,111	35,809,375	53,870,486
Provision for doubtful financing	246,507	-	246,507
Segment result	(12,072,524)	(23,447,187)	(35,519,711)
Other operating income			53,910,975
Profit before taxation			18,391,264
Segment assets	394,470,935	566,920,929	961,391,864
Unallocated assets			529,835,802
			1,491,227,666
Segment liabilities	197,084,433	299,172,297	496,256,730
Unallocated liabilities			497,162,758
Equity			497,808,178
			1,491,227,666

45. TRANSACTIONS WITH RELATED PARTIES

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

	2014 Rupees	2013 Rupees
Subsidiary Company:		
Transactions during the year		
Profit paid on certificates of deposit	14,482,192	6,000,000
Return on finances received	44,500,000	-
Profit earned during the year	16,000,000	16,000,000
Fee/Commission earned during the year	17,163,388	5,189,776
Return on assets	5,878,849	5,895,001
Balance at year end		
Finances outstanding	100,000,000	100,000,000
Certificates of deposit outstanding	50,000,000	50,000,000
Receivable/ (Payable) to subsidiary company	116,066,967	61,895,404
Profit receivable	2,853,521	31,353,521
Markup payable on COD	2,635,068	11,473,973
Associated companies:		
Transactions during the year		
Return on finances received	1,063,070	-
Guarantee commission earned	233,509	97,454
Profit paid on certificates of deposit	3,548,305	1,076,271
Chairman's secretariat expenses	3,300,000	3,600,000
Balance at year end		
Advances outstanding	5,793,089	7,135,710
Letter of guarantee outstanding	10,338,873	35,719,022
Certificates of deposit outstanding	6,095,003	50,355,086
Other receivable/ (Payable)	(8,062,420)	19,661,484
Markup payable on COD	43,834	224,284
Directors:		
Transactions during the year		
Return on finances received	2,259,459	1,232,109
Fixed assets sold	560,215	-
Profit paid on certificates of deposit	7,779,649	8,174,063
Balance at year end		
Advances outstanding	41,409,435	27,078,352
Certificates of deposit outstanding	60,692,600	60,692,600
Markup payable on COD	357,819	357,819
Executives:		
Transactions during the year		
Return on finances received	213,599	256,096
Profit paid on certificates of deposit	11,058,334	6,958,870
Balance at year end		
Advances outstanding	2,762,207	4,872,376
Certificates of deposit outstanding	88,200,000	58,000,000
Markup payable on COD	510,782	326,473
Others:		
Transactions during the year		
Contribution to staff retirement benefits plan	940,263	775,009

46. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	Chief Executive / Director		Executives	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Managerial remuneration	3,586,752	1,793,376	10,415,988	5,492,080
House rent allowance	1,434,696	717,348	4,166,348	2,196,836
Utilities	358,680	179,340	1,041,597	549,200
Commission	-	-	1,871,710	-
Special allowance	-	-	515,000	260,000
Leave encashment	-	-	570,000	58,500
Retirement benefits	-	-	663,740	525,448
	5,380,128	2,690,064	19,244,383	9,082,064
Number of persons	1	1	10	6

In addition to above the Chief Executive and an Executive were provided Company maintained cars. Further, the Chief Executive and all the Executives were also reimbursed the medical expenses as per policy.

47. LIQUIDITY RISKS

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored on regular basis by Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the Company's assets and liabilities:

Description	Total	Within one year	More than one year and upto five years	Above five years
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2014				
ASSETS				
Fixed capital expenditure	110,672,527	-	20,378,085	90,294,442
Cards and rooms	33,450,000	-	-	33,450,000
Investment in subsidiary company	175,004,000	-	-	175,004,000
Deferred tax asset	102,292,639	-	102,292,639	-
Net investment in lease finance	3,064,881	3,064,881	-	-
Investments	569,454,844	468,559,559	-	100,895,285
Finances	456,453,427	413,676,565	14,092,766	28,684,096
Advances	5,374,858	4,226,261	1,148,597	-
Deposits and prepayments	55,223,510	3,305,837	1,162,723	50,754,950
Interest accrued	10,198,315	10,198,315	-	-
Other receivables	91,768,997	91,768,997	-	-
Tax refunds due from the government	255,942,074	255,942,074	-	-
Cash and bank balances	50,716,737	50,716,737	-	-
	1,919,616,809	1,301,459,226	139,074,810	479,082,773

Description	Total	Within one year	More than one year and upto five years	Above five years
	Rupees	Rupees	Rupees	Rupees
LIABILITIES				
Term finance certificates	24,641,647	24,641,647	-	-
Short term borrowings	44,503,605	44,503,605	-	-
Certificates of deposit	1,185,537,753	790,771,670	394,766,083	-
Long term security deposit	3,289,300	3,289,300	-	-
Accrued markup	9,720,238	9,720,238	-	-
Trade and other payables	103,268,559	103,268,559	-	-
Provision for taxation	39,935,855	39,935,855	-	-
	1,410,896,957	1,016,130,874	394,766,083	-
NET ASSETS	508,719,852	285,328,352	(255,691,273)	479,082,773
Represented by:				
SHARE CAPITAL AND RESERVES	481,901,604			
SURPLUS ON REVALUATION OF FIXED ASSETS	34,483,200			
DEFICIT ON REVALUATION OF INVESTMENTS	(7,664,952)			
	508,719,852			

Description	Total	Within one year	More than one year and upto five years	Above five years
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2013				
ASSETS				
Fixed capital expenditure	102,843,295	-	10,520,254	92,323,041
Cards and rooms	33,450,000	-	-	33,450,000
Investment in subsidiary company	175,004,000	-	-	175,004,000
Deferred tax asset	100,222,616	-	100,222,616	-
Net investment in lease finance	3,572,161	3,572,161	-	-
Investments	307,547,684	206,566,908	-	100,980,776
Finances	336,352,024	156,965,071	165,318,306	14,068,647
Advances	56,140,187	4,784,261	51,355,926	-
Deposits and prepayments	27,991,841	24,077,237	3,159,654	754,950
Interest accrued	54,110,069	54,110,069	-	-
Other receivables	54,012,549	54,012,549	-	-
Tax refunds due from the government	203,900,274	203,900,274	-	-
Cash and bank balances	36,080,966	36,080,966	-	-
	1,491,227,666	744,069,496	330,576,756	416,581,414
LIABILITIES				
Term finance certificates	72,572,347	47,930,700	24,641,647	-
Certificates of deposit	758,006,607	508,345,192	249,661,415	-
Long term security deposit	3,672,900	3,672,900	-	-
Accrued markup	17,928,487	17,928,487	-	-
Trade and other payables	72,946,090	72,946,090	-	-
Provision for taxation	37,219,300	37,219,300	-	-
	962,345,731	688,042,669	274,303,062	-
NET ASSETS	528,881,935	56,026,827	56,273,694	416,581,414
Represented by:				
SHARE CAPITAL AND RESERVES	497,808,178			
SURPLUS ON REVALUATION OF FIXED ASSETS	36,298,105			
DEFICIT ON REVALUATION OF INVESTMENTS	(5,224,348)			
	528,881,935			

48.2 Geographical Segment

These financial statements represent operations of the Company in Pakistan only.

The age of term loan and lease rental receivables and related impairment loss at the balance sheet date was:

	2014 Rupees	2013 Rupees
Aging of term loan and lease rental receivables		
Not past due	448,905,220	289,775,145
Past due 0 - 90 days	1,234,857	6,023,293
Past due 91- 180 days	2,553	4,428,376
180 days to 1 year	4,046,282	8,536,781
More than 1 year	49,683,593	75,323,411
	503,872,505	384,087,006

Collaterals held against term financing.

	2014				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid collaterals	
	----- Rupees -----				
Long term finances	224,190,497	59,875,000	329,989,390	30,004,620	(195,678,513)
Short term finances	278,769,154	1,000,000	75,000,000	333,000,000	(130,230,846)
	----- Rupees -----				
	2013				
	Collaterals				Net exposure
	Gross exposure	Mortgage	Hypothecation	Liquid collaterals	
	----- Rupees -----				
Long term finances	257,909,332	29,675,000	330,200,439	36,050,000	(138,016,107)
Short term finances	125,141,140	3,400,000	165,000,000	172,056,000	(215,314,860)

49. MARKET RISK

The bank's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the bank's activities include interest rate risk, currency risk and other price risk.

49.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest will affect the value of financial instruments. Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities that mature or reprice in a given period.

The Company's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

Description	Total	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 30 June 2014					
FINANCIAL ASSETS					
Investments	569,454,844	468,559,559	-	100,895,285	-
Net investment in lease finance	3,064,881	3,064,881	-	-	-
Finances	456,453,427	413,676,565	14,092,766	28,684,096	-
Advances	5,374,858	-	-	-	5,374,858
Deposits and prepayments	55,223,510	339,420	-	-	54,884,090
Cash and bank balances	50,716,737	49,210,874	-	-	1,505,863
	1,140,288,257	934,851,299	14,092,766	129,579,381	61,764,811
FINANCIAL LIABILITIES					
Term finance certificates	24,641,647	24,641,647	-	-	-
Short term borrowings	44,503,605	44,503,605	-	-	-
Certificates of deposit	1,185,537,753	790,771,670	394,766,083	-	-
Trade and other payables	103,268,559	-	-	-	103,268,559
	1,357,951,564	859,916,922	394,766,083	-	103,268,559
Total Interest rate sensitivity gap		74,934,377	(380,673,317)	129,579,381	
Cumulative interest rate sensitivity gap		74,934,377	(305,738,940)	(176,159,559)	
As at 30 June 2013					
FINANCIAL ASSETS					
Investments	307,547,684	206,566,908	-	100,980,776	-
Net investment in lease finance	3,572,161	3,572,161	-	-	-
Finances	336,352,024	156,965,071	165,318,306	14,068,647	-
Advances	56,140,187	-	-	-	56,140,187
Deposits and prepayments	27,991,841	21,339,420	-	-	6,652,421
Cash and bank balances	36,080,966	34,690,023	-	-	1,390,943
	767,684,863	423,133,583	165,318,306	115,049,423	64,183,551
FINANCIAL LIABILITIES					
Term finance certificates	72,572,347	47,930,700	24,641,647	-	-
Certificates of deposit	758,006,607	508,345,192	249,661,415	-	-
Trade and other payables	72,946,090	-	-	-	72,946,090
	903,525,044	556,275,892	274,303,062	-	72,946,090
Total Interest rate sensitivity gap		(133,142,309)	(108,984,756)	115,049,423	
Cumulative interest rate sensitivity gap		(133,142,309)	(242,127,065)	(127,077,642)	

Mark-up rates are mentioned in the respective notes to the financial statements.

49.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The company is exposed to equity price risk as company hold available for sale and held for trading investments.

		Changes in KSE all Index	Effects on Profit/(loss) Before Tax (Rupees)	Effects on Equity
Available-for-sale investments	2014	+10%	-	5,980,456
		-10%	-	(5,980,456)
	2013	+10%	-	8,038,963
		-10%	-	(8,038,963)
Held-for-trading investments	2014	+10%	231,316	-
		-10%	(231,316)	-
	2013	+10%	1,006,496	-
		-10%	(1,006,496)	-

49.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions.

50. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The Company is exposed to externally imposed capital requirements.

Vide its Notifications dated November 21, 2007, the Securities and Exchange Commission of Pakistan has announced certain revisions in the NBFC Rules 2003 and has also promulgated the NBFC Regulations 2008. The existing minimum equity requirement is Rs. 1 billion.

Additionally, the Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as total debt to equity.

The debt-to-equity ratios at 30 June 2014 and at 30 June 2013 were as follows:

	2014 Rupees	2013 Rupees
Total debt	394,766,083	274,303,062
Total equity	508,719,852	528,881,935
Debt-to-equity ratio	0.78	0.52

The increase in the debt-to-equity ratio during 2014 resulted primarily from increase in Long Term Certificate of Deposits during the year amounting to Rs. 145.105 million.

51. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

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

52. FINANCIAL RELIEF AND PROVISION AGAINST NON-PERFORMING ADVANCES

As no relief was given or loan written off during the year under review, the information for Statements required to be filed under Section 33A of the Banking Companies Ordinance, 1962 is "Nil".

53. SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to 30 June 2014, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue as on 02 October 2014 by the Board of Directors of the Company.

55. GENERAL

55.1 Following major re-classifications have been made in these financial statements.

Account Head	Current	Previous
Long term deposits and prepayments (Rs. 50,000,000/-)	Long term loans and advances - Advances - considered good	Long term deposits and prepayments - Security deposits
Compensation on Delayed Tax Refund Charges (Rs. 44,929,649/-)	Current Assets - Interest Accrued	Current Assets - Tax refunds due from the government

55.2 The total number of employees as at June 30, 2014 was 31 (June 30, 2013: 34) and the average number of employees during the year was 29 (June 30, 2013: 32).

55.3 Figures have been rounded off to the nearest rupee.



Consolidated Financial Statements

30 June 2014

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of **ESCORTS INVESTMENT BANK LIMITED** ("the company") and its subsidiary as at JUNE 30, 2014 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of the Escorts Investment Bank Limited and its subsidiary.

These financial statements are the responsibility of the Holding company's management. Our responsibility is to express our opinion on the financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on auditing and accordingly included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

- a) in our opinion the consolidated financial statements present fairly, the financial position of Escorts Investment Bank and its Subsidiary company as at June 30, 2014 and the results of their operations, their cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to:

- (i.) note # 2.2 to the accompanying financial statements which indicate that the company's equity as at June 30, 2014 has fallen below the minimum equity required under regulation 4 of NBFC and Notified Entities Regulations 2008.

Lahore
Date: October 02, 2014
(Engagement Partner: Muhammad Amin)

Zahid Jamil & Company
Chartered Accountants

Consolidated Balance Sheet as at 30 June 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current Assets			
Fixed assets	6	114,258,800	105,878,640
Cards and rooms	7	52,550,000	84,955,000
Long term investments	8	133,300,285	100,980,776
Long term finances	9	42,776,862	79,386,953
Net investment in lease finance	10	-	-
Long term loans and advances	11	1,148,597	1,355,926
Long term deposits and prepayments	12	5,003,173	6,209,604
Deferred tax asset	13	102,292,639	100,222,616
		451,330,356	478,989,515
Current Assets			
Current maturities of non-current assets	14	55,064,767	52,755,719
Short term investments	15	468,559,559	206,566,908
Short term finances	16	265,001,320	111,373,306
Advances	17	3,631,222	4,110,342
Short term deposits and prepayments	18	61,617,491	26,351,924
Interest accrued		10,198,315	9,496,783
Other receivables	19	119,601,315	66,297,042
Tax refunds due from the government		261,399,209	252,438,810
Cash and bank balances	20	53,225,197	49,238,770
		1,298,298,395	778,629,604
		1,749,628,751	1,257,619,119
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	21	441,000,000	441,000,000
Reserves	22	(217,186,043)	(173,023,072)
		223,813,957	267,976,928
Surplus on revaluation of fixed assets	23	34,483,200	36,298,105
Deficit on revaluation of investments	24	(7,664,952)	(5,224,348)
Non-Current Liabilities			
Term finance certificates	25	-	24,641,647
Long term certificates of deposit	26	394,766,083	249,661,415
Long term security deposit	27	-	-
Current Liabilities			
Current maturities of non-current liabilities	28	68,741,337	69,234,530
Short term borrowings		44,503,605	-
Short term certificates of deposit	29	699,961,280	440,714,262
Accrued markup	30	6,794,211	6,454,514
Trade and other payables	31	244,294,175	130,642,765
Provision for taxation	32	39,935,855	37,219,300
		1,104,230,463	684,265,371
Contingencies and Commitments	33	-	-
		1,749,628,751	1,257,619,119

The annexed notes 1 to 52 form an integral part of these financial statements.

Consolidated Profit and Loss Account

for the year ended 30 June 2014

	Note	2014 Rupees	2013 Rupees
INCOME			
Profit on financing	34	55,695,956	40,889,238
Mark-up on lease finance		-	3,040
Return on placements	35	413,023	28,372,041
Return on investments	36	58,821,556	96,114,938
Fees and commission		59,475,393	19,558,853
Profit on bank deposits		5,192,029	2,522,570
Other income	37	11,235,200	52,248,367
		190,833,157	239,709,047
EXPENSES			
Return on certificates of deposit		105,059,850	76,170,679
Return on term finance certificates		3,824,305	7,821,073
Mark-up on short term running finance		-	567,112
Mark-up on borrowings from financial institutions		4,164,606	77,392,312
Amortization of premium on held to maturity investments		85,492	596,246
Administrative and other operating expenses	38	117,898,560	78,681,945
Other financial charges		205,649	143,362
		231,238,462	241,372,729
Loss before provisions and taxation		(40,405,305)	(1,663,682)
Reversal / (provision) for doubtful finances		192,224	(246,507)
Loss before taxation		(40,213,081)	(1,910,189)
Taxation-Net	39	(5,764,795)	(726,556)
Loss after taxation		(45,977,876)	(2,636,745)
Other comprehensive income - net of tax		1,814,905	1,910,424
Total comprehensive loss - net of tax		(44,162,971)	(726,321)
Loss per share-basic and diluted	40	(1.04)	(0.02)

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive Officer

Director

Consolidated Cash Flow Statement

for the year ended 30 June 2014

	2014 Rupees	2013 Rupees
Cash flow from operating activities		
Loss before taxation	(40,213,081)	(1,910,189)
Adjustment for non cash expenses and other items:		
Dividend Income	(3,429,634)	(54,897,099)
Depreciation on property and equipment	6,876,636	11,398,424
Amortization on intangible assets	271,703	866,580
Provision for doubtful finances	192,224	246,507
Amortization of premium on held to maturity investments	85,492	596,246
Amortization of issuance cost of listed TFCs	2,028,900	2,028,900
Gain on sale of fixed assets	(560,215)	-
Fair value loss on held for trading investments	(19,041)	(23,061)
	5,446,065	(39,783,503)
	(34,767,016)	(41,693,692)
Decrease/ (Increase) in operating assets		
Disbursements of finances - net	(120,293,627)	(9,726,753)
Net investment in lease finance	123,680	1,029,255
Placements	-	720,647,460
Investments - net	(264,414,216)	(42,539,426)
Long term and short term advances	585,709	(966,536)
Interest Accrued	(701,532)	967,916
Other receivables	(53,304,273)	81,827,680
Deposits and prepayments	(33,691,244)	11,257,909
	(471,695,503)	762,497,505
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	44,503,605	(599,348,500)
Certificates of deposit	427,531,146	148,745,710
Accrued markup	339,697	(5,276,498)
Trade and other payables	113,652,760	(239,287,549)
	586,027,208	(695,166,837)
Net changes in operating assets and liabilities	114,331,705	67,330,668
Net cash generated from operating activities before taxes	79,564,689	25,636,977
Tax paid	(14,078,662)	(21,085,032)
Net cash generated from operating activities	65,486,027	4,551,945

	2014 Rupees	2013 Rupees
Cash flow from investing activities		
Fixed capital expenditure incurred	(15,528,499)	(970,686)
Capital work in progress	-	(7,668,861)
Dividend received	3,429,634	54,897,099
Proceeds from sale of fixed assets	560,215	-
Net cash (used in) / generated from investing activities	(11,538,650)	46,257,552
Cash flow from financing activities		
Redemption of listed term finance certificates	(49,959,600)	(49,959,600)
Dividend paid	(1,350)	-
Net cash used in financing activities	(49,960,950)	(49,959,600)
Net increase in cash and cash equivalents	3,986,427	849,897
Cash and cash equivalents at the beginning of the year	49,238,770	48,388,873
Cash and cash equivalents at the end of the year	53,225,197	49,238,770

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive Officer

Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

	Share capital	RESERVES		Total
		Statutory reserve	Accumulated (loss) / profit	
----- Rupees -----				
Balance as at July 01, 2012	441,000,000	154,050,085	(326,346,836)	268,703,249
Net loss for the year	-	-	(2,636,745)	(2,636,745)
Other comprehensive income	-	-	1,910,424	1,910,424
Transfer to statutory reserve	-	4,446,661	(4,446,661)	-
Total comprehensive profit	-	4,446,661	(5,172,982)	(726,321)
Balance as at June 30, 2013	441,000,000	158,496,746	(331,519,818)	267,976,928
Net Loss for the year	-	-	(45,977,876)	(45,977,876)
Other comprehensive income	-	-	1,814,905	1,814,905
Transfer to statutory reserve	-	-	-	-
Total comprehensive loss	-	-	(44,162,971)	(44,162,971)
Balance as at June 30, 2014	441,000,000	158,496,746	(375,682,789)	223,813,957

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive Officer

Director

Notes to the Consolidated Financial Statements

for the year ended June 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

Escorts Investment Bank Limited (“the Holding Company”) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Karachi and Lahore stock exchanges. The Company 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, 2008. The registered office of the Company is situated at Escorts House, 26-Davis Road, Lahore.

Escorts Capital Limited (“the Subsidiary Company”) was incorporated as a public limited company in Pakistan on 05 June 2008 under the Companies Ordinance, 1984 and became a wholly owned subsidiary Company of EIBL in June 2008. The subsidiary is principally engaged in brokerage business. 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 “BBB” (Triple B) and also maintained the short-term rating at “A3” (A three) dated 27 March 2014. The ratings denotes an adequate capacity of timely payment of financial commitments.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, ‘Financial Instruments: Recognition and Measurement’ and International Accounting Standard (IAS) 40, ‘Investment Property’ through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, ‘Financial Instruments: Disclosures’ through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

- 2.2 The separate financial statements of the company reflect that the equity of the company as at June 30, 2014 is Rs. 481.902 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 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

IFRS 7	Financial instruments: Disclosures (Amendment)
IAS 1	Presentation of Financial Statements - (Amendment)
IAS 19	Employee Benefits (Revised)
IFRIC 20	Stripping Cost in the Production Phase of a Surface Mine.

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

2.4 Change in Accounting Estimate

During the year, the Company has revised its accounting estimate for charging depreciation on fixed assets from straight line method to reducing balance method. The above revision would result in more accurate reflection of depreciation charge over the useful lives of the related assets. The above change has been prospectively accounted for as change in accounting estimates in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". Had there been no change in the aforesaid accounting estimate, loss before tax would have been higher by Rs. 3.680 million, whereas the carrying value of fixed assets of the Company would have been lower by the same amount.

3. FIXED ASSETS

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment, if any, except for Capital Work in Progress which is stated at cost. Depreciation is charged using "reducing balance method" at the following rates:

	Rate in %
Free-hold premises	5
Leasehold improvements	20
Freehold improvements	20
Furniture and fittings	10
Computer equipment	33.33
Office equipment	10
Vehicles	20

Full month's depreciation is charged on additions during the month in which asset is available for use, while no depreciation is charged in the month in which asset is disposed off.

Minor repair and renewals are charged to income as and when incurred.

Major renewals and improvements are capitalized.

The gain or loss on disposal or retirement of an asset, represented by the difference between sale proceeds and the carrying amount of the asset, is included in income currently.

Fully depreciated assets are being kept at a token value of Rs. 1/- each.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments, if any. Amortization is recorded when these assets are available for use using reducing balance method whereby the cost of an intangible asset is amortised at the following rates:

	Rate in %
Computer software	33.33

Revaluation surplus

Amortization of surplus on revaluation of fixed assets is charged to retained earnings through statement of comprehensive income.

3.2 Assets subject to finance lease

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities at the lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. Financial charges are allocated to accounting periods in a manner so as to provide constant periodic rate of charge on the outstanding liability. Depreciation is charged using “straight line method” at the rates specified in note 3.1

3.3 Rooms at stock exchanges

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 TRE Certificates

Pursuant to demutualization, value approved by the Board of Directors of KSE has been used as its initial value. Provision is made for decline in value other than temporary, if any.

3.5 Investments

3.5.1 Subsidiary Company

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 “Consolidated and Separate Financial Statements”. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the period in which they incur.

3.5.2 Held to maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held to maturity.

3.5.3 Available for sale

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices are classified as available for sale.

3.5.4 Held for trading

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin are classified as held for trading.

All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, in accordance with the requirements of circulars issued by State Bank of Pakistan, Investments at fair value through profit and loss account and Investments Available for Sale for which active market exists, are measured at their market value while Investments Held to Maturity are stated at amortized cost using the effective interest rate method less impairment, if any.

All "regular way" purchases and sales of listed shares are recognized on the trade date, i.e. the date that the company commits to purchase/sell the asset.

Any surplus or deficit on revaluation of investments at fair value through profit and loss account is charged to income currently, while in case of available for sale investments, the resulting surplus/ (deficit) is kept in a separate account and is shown in the balance sheet below the shareholders' equity. At the time of disposal the respective surplus or deficit is transferred to income currently.

Amortization cost is charged to profit and loss account.

However, as allowed by the BSD circular no. 10 dated 13 July 2004, the Company will be free to determine the extent of holding under the above categories taking into consideration various aspects such as trading strategies, intention of acquisition of securities, capital position, expertise available to manage investment portfolio, and the risk management capabilities. Under exceptional circumstances, shifting from one category to another category may be made subject to the following conditions:

Shifting of investments to/from held to maturity category is allowed once a year only with the approval of the Board of Directors within two months of the commencement of accounting year. Any further shifting to/from this category is not allowed during the remaining part of that accounting year.

Shifting to/from available for sale category is allowed with the approval of the Assets and Liabilities Committee (ALCO) subject to the condition that the reasons for such shifting will be recorded in writing; and

Shifting from held for trading category to available for sale or held to maturity categories is generally not be allowed. It is permitted under exceptional circumstances like not being able to sell the securities within the prescribed period of 90 days due to tight liquidity position in market or extreme market volatility with the approval of ALCO. The justification for such exceptional shifting of securities shall be recorded in the minutes of ALCO meeting. Shifting of securities from one category to another shall be done at the lower of the market value or the acquisition cost/book value, and the diminution in value, if any, on such transfer shall be fully provided for.

The surplus/deficit arising as a result of revaluation of held for trading investments is taken to profit and loss account. Furthermore, the surplus/deficit on revaluation of available for sale and held to maturity securities is taken to "Surplus/Deficit on revaluation of Available for Sale Investments" account. However, any permanent diminution in the value of available for sale or held to maturity securities is provided for by charging it to the profit & loss account. The measurement of surplus/deficit is done on portfolio basis for each of the above three categories separately.

3.5.5 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in borrowings from banks/ NBFCs. The difference between sale and repurchase price is treated as mark-up on borrowings from banks/ NBFCs and accrued over the life of the repo agreement.

Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

3.5.6 Trade date accounting

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.5.7 Commodities

Commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. These inventories are measured at fair value less cost to sell.

3.6 Net investment in lease finance

Leases where all the risks and rewards incidental to ownership of the assets are substantially transferred to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and deposit accounts.

3.8 Financial instruments

3.8.1 Financial assets

Financial assets are cash and bank balances, placements, investments, financing and other receivables. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivables, while other financial assets are stated at cost except for investments, which have been revalued as per accounting policy.

3.8.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include redeemable capital, certificates of deposit, borrowings, trade and other payables. Mark-up based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

3.8.3 Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the balance sheet date. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the balance sheet. The corresponding gains and losses are included in the profit and loss.

3.8.4 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

3.8.5 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.10 Redeemable capital - Term finance certificates

Term finance certificates are initially recognised at their fair value less transaction costs that are directly attributable to the issue of term finance certificates. The transaction costs are amortised over the term of term finance certificates.

3.11 Staff retirement benefits

Employees compensated absences

Liability for accumulated compensated absences of employees is accounted for in the period in which these absences are earned on termination basis.

Provident fund

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by employees and the Company to the fund at 10% of Basic Salary. The fund is administrated by the Trustees.

3.12 Revenue recognition

Return on finances provided, placements, government securities and term finance certificates are recognized on time proportionate basis.

Mark-up on lease finance is recognized using the finance method. Under this method, the unearned lease income i.e. the excess of the aggregate lease rentals and the residual value over the cost of the leased assets, is deferred and taken to income so as to produce a constant periodic rate of return on the outstanding net investment in lease finance. Processing fee, documentation charges and other lease related income are taken to income currently.

Brokerage commission and other advisory fee are recognized when such services are provided.

Guarantee commission is received in advance, and deferred over the guarantee period.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

Consultancy and corporate advisory fee income is recognized using percentage of completion method.

Dividend income is recognized when the right to receive payment is established.

3.13 Return on deposits and borrowings

Return on Certificates of Deposits (CODs) and borrowings are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

3.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available, rebates and exemptions, if any.

Deferred

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.15 Operating segment

The Company has structured its key business areas in two segments in a manner that each segment becomes a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Company have been categorized into the following classifications of business segments.

Business segments

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

Financing activities

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

Investment activities

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

3.16 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.17 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

3.18 Dividend distributions and appropriations

Dividend distribution and appropriations other than statutory appropriations are recorded in the period in which they are approved.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of certain critical accounting judgements and estimates, that effect the reported amount of revenue, expenses, assets and liabilities. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, estimated results may differ from actual. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- i) Provision for taxation and deferred tax (Notes 39 and 13)
- ii) Classification and valuation of investments (Notes 08 and 15)
- iii) Determination and measurement of useful life and residual value of property and equipment (Note 6)
- iv) Classification and provision of long term finances, net investment in finance lease, short term finances and other receivables (Notes 9.6, 10.2, 16.3 and 19.2.1)
- v) Impairment of investments (Note 8.1 and 15)

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures (Amendment)	01-Jan-15
IFRS 10	Consolidated financial statements	01-Jan-15
IFRS 11	Joint arrangements	01-Jan-15
IFRS 12	Disclosure of interest in Other Entities	01-Jan-15
IFRS 13	Fair Value Measurement	01-Jan-15
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	01-Jan-16
IAS 16 & 41	Agriculture Bearer Plants	01-Jan-16
IAS 19	Employee Benefits (Amendment)	01-Jul-14
IAS 27	Separate Financial Statements (Revised)	01-Jan-15
IAS 28	Investment in Associates and Joint Ventures (Revised)	01-Jan-15
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	01-Jan-14
IAS-36	Recoverable amount disclosures for Non-Financial Assets (Amendment)	01-Jan-14
IAS-39	Financial Instruments: Recognition and measurement-on novation of derivatives and hedge accounting	01-Jan-14
IFRIC 21	Levies	01-Jan-14

There are other new accounting standards, amendments to approve accounting standards and interpretations that are mandatory for future years. However that are not considered relevant to the Company and therefore are not expected to materially affect the financial statements of the Company for accounting periods on dates prescribed therein.

	Note	2014 Rupees	2013 Rupees
6. FIXED ASSETS			
Tangible			
Property and equipment	6.1	113,685,422	97,631,798
Capital work in progress		-	7,668,861
Intangible assets	6.2	573,378	577,981
		114,258,800	105,878,640

6.1 Property, plant and equipment

	Cost			Depreciation			Net book value as at 30 June 2014	RATE %
	As at 01 July 2013	Additions/(disposals)/adjustments	As at 30 June 2014	As at 01 July 2013	For the year	(Disposals)/adjustments		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Owned								
Free-hold premises	127,901,129	-	127,901,129	38,161,185	4,486,997	-	42,648,182	85,252,947 5
Lease-hold improvements	14,625,969	14,576,892	29,202,861	14,394,849	401,214	-	14,796,063	14,406,798 20
Free-hold improvements	6,712,240	-	6,712,240	6,712,240	-	-	6,712,240	- 20
Office furniture and fixtures	6,257,284	118,500	6,375,784	4,261,160	209,312		4,470,472	1,905,312 10
Computer equipments	18,718,665	997,550	19,716,215	18,188,670	443,305		18,631,975	1,084,240 33.33
Office equipments	13,643,194	1,066,226	14,709,420	8,614,758	594,693		9,209,451	5,499,969 10
Vehicles	21,226,740	6,171,092	25,997,294	21,120,561	741,115	-	20,461,138	5,536,156 20
		(1,400,538)				(1,400,538)		
	209,085,221	22,930,260	230,614,943	111,453,423	6,876,636	-	116,929,521	113,685,422
		(1,400,538)				(1,400,538)		
2014	209,085,221	21,529,722	230,614,943	111,453,423	6,876,636	(1,400,538)	116,929,521	113,685,422

	Cost			Depreciation			Net book value as at 30 June 2013	Rate %
	As at 01 July 2012	Additions/(disposals)	As at 30 June 2013	As at 01 July 2012	For the year	(Disposals)		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Owned								
Free-hold premises	127,901,129	-	127,901,129	31,766,129	6,395,056	-	38,161,185	89,739,944 5
Lease-hold improvements	14,625,969	-	14,625,969	12,658,537	1,736,312	-	14,394,849	231,120 20
Free-hold improvements	6,712,240	-	6,712,240	5,705,404	1,006,836	-	6,712,240	- 20
Office furniture and fixtures	6,246,284	11,000	6,257,284	3,769,069	492,091		4,261,160	1,996,124 10
Computer equipments	18,422,567	296,098	18,718,665	17,897,143	291,527		18,188,670	529,995 33.33
Office equipments	13,096,686	546,508	13,643,194	7,589,650	1,025,108		8,614,758	5,028,436 10
Vehicles	12,117,360	9,109,380	21,226,740	11,676,783	451,478	8,992,300	21,120,561	106,179 20
	199,122,235	9,962,986	209,085,221	91,062,715	11,398,408	8,992,300	111,453,423	97,631,798
Leased								
Vehicles	8,992,300	-	-	8,992,300	-	-	-	- 20
		(8,992,300)				(8,992,300)		
2013	208,114,535	970,686	209,085,221	100,055,015	11,398,408	-	111,453,423	97,631,798

6.1.1 Following assets having book value above Rs. 50,000 disposed off during the year

	Cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Sale proceeds Rupees	Gain Rupees	Mode of Disposal	Particulars of Purchaser
Vehicle	1,400,538	(1,400,538)	-	560,215	560,215	Company Policy	Ms. Shazia Bashir - President & CEO
	1,400,538	(1,400,538)	-	560,215	560,215		

6.2 Intangible assets

	Cost			Amortization			Net book value as		
	As at 01 July 2013 Rupees	Additions/ (disposals) Rupees	As at 30 June 2014 Rupees	As at 01 July 2013 Rupees	For the year Rupees	(Disposals) Rupees	As at 30 June 2014 Rupees	at 30 June 2014 Rupees	Rate %
Computer Software									
2014	5,600,000	267,100	5,867,100	5,022,019	271,703	-	5,293,722	573,378	33.33
2013	5,600,000	-	5,600,000	4,155,439	866,580	-	5,022,019	577,981	33.33

6.3 Had there been no revaluation, the related figures of free-hold premises as on June 30, 2014 would be as follows;

Particulars	Cost	Accumulated Depreciation	Net Book Value
	Rupees	Rupees	Rupees
Free hold premises	89,692,600	38,922,853	50,769,747
			2014 Rupees
			2013 Rupees

7. CARDS AND ROOMS

Corporate membership of Pakistan Mercantile Exchange Limited	850,000	850,000
Karachi Stock Exchange	-	35,250,000
Lahore Stock Exchange	-	16,155,000
TREC of Karachi Stock Exchange Limited	15,000,000	-
TREC of Lahore Stock Exchange Limited	4,000,000	-
Rooms	32,700,000	32,700,000
	52,550,000	84,955,000

7.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualisation and Integration) Act, 2012 (the Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange due to which the membership cards of the Karachi Stock (KSE) and Lahore Stock Exchange (LSE) have now been replaced with (a) shares in the exchanges and (b) Trading Rights Entitlement Certificate (TREC).

Escorts Capital Limited's entitlement in respect of KSE and LSE shares is determined on the basis of valuation of KSE and LSE as approved by the SECP, whereas ESCAP has been allotted 4,007,383 and 843,975 shares of Rs. 10 each against the membership of KSE and LSE, respectively, 40% of the allotted shares have been received by ESCAP and the remaining 60% have been kept in a blocked CDC account maintained by KSE and LSE. Divestment of the blocked shares will be done by KSE and LSE under the Act, however, rights to the proceeds of the shares, bonus / dividends vest with ESCAP, while voting rights attached to the shares are suspended.

The accounting treatment for the exchange of membership card with TRECs and shares of stock exchanges has been determined on the basis of the guidance provided by the Institute of Chartered Accountants of Pakistan (the ICAP) on queries raised by certain members of stock exchanges. According to ICAP's guidance, the cost of assets received shall be measured at the carrying amount of the asset given up, and no gain / loss shall arise on the exchange. Further, the guidance suggests that the allocation of the carrying value of a membership card between the assets (shares and TREC) may be made using a basis which is considered reasonable by the management of ESCAP.

Consequently, for the said allocation, the management of ESCAP has considered notional values assigned to TRECs for the purpose of Base Minimum Capital (BMC) by the KSE, vide their notice KSE/N - 2863, dated May 03, 2013, by the LSE, vide their circular dated July 24, 2013 respectively. On this basis:

- For KSE card having carrying amount of Rs. 32.5 million management has allocated Rs. 15 million to TREC and a nominal amount of Rs. 20.25 million to shares of KSE; and
- For LSE card having carrying amount of Rs. 16.155 million management has allocated Rs. 4 million to TREC and a nominal amount of Rs. 12.155 million to shares of LSE;

In accordance with ICAP's guidance, the shares have been classified as 'available for sale'.

	Note	2014 Rupees	2013 Rupees
8. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds (PIBs)	8.1	100,895,285	100,980,776
Available for sale - at cost			
Investment in unquoted Companies	8.2	32,405,000	-
		133,300,285	100,980,776
8.1 Pakistan Investment Bonds (PIBs)			
Cost		101,739,700	166,539,200
Less: Amortization - Opening		758,923	10,305,204
Charged during the year		85,492	596,246
		100,895,285	155,637,750
Less: Impairment loss		-	4,656,974
Matured/ sold during the year		-	50,000,000
		100,895,285	100,980,776

This represents investment in 20 years bonds issued by the Government of Pakistan having market value of Rs 83.357 million (2013: 90.379 million). Period to maturity of these investments are 10 years and carry mark-up at rates (coupon rate) 10% per annum (2013: 10% per annum). PIBs having face value of Rs. 100 million (2013: Rs. 100 million).

8.1.1 Encumbered and un-encumbered - Face value

	2014			2013		
	Held by the Bank	Given as a collateral	Total	Held by the Bank	Given as a collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Pakistan Investment Bonds	100,000,000	-	100,000,000	100,000,000	-	100,000,000

	Note	2014 Rupees	2013 Rupees
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8.2 Investment in Unquoted Companies

Karachi Stock Exchange Limited (KSE)	8.2.1	20,250,000	-
Lahore Stock Exchange Limited (LSE)	8.2.2	12,155,000	-
		32,405,000	-

8.2.1 It represents 4,007,383 ordinary shares of Rs. 10 each. Equity held 0.5% (2013: nil). Break up value of each ordinary share is Rs. 9.954 based on the Base Minimum Capital Circular KSE / N - 2863 dated May 03, 2013.

8.2.2 It represents 843,975 ordinary shares of Rs. 10 each. Equity held 0.66% (2013: nil). Break up value of each ordinary share is Rs. 11.32 based on the Base Minimum Capital Notice No. - 4143 by LSE dated July 31, 2013.

	Note	2014 Rupees	2013 Rupees
9. LONG TERM FINANCES			
Related parties-Secured and considered good			
Associated companies	9.1	5,793,089	7,135,710
Executives	9.2	42,741,539	29,236,659
Others	9.3	301,774	1,120,783
		48,836,402	37,493,152
Others - Secured and considered good	9.4	42,615,705	87,485,566
		91,452,107	124,978,718
Considered doubtful			
Others	9.5	32,738,390	32,930,614
Less: Provision for doubtful finances	9.6	32,738,390	32,930,614
		-	-
		91,452,107	124,978,718
Less: Current maturity	14	48,675,245	45,591,765
		42,776,862	79,386,953

9.1 Associated companies

These represent finance provided against hypothecation of vehicles for period to 5 years (2013: 5 years), carrying mark-up rate @ of 18% per annum. (2013: 18% per annum).

	2014 Rupees	2013 Rupees
The maximum balance outstanding at the end of any month during the year was:		
Escorts Pakistan Limited	7,135,710	7,411,241
Essem Hotel Limited	-	336,616

9.2 Executives

This represent finance provided to Executive against lien of assets for a period ranging from 3 years to 5 years and carries mark-up at the rate of 16% p.a. Further, house finance provided to CEO against mortgage of property for a period of 18 years and carries mark-up at the rate of 6% p.a.

	CEO Rupees	Director Rupees	Others Rupees	2014 Rupees	2013 Rupees
Opening Balance	25,728,754	720,672	2,787,233	29,236,659	21,658,626
Disbursements during the year	14,271,246	1,432,400	1,200,000	16,903,646	8,922,900
Less: Repayments / transfer during the year	40,000,000	2,153,072	3,987,233	46,140,305	30,581,526
	1,515,850	311,285	1,571,631	3,398,766	1,344,867
	38,484,150	1,841,787	2,415,602	42,741,539	29,236,659
The maximum balance outstanding at the end of any month during the year.				43,517,909	29,236,659

9.3 These finance facility issued to a relative and is secured against lien over Company's own Certificates of Deposit for a period up to 1.5 years. The expected rate of return is 15.25% per annum (2013: 15.25% per annum).

9.4 These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks for a period up to 5 years. The expected rate of return range from 12% to 20% per annum (2013: 12% to 20% per annum).

9.5 These finance facilities are secured by ranking charge on assets and pledge of stocks for a period up to 5 years. The expected rate of return range from 14% to 17% per annum (2013: 14% to 17% per annum).

	Note	2014 Rupees	2013 Rupees
9.6 Particulars of provision for doubtful finances			
Opening balance		32,930,614	32,691,426
(Reversal) / addition for the year		(192,224)	239,188
Closing balance		32,738,390	32,930,614
10. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	10.1	3,880,041	4,387,321
Less: Provision for doubtful leases	10.2	815,160	815,160
		3,064,881	3,572,161
Less: Current maturity	14	3,064,881	3,572,161
		-	-

10.1 Particulars of net investment in lease finance

	2014			2013
	Not later than one year Rupees	Later than one year but not later than five years Rupees	Total Rupees	Total
				Rupees
Leased rentals receivable	912,854	-	912,854	1,036,534
Add: Residual value	3,289,300	-	3,289,300	3,672,900
Gross investment in lease finance	4,202,154	-	4,202,154	4,709,434
Less: Unearned finance income	322,113	-	322,113	322,113
Net investment in lease finance	3,880,041	-	3,880,041	4,387,321

10.1.1 The leases made by the Company are for a period ranging from three years to five years. Security deposits obtained at the time of disbursement of lease facility range from 11% to 45% (2013: 11% to 45%). Leased assets are insured in favor of the Company. The rate of return range from 15% to 17 % per annum (2013: 15% to 17% per annum). Penalty is charged in case of delayed payment. These leases pertain to previous years as the company does not have license for lease now.

10.1.2 As per the prudential Regulations for Non-Banking Finance Companies, the aggregate net exposure in finance leases against which income suspension is required amounted to Rs. 0.912 million (2013: 1.036 million) at the end of current year.

	Note	2014 Rupees	2013 Rupees
10.2 Particulars of provision for doubtful leases			
Opening balance		815,160	807,841
Charge for the year		-	7,319
Closing balance		815,160	815,160
11. LONG TERM LOANS AND ADVANCES			
Loan to staff - Unsecured, considered good			
Executives - Related parties	11.1	1,430,103	1,714,069
Other employees		1,046,203	868,826
		2,476,306	2,582,895
Less: Current maturity	14	1,327,709	1,226,969
		1,148,597	1,355,926

11.1 These represent interest free loans to staff for a period of 3 years and are repayable in equal monthly installments, in accordance with the Company's Policy for staff loans.

	Note	2014 Rupees	2013 Rupees
Opening Balance		1,714,069	1,323,332
Add: Disbursements during the year		1,046,407	886,381
		2,760,476	2,209,713
Less: Repayments during the year		1,330,373	495,644
		1,430,103	1,714,069
The maximum balance outstanding from executives at the end of any month during the year was:		1,671,837	1,772,678
12. LONG TERM DEPOSITS AND PREPAYMENTS			
Security deposits		3,840,450	3,049,950
Prepayments		3,159,655	5,524,478
		7,000,105	8,574,428
Less: Current maturity	14	1,996,932	2,364,824
		5,003,173	6,209,604

	2014 Rupees	2013 Rupees
13. DEFERRED TAX ASSET		
Taxable temporary differences		
Fixed assets	(9,202,837)	(8,572,123)
Deductible temporary differences		
Investments	33,550,022	33,522,790
Finances and receivables	15,073,517	21,715,385
Trade and other payables	612,173	612,173
Finance lease	259,657	259,657
Tax losses	62,000,107	52,684,734
	102,292,639	100,222,616
13.1 Movement in deferred tax asset		
Opening balance	100,222,616	95,555,063
Provision during the year	2,070,023	4,667,553
Closing balance	102,292,639	100,222,616

13.2 The Company recognized deferred tax asset in respect of carry forward losses and unabsorbed tax depreciation. The management of the company believes that based on the projections of future taxable profits, it would be able to realize these tax losses in the future.

	Note	2014 Rupees	2013 Rupees
14. CURRENT MATURITIES OF NON-CURRENT ASSETS			
Long term finances	9	48,675,245	45,591,765
Net investment in lease finance	10	3,064,881	3,572,161
Long term loans and advances	11	1,327,709	1,226,969
Long term deposits and prepayments	12	1,996,932	2,364,824
		55,064,767	52,755,719

	Note	2014 Rupees	2013 Rupees
15. SHORT TERM INVESTMENTS			
Held to Maturity			
Treasury Bills	15.1.1	64,855,608	-
Held for Trading			
Shares / units			
Listed	15.2	2,990,040	1,702,418
Others	15.3	21,488,699	16,958,362
Investment in Commodities:			
Rice		78,538,116	-
Wheat		241,559,197	-
Sugar		-	91,200,000
Grams		-	17,012,420
Available for sale			
Listed shares / units	15.4	67,469,731	85,613,976
Impairment loss		-	-
		476,901,391	212,487,176
Deficit on revaluation		(8,341,832)	(5,920,268)
		468,559,559	206,566,908

15.1 Encumbered and un-encumbered - Face value

	2014			2013		
	Held by the Bank	Given as a collateral	Total	Held by the Bank	Given as a collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Treasury Bills (T-Bills)	21,000,000	45,000,000	66,000,000	-	-	-

	2014 Rupees	2013 Rupees
15.1.1 Treasury Bills		
Face value	66,000,000	-
Less: Discount	(1,144,392)	-
Book value	64,855,608	-

15.2 Particulars of listed shares / units - Held for Trading

No. of Certificates		N A M E	2014		2013	
			Carrying value	Market value	Carrying value	Market value
2014	2013		Rupees	Rupees	Rupees	Rupees
Investment Companies						
64,000	64,000	Jahangir Siddique & Company Ltd.	1,178,608	668,160	1,178,608	739,840
Financial Services						
25,000	25,000	JS Investment Limited	377,000	292,750	377,000	171,250
Personal Goods (Textile)						
-	15,001	Azgard Nine Limited	-	-	146,810	95,406
Chemicals						
45,000	-	Maple Leaf Cement Factory Limited	1,434,432	1,352,250	-	-
134,000	104,001		2,990,040	2,313,160	1,702,418	1,006,496

15.3 Shares - Others

This represents investments in various listed companies shares. Because of changes in NBFC Regulations in 2008, the Company had to conclude its brokerage business under the Investment Finance Services License. The Company started the process of intimating its brokerage clients to close their accounts with the Company in compliance with these regulations. Most of the account holders have closed their accounts accordingly. Certain accounts could not be transferred/closed because of non receipt of response from the holders despite repeated reminders. The management has decided to record these on balance sheet as an asset and a corresponding liability of the same amount.

15.4 Particulars of listed shares / units - Available for sale investments

All shares / units have face value of Rs. 10 each.

No. of Shares/Units		N A M E	2014		2013	
			Carrying value	Market value	Carrying value	Market value
2014	2013		Rupees	Rupees	Rupees	Rupees
Mutual Fund - Close End						
49	49	Dawood Capital Management Fund	281	98	281	174
1,778	10,000	Pakistan Stock Market Fund (previously: Pakistan Premier Fund)	41,032	114,308	41,032	145,900
30,000	-	PICIC Islamic Income Fund	3,000,000	3,002,418	-	-
Commercial Banks						
-	50,000	Bank Alfalah Limited	-	-	898,285	911,000
-	2,500	MCB Bank Limited	-	-	631,001	606,475
2,000	400,035	National Bank of Pakistan	118,192	124,460	17,345,746	16,449,439
-	225,000	NIB Bank Limited	-	-	588,809	522,000
-	76,000	Askari Bank Limited	-	-	1,275,768	1,156,720
100,000	100,000	JS Bank Limited	708,000	544,000	708,000	435,000
-	100,000	Samba Bank Limited	-	-	295,047	257,000
-	325,000	Silk Bank Limited	-	-	821,569	734,500
375,000	-	The Bank of Punjab	4,287,119	3,412,720	-	-

No. of Shares/Units		N A M E	2014		2013	
			Carrying value	Market value	Carrying value	Market value
2014	2013		Rupees	Rupees	Rupees	Rupees
Non Life Insurance						
52,500	5,000	Adamjee Insurance Company Limited	2,554,213	2,402,925	429,543	380,400
-	25,000	Pakistan Reinsurance Company Limited	-	-	556,806	590,750
Investment Companies						
25,000	25,000	Jahangir Siddique & Company Ltd.	568,500	261,000	568,500	289,000
Oil and Gas						
7,500	70,000	Pakistan Petroleum Limited	1,637,574	1,682,550	14,907,042	14,810,600
-	13,500	Pakistan Oilfields Limited	-	-	6,925,051	6,714,495
-	60,000	Byco Petroleum Pakistan Limited	-	-	719,412	626,400
-	15,000	Pakistan State Oil Company Limited	-	-	4,993,570	4,805,700
15,000	-	National Refinery Limited	4,030,028	3,230,550	-	-
6,500	-	Oil & Gas Development Company Limited	1,688,591	1,698,320	-	-
Construction and Materials (Cement)						
-	83,000	D.G Khan Cement Company Limited	-	-	7,013,459	6,946,270
-	75,000	Fauji Cement Company Limited	-	-	1,001,892	996,750
-	250,000	Lafarge Pakistan Cement Limited	-	-	2,315,942	2,122,500
-	200,000	Dewan Cement Company Limited	-	-	1,682,288	1,372,000
Textile Composite						
150,000	-	Nishat Mills Limited	17,378,248	16,788,000	-	-
Textile Spinning						
350,000	-	Nishat Chunian Limited	18,040,453	14,836,500	-	-
Chemical						
-	2,500	Fatima Fertilizer Company Limited	-	-	62,520	62,075
45,500	59,000	Fauji Fertilizer Company Limited	5,305,473	5,107,375	6,879,708	6,338,370
321,000	321,000	Lotee Chemical Pakistan Limited	3,340,652	2,285,520	3,340,652	2,446,020
-	51,000	Arif Habib Corporation Limited	-	-	1,315,346	1,130,160
76,000	100,000	Maple Leaf Cement Factory Limited	2,337,737	2,283,800	2,298,523	2,193,000
-	315,500	Engro Polymer & Chemicals Limited	-	-	4,236,176	3,836,480
Industrial Metals and Mining						
-	5,000	Crescent Steel and Allied Products	-	-	234,405	224,950
Electricity						
-	50,000	Nishat Power Limited	-	-	1,785,178	1,674,500
Multiutilities (Gas and Water)						
-	25,000	Sui Northern Gas Pipelines Limited	-	-	566,307	501,500
Technology & Communication						
35,000	50,000	Pakistan Telecommunication Limited	1,134,113	891,450	1,176,118	1,109,500
Food						
9,500	-	Engro Foods Limited	1,000,245	974,035	-	-
Transport						
25,000	-	Pakistan International Airline Limited	299,280	164,750	-	-
1,627,327	3,089,084		67,469,731	59,804,779	85,613,976	80,389,628

	Note	2014 Rupees	2013 Rupees
16. SHORT TERM FINANCES			
Secured and considered good			
Executives	16.1	500,000	1,000,000
Others	16.2	264,501,320	110,373,306
Considered doubtful			
Others		13,767,834	13,767,834
Less: Provision for doubtful finances	16.3	13,767,834	13,767,834
		-	-
		265,001,320	111,373,306

16.1 This represent finance provided to Executive against Company's own Certificate of Deposits for a period of 1 year and carries mark-up at the rate of 15% (2013: 12.75% per annum).

16.2 These are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks. The expected rate of return range from 15.25% to 20% per annum (2013: 12% to 18% per annum). These include finances against Company's own Certificates of Deposit amounting to Rs. Nil (2013: Rs. 3.370 million), while Rs.253.042 million (2013: Rs. 108.857 million) relate to Margin Finance in accordance with Margin Trading Rules, 2004 issued by Securities and Exchange Commission of Pakistan the rate of return range from 18% to 20% per annum (2013: 16% to 18% per annum).

	2014 Rupees	2013 Rupees
16.3 Particulars of provision for doubtful finances:		
Opening balance	13,767,834	13,767,834
Provision/(reversal) for the year	-	-
Closing balance	13,767,834	13,767,834
17. ADVANCES		
Considered good		
Advances	3,631,222	4,110,342
18. SHORT TERM DEPOSITS AND PREPAYMENTS		
Short term deposits	60,648,006	25,978,931
Prepayments	969,485	372,993
	61,617,491	26,351,924

	Note	2014 Rupees	2013 Rupees
19. OTHER RECEIVABLES			
Receivable from associated Company	19.1	17,818,382	19,661,484
Receivable from clients	19.2	100,119,005	45,677,696
Others		1,663,928	957,862
		119,601,315	66,297,042

19.1 This includes Rs. 7.819 million receivable from Essem Hotels Limited and Rs. 9.998 million receivable from Escorts Pakistan Limited.

	Note	2014 Rupees	2013 Rupees
19.2 Receivables from clients			
Considered good		100,119,005	45,677,696
Considered doubtful		21,474,235	21,474,235
Less: Provision for doubtful receivables	19.2.1	(21,474,235)	(21,474,235)
		-	-
		100,119,005	45,677,696

19.2.1 Particulars of provision for doubtful receivables

Opening balance		21,474,235	21,474,235
Provision/(reversal) for the year		-	-
Closing balance		21,474,235	21,474,235

20. CASH AND BANK BALANCES

Cash in hand		10,996	86,611
Cash with banks			
Current accounts with:			
State Bank of Pakistan		502,563	727,428
Others		1,784,817	830,372
		2,287,380	1,557,800
Saving accounts	20.1	50,926,821	47,594,359
		53,225,197	49,238,770

20.1 Rate of return on these accounts range from 6% to 11.50% per annum (2013: 5% to 9% per annum).

	2014 Rupees	2013 Rupees
21. SHARE CAPITAL		
Authorized share capital 50,000,000 (2013: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital 42,000,000 (2013: 42,000,000) ordinary shares of Rs. 10 each	420,000,000	420,000,000
Issued as fully paid in cash 2,100,000 (2013: 2,100,000) ordinary shares of Rs. 10 each Issued as fully paid bonus shares	21,000,000	21,000,000
	441,000,000	441,000,000

21.1 Essem Power (Private) Limited, an associated company, holds 39.01% (2013: 39.01%) ordinary shares in the Company.

	Note	2014 Rupees	2013 Rupees
22. RESERVES			
Capital reserve			
Statutory reserve	23.1	158,496,746	158,496,746
Revenue reserve			
Accumulated loss		(375,682,789)	(331,519,816)
		(217,186,043)	(173,023,072)

22.1 This represents special reserve created in compliance with the Rule 2 of Part III of Prudential Regulations for Non-Banking Finance Companies issued by Securities and Exchange Commission of Pakistan.

	Note	2014 Rupees	2013 Rupees
23. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		36,298,105	38,208,529
Less: Incremental depreciation for the year		(1,814,905)	(1,910,424)
Closing balance	23.1	34,483,200	36,298,105

23.1 This represents surplus arising on revaluation of building (ground floor) carried out by Maricon Consultants (Pvt) Limited dated June 29, 2012. The revalued amount is based on market values prevailing at the time of revaluation.

	Note	2014 Rupees	2013 Rupees
24. DEFICIT ON REVALUATION OF INVESTMENTS			
Available for sale			
Listed shares / units		(7,664,952)	(5,224,348)
25. TERM FINANCE CERTIFICATES			
Listed:			
Face value		500,000,000	500,000,000
Less: Redeemed			
Opening balance		425,060,600	375,101,000
Redeemed during the year		49,959,600	49,959,600
		475,020,200	425,060,600
		24,979,800	74,939,400
Less: Current maturity	28	24,979,800	49,959,600
		-	24,979,800
Less: Cost on issuance/ rescheduling			
Opening balance		(2,367,053)	(4,395,953)
Amortization for the year	38	2,028,900	2,028,900
		(338,153)	(2,367,053)
Less: Current maturity	28	338,153	2,028,900
		-	(338,153)
		-	24,641,647

These TFCs were rescheduled two years back for further 3 years, carry return payable semi annually, at the rate of 8% per annum. These are secured against hypothecation of Rs. 667 million (2013: Rs. 667 million) worth of present and future assets of the Company. These TFCs are listed at Lahore Stock Exchange (Guarantee) Limited (LSE).

JCR VIS Credit Rating Company Limited has maintained the TFC-1 issue rating at BB (Double B) dated March 13, 2013. A "Negative Outlook" has been assigned to this rating.

	Note	2014 Rupees	2013 Rupees
26. LONG TERM CERTIFICATES OF DEPOSIT			
Related parties - Unsecured			
Associated Company	26.1	6,095,003	6,095,003
Executives	26.2	123,300,000	100,000,000
Others	26.3	30,000,000	30,000,000
		159,395,003	136,095,003
Others - unsecured			
Individuals	26.4	260,681,470	110,947,342
Others	26.5	15,500,000	20,250,000
		276,181,470	131,197,342
Less: Current maturity	28	40,810,390	17,630,930
		394,766,083	249,661,415

26.1 These have been issued for a term of 5 years and expected return on these certificates are 12.5% per annum (2013: 12.5% per annum) payable monthly.

26.2 These have been issued for term of 5 years and expected return on these certificates ranges from 12% to 13.5% per annum (2013: 13% to 13.5% per annum) payable monthly.

26.3 These have been issued to a close family member of a key management personnel for a term of 5 years and expected return on these certificates ranges from 13% to 14% per annum (2013: 13% to 14% per annum) payable monthly.

26.4 These have been issued for term ranging from over 1 year to 5 years and expected return on these certificates ranges from 10.25% to 14.50% per annum (2013: 10.25% to 14% per annum) payable monthly, quarterly, semi-annually or on maturity.

26.5 These have been issued for term ranging from 3 year to 5 years and expected return on these certificates are 12% per annum (2013: 12% to 13% per annum) payable monthly.

	2014 Rupees	2013 Rupees
26.6 Long term certificates of deposits includes:		
Corporates	21,595,003	-
Individuals	413,981,470	224,631,891
	435,576,473	224,631,891

	Note	2014 Rupees	2013 Rupees
27. LONG TERM SECURITY DEPOSIT			
Security deposit	27.1	3,289,300	3,672,900
Less: Current maturity	28	3,289,300	3,672,900
		-	-

27.1 These represent interest free security deposits received on lease contracts and are adjustable at the expiry of the lease contracts.

	Note	2014 Rupees	2013 Rupees
28. CURRENT MATURITIES OF NON-CURRENT LIABILITIES			
Term finance certificates - listed- net of amortization cost	25	24,641,647	47,930,700
Long term certificates of deposit	26	40,810,390	17,630,930
Long term security deposit	27	3,289,300	3,672,900
		68,741,337	69,234,530
29. SHORT TERM CERTIFICATES OF DEPOSIT			
Related parties - Unsecured			
Associated Company		-	44,260,083
Executives	29.1	25,592,600	18,692,600
		25,592,600	62,952,683
Others - unsecured			
Individuals	29.2	323,311,831	357,261,579
Others	29.3	351,056,849	20,500,000
		674,368,680	377,761,579
		699,961,280	440,714,262

29.1 These have been issued for terms ranging from 1 month to 1 year and expected rate of return on these certificates ranges from 11.25% to 12% per annum (2013: 10.75% to 11.5% per annum) payable monthly.

29.2 These have been issued for terms ranging from 1 month to 1 year and expected rate of return on these certificates ranges from 6.5% to 14% per annum (2013: 6.5% to 13.25% per annum) payable monthly, quarterly, semi-annually or on maturity.

29.3 These have been issued for terms ranging from 6 months to 1 year and expected rate of return on these certificates ranges from 10% to 14.5% per annum (2013: 10.75% to 12% per annum) payable monthly & semi-annually.

	Note	2014 Rupees	2013 Rupees
29.4 Short term certificates of deposits includes:			
Financial institutions		340,306,849	-
Corporates		10,750,000	-
Individuals		348,904,431	317,859,845
		699,961,280	317,859,845
30. ACCRUED MARKUP			
Secured			
Accrued return on certificates of deposit		6,154,735	4,697,031
Accrued return on term finance certificates		585,828	1,757,483
Accrued return on secured borrowings		53,648	-
		6,794,211	6,454,514
31. TRADE AND OTHER PAYABLES			
Customers' credit balances	31.1	194,141,425	28,084,198
Accrued expenses and other payables	31.2	45,956,968	98,249,724
Provision for compensated absences		1,810,128	1,921,839
Unclaimed dividend		2,385,654	2,387,004
		244,294,175	130,642,765

31.1 This includes an amount of Rs. 26.739 million payable to Essem Hotel Limited (Associated Company).

31.2 This includes an amount of Rs. Nil (2013: Rs. 5.371 million) payable on account of future purchase contracts.

32. PROVISION FOR TAXATION

The Company's assessments till Assesment Year 2002-03, has been finalized except that the Income Tax department is in appeal before the Honorable Lahore High Court for Assessment Years 1997-98 and 1998-99 on following issues:

- i) status of company as "banking company" rather than "public limited company"; and
- ii) taxability of "dividend income" as separate block of income.

The returns for the Tax Year 2003 to 2013 were filed. The Company has filed appeals before honorable High Court for Tax Year 2003 to 2006 on various matters. These appeals are pending hearing.

For tax year 2007, the honorable Apellate Tribunal Inland Revenue vacated the orders of CIR(A) and assessing officer and directed the assessing office to look into the matter again. The assessing officer issued a notice for set-aside proceeding which is still pending fixation.

In respect of tax year 2008, the appeal was decided in favor of the company by the honorable Appellate Tribunal Inland Revenue and original position as mentioned in return by the company was restored.

For tax year 2009, tax department has initiated proceeding under sec 161 of the income tax ordinance. The company has not received any notice for the tax year 2010 to 2013.

Financial impact of the above have not been acknowledged in these financial statements because of pending litigations.

	2014 Rupees	2013 Rupees
33. CONTINGENCIES AND COMMITMENTS		
33.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
33.2 Commitments		
Outstanding guarantees	10,338,873	35,719,022
34. PROFIT ON FINANCING		
Long term	12,512,530	28,883,633
Short term	43,183,426	12,005,605
	55,695,956	40,889,238
35. RETURN ON PLACEMENTS		
Clean placements	413,023	1,827,282
Placements under reverse repurchase agreements	-	26,544,759
	413,023	28,372,041

	2014 Rupees	2013 Rupees
36. RETURN ON INVESTMENTS		
Mark-up / return on investments		
Held to maturity investments		
Government securities	12,991,886	10,773,847
Available for sale investments		
Term Finance Certificates	-	136,758
	12,991,886	10,910,605
Dividend income		
Available for sale investments		
Listed shares/units	3,346,134	54,794,099
Held for Trading	83,500	103,000
	3,429,634	54,897,099
Capital gain / (loss) on investments		
Available for sale investments	15,395,096	19,098,651
Held for trading	27,004,940	11,208,583
	42,400,036	30,307,234
	58,821,556	96,114,938

37. OTHER INCOME

These include Compensation on delayed refunds for the year amounting to Rs. 3.96 million (2013: Rs. 44.9 million), under Section 171 - Additional Payment for Delayed Refunds, of the Income Tax Ordinance, 2001. The Company had claimed income tax refunds from Tax Year 2003 to 2008 from the income tax authorities and subsequently these tax refunds were decided in due course by the appropriate income tax authorities and refund orders were issued to the Company accordingly.

	Note	2014 Rupees	2013 Rupees
38. ADMINISTRATIVE AND OTHER OPERATING EXPENSES			
Salaries, wages, other benefits and allowances	38.1	42,877,006	23,140,387
Commission paid to traders		21,773,359	6,821,930
Staff Training and Welfare		60,155	67,400
Advertisement and business promotion		298,645	282,600
Rent, rates and taxes		7,061,777	5,931,985
Utilities		3,197,932	1,675,458
Communication charges		3,788,042	2,122,770
Traveling and vehicle maintenance		7,224,195	5,796,106
Repair and maintenance		3,499,703	2,171,053
Entertainment		1,451,062	1,358,259
Fee and subscriptions		2,822,377	2,460,878
Legal and professional charges	38.2	4,494,111	4,515,367
Printing and stationery		1,990,178	1,656,046
Fee, brokerage & commission		6,769,270	5,440,315
Insurance		940,332	631,261
Amortization of issuance cost of listed TFC's	25	2,028,900	2,028,900
Depreciation	6.1	6,876,636	11,398,408
Amortization of Intangible assets		271,703	866,580
Penalty		120,500	10,000
Miscellaneous expenses		352,677	306,242
		117,898,560	78,681,945

38.1 This includes contribution to provident fund amounting to Rs. 1.567 million (2013: Rs. 0.954 million) made by the Company.

38.2 These include remuneration paid to the auditors as detailed below:

	Note	2014 Rupees	2013 Rupees
Audit fee		942,500	850,000
Certification and consultancy charges		40,000	50,000
Out of pocket expenses		25,000	7,000
		1,007,500	907,000

39. TAXATION-NET

Current taxation	39.1	7,834,818	5,394,110
Deferred taxation		(2,070,023)	(4,667,554)
		5,764,795	726,556

39.1 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements due to tax loss during the year.

	2014	2013
40. LOSS PER SHARE - BASIC AND DILUTED		
Loss for the year after taxation (Rupees)	(45,977,876)	(726,321)
Number of ordinary shares	44,100,000	44,100,000
Loss per share (Rupees)	(1.04)	(0.02)

40.1 No figure for diluted earnings per share has been computed as the company has not issued any instrument which would dilute its earnings per share.

41. 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 including lease financing.

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.

	For the year ended 30 June 2014		
	Financing activities	Investing activities	Total
Profit on financing	55,695,956	-	55,695,956
Mark-up on lease finance	-	-	-
Return on placements	-	413,023	413,023
Return on investments	-	58,821,556	58,821,556
Total income for reportable segments	55,695,956	59,234,579	114,930,535
Finance costs	54,925,127	58,414,775	113,339,902
Administrative and other operating expenses	57,134,277	60,764,283	117,898,560
Provision for doubtful financing	(192,224)	-	(192,224)
Segment result	(56,171,224)	(59,944,479)	(116,115,703)
Other operating income			75,902,622
Loss before taxation			(40,213,081)
Segment assets	363,646,510	661,628,554	1,025,275,064
Unallocated assets			724,353,687
			1,749,628,751
Segment liabilities	77,808,374	141,629,931	219,438,305
Unallocated liabilities			1,306,376,489
Equity			223,813,957
			1,749,628,751

For the year ended 30 June 2013

	Financing activities	Investing activities	Total
Profit on financing	40,889,238	-	40,889,238
Mark-up on lease finance	3,040	-	3,040
Return on placements	-	28,372,041	28,372,041
Return on investments	-	96,114,938	96,114,938
Total income for reportable segments	40,892,278	124,486,979	165,379,257
Finance costs	59,682,701	181,690,028	241,372,729
Administrative and other operating expenses	19,452,712	59,219,233	78,671,945
Provision for doubtful financing	246,507	-	246,507
Segment result	(38,489,642)	(116,422,282)	(154,911,924)
Other operating income			74,329,790
Loss before taxation			<u>(80,582,134)</u>
Segment assets	244,470,935	443,738,292	688,209,227
Unallocated assets			569,409,892
			<u>1,257,619,119</u>
Segment liabilities	101,074,004	165,351,476	266,425,480
Unallocated liabilities			723,216,711
Equity			267,976,928
			<u>1,257,619,119</u>

42. TRANSACTIONS WITH RELATED PARTIES

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

	2014 Rupees	2013 Rupees
Associated companies:		
Transactions during the year		
Return on finances received	1,063,070	-
Guarantee commission earned	233,509	97,454
Profit paid on certificates of deposit	3,548,305	1,076,271
Chairman's secretariat expenses	3,300,000	3,600,000
Balance at year end		
Advances outstanding	5,793,089	7,135,710
Letter of guarantee outstanding	10,338,873	35,719,022
Certificates of deposit outstanding	6,095,003	50,355,086
Other receivable / payable	(8,062,420)	19,661,484
Markup payable on COD	43,834	224,284
Directors:		
Transactions during the year		
Return on finances received	2,259,459	1,232,109
Fixed assets sold	560,215	-
Profit paid on certificates of deposit	7,779,649	8,174,063
Balance at year end		
Advances outstanding	41,409,435	27,078,352
Certificates of deposit outstanding	60,692,600	60,692,600
Markup payable on COD	357,819	357,819
Executives:		
Transactions during the year		
Return on finances received	213,599	256,096
Profit paid on certificates of deposit	11,058,334	6,958,870
Balance at year end		
Advances outstanding	2,762,207	4,872,376
Certificates of deposit outstanding	88,200,000	58,000,000
Markup payable on COD	510,782	326,473
Others:		
Transactions during the year		
Contribution to staff retirement benefits plan	1,567,287	954,275

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	Chief Executive / Director		Executives	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Managerial remuneration	3,586,752	1,793,376	12,015,988	6,192,080
House rent allowance	1,434,696	717,348	4,806,348	2,476,836
Utilities	358,680	179,340	1,201,597	619,200
Commission	-	-	1,871,710	-
Special allowance	-	-	515,000	260,000
Leave encashment	-	-	570,000	58,500
Retirement benefits	-	-	823,740	595,450
	5,380,128	2,690,064	21,804,383	10,202,066
Number of persons	1	1	11	7

In addition to above the Chief Executive and an Executive were provided Company maintained cars. Further, the Chief Executive and all the Executives were also reimbursed the medical expenses as per policy.

44. LIQUIDITY RISKS

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored on regular basis by Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the Company's assets and liabilities:

Description	Total Rupees	Within one year Rupees	More than one year and upto five years Rupees	Above five years Rupees
As at 30 June 2014				
ASSETS				
Fixed capital expenditure	114,258,800	-	21,600,572	92,658,228
Cards and rooms	52,550,000	-	-	52,550,000
Deferred tax asset	102,292,639	-	102,292,639	-
Net investment in lease finance	3,064,881	3,064,881	-	-
Investments	601,859,844	468,559,559	32,405,000	100,895,285
Finances	356,453,427	313,676,565	14,092,766	28,684,096
Advances	6,107,528	4,958,931	1,148,597	-
Deposits and prepayments	68,617,596	63,614,423	1,162,723	3,840,450
Interest accrued	10,198,315	10,198,315	-	-
Other receivables	119,601,315	119,601,315	-	-
Tax refunds due from the government	261,399,209	261,399,209	-	-
Cash and bank balances	53,225,197	53,225,197	-	-
	1,749,628,751	1,298,298,395	172,702,297	278,628,059

Description	Total	Within one year	More than one year and upto five years	Above five years
	Rupees	Rupees	Rupees	Rupees
LIABILITIES				
Term finance certificates	24,641,647	24,641,647	-	-
Short term borrowings	44,503,605	44,503,605	-	-
Certificates of deposit	1,135,537,753	740,771,670	394,766,083	-
Long term security deposit	3,289,300	3,289,300	-	-
Accrued markup	6,794,211	6,794,211	-	-
Trade and other payables	244,294,175	244,294,175	-	-
Provision for taxation	39,935,855	39,935,855	-	-
	1,498,996,546	1,104,230,463	394,766,083	-
NET ASSETS	250,632,205	194,067,932	(222,063,786)	278,628,059
Represented by:				
SHARE CAPITAL AND RESERVES	223,813,957			
SURPLUS ON REVALUATION OF FIXED ASSETS	34,483,200			
DEFICIT ON REVALUATION OF INVESTMENTS	(7,664,952)			
	250,632,205			

Description	Total	Within one year	More than one year and upto five years	Above five years
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2013				
ASSETS				
Fixed capital expenditure	105,878,640	-	11,024,560	94,854,080
Cards and rooms	84,955,000	-	-	84,955,000
Deferred tax asset	100,222,616	-	100,222,616	-
Net investment in lease finance	3,572,161	3,572,161	-	-
Investments	307,547,684	206,566,908	-	100,980,776
Finances	236,352,024	156,965,071	65,318,306	14,068,647
Advances	6,693,237	5,337,311	1,355,926	-
Deposits and prepayments	34,926,352	28,716,748	3,159,654	3,049,950
Interest accrued	54,426,432	54,426,432	-	-
Other receivables	66,297,042	66,297,042	-	-
Tax refunds due from the government	207,509,161	207,509,161	-	-
Cash and bank balances	49,238,770	49,238,770	-	-
	1,257,619,119	778,629,604	181,081,062	297,908,453
LIABILITIES				
Term finance certificates	72,572,347	47,930,700	24,641,647	-
Certificates of deposit	708,006,607	458,345,192	249,661,415	-
Long term security deposit	3,672,900	3,672,900	-	-
Accrued markup	6,454,514	6,454,514	-	-
Trade and other payables	130,642,765	130,642,765	-	-
Provision for taxation	37,219,300	37,219,300	-	-
	958,568,434	684,265,371	274,303,062	-
NET ASSETS	299,050,685	94,364,233	(93,222,000)	297,908,453
Represented by:				
SHARE CAPITAL AND RESERVES	267,976,928			
SURPLUS ON REVALUATION OF FIXED ASSETS	36,298,105			
DEFICIT ON REVALUATION OF INVESTMENTS	(5,224,348)			
	299,050,685			

45.2 Geographical Segment

These financial statements represent operations of the Company in Pakistan only.

The age of term loan and lease rental receivables and related impairment loss at the balance sheet date was:

	2014 Rupees	2013 Rupees
Aging of term loan and lease rental receivables		
Not past due	348,905,220	218,275,145
Past due 0 - 90 days	1,234,857	2,023,293
Past due 91- 180 days	2,553	428,376
180 days to 1 year	4,046,282	536,781
More than 1 year	49,683,593	62,823,411
	403,872,505	284,087,006

Collaterals held against term financing.

	2014				Net exposure
	Gross exposure	Collaterals			
	Mortgage	Hypothecation	Liquid collaterals		
	----- Rupees -----				
Long term finances	124,190,497	59,875,000	151,600,349	30,004,620	(117,289,472)
Short term finances	278,769,154	1,000,000	75,000,000	333,000,000	(130,230,846)
	----- Rupees -----				
	2013				Net exposure
	Gross exposure	Collaterals			
	Mortgage	Hypothecation	Liquid collaterals		
	----- Rupees -----				
Long term finances	157,909,332	29,675,000	151,811,398	36,050,000	(59,627,066)
Short term finances	125,141,140	3,400,000	165,000,000	172,056,000	(215,314,860)

46. MARKET RISK

The bank's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the bank's activities include interest rate risk, currency risk and other price risk.

46.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest will affect the value of financial instruments. Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities that mature or reprice in a given period.

The Company's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

Description	Total	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 30 June 2014					
FINANCIAL ASSETS					
Investments	601,859,844	468,559,559	32,405,000	100,895,285	-
Net investment in lease finance	3,064,881	3,064,881	-	-	-
Finances	356,453,427	313,676,565	14,092,766	28,684,096	-
Advances	6,107,528	-	-	-	6,107,528
Deposits and prepayments	68,617,596	60,648,006	-	-	7,969,590
Cash and bank balances	53,225,197	50,926,821	-	-	2,298,376
	1,089,328,473	896,875,832	46,497,766	129,579,381	16,375,494
FINANCIAL LIABILITIES					
Term finance certificates	24,641,647	24,641,647	-	-	-
Short term borrowings	44,503,605	44,503,605	-	-	-
Certificates of deposit	1,135,537,753	740,771,670	394,766,083	-	-
Trade and other payables	244,294,175	-	-	-	244,294,175
	1,448,977,180	809,916,922	394,766,083	-	244,294,175
Total Interest rate sensitivity gap		86,958,910	(348,268,317)	129,579,381	
Cumulative interest rate sensitivity gap		86,958,910	(261,309,407)	(131,730,026)	
As at 30 June 2013					
FINANCIAL ASSETS					
Investments	307,547,684	206,566,908	-	100,980,776	-
Net investment in lease finance	3,572,161	3,572,161	-	-	-
Finances	236,352,024	156,965,071	65,318,306	14,068,647	-
Advances	6,693,237	-	-	-	6,693,237
Deposits and prepayments	34,926,352	25,978,931	-	-	8,947,421
Cash and bank balances	49,238,770	47,594,359	-	-	1,644,411
	638,330,228	440,677,430	65,318,306	115,049,423	17,285,069
FINANCIAL LIABILITIES					
Term finance certificates	72,572,347	47,930,700	24,641,647	-	-
Certificates of deposit	708,006,607	458,345,192	249,661,415	-	-
Trade and other payables	130,642,765	-	-	-	130,642,765
	911,221,720	506,275,892	274,303,062	-	130,642,765
Total Interest rate sensitivity gap		(65,598,462)	(208,984,756)	115,049,423	
Cumulative interest rate sensitivity gap		(65,598,462)	(274,583,218)	(159,533,795)	

Mark-up rates are mentioned in the respective notes to the financial statements.

46.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The company is exposed to equity price risk as company hold available for sale and held for trading investments.

		Changes in KSE all Index	Effects on Profit/(loss) Before Tax	Effects on Equity
(Rupees)				
Available-for-sale investments	2014	+10%	-	5,980,478
		-10%	-	(5,980,478)
	2013	+10%	-	8,038,963
		-10%	-	(8,038,963)
Held-for-trading investments	2014	+10%	231,316	-
		-10%	(231,316)	-
	2013	+10%	1,006,496	-
		-10%	(1,006,496)	-

46.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions.

47. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The Company is exposed to externally imposed capital requirements.

Vide its Notifications dated November 21, 2007, the Securities and Exchange Commission of Pakistan has announced certain revisions in the NBFC Rules 2003 and has also promulgated the NBFC Regulations 2008. The existing minimum equity requirement is Rs. 1 billion.

Additionally, the Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as total debt to equity.

The debt-to-equity ratios at 30 June 2014 and at 30 June 2013 were as follows:

	2014 Rupees	2013 Rupees
Total debt	394,766,083	274,303,062
Total equity	250,632,205	299,050,685
Debt-to-equity ratio	1.58	0.92

The increase in the debt-to-equity ratio during 2014 resulted primarily from increase in Long Term Certificate of Deposits during the year amounting to Rs. 145.105 million.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

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

49. FINANCIAL RELIEF AND PROVISION AGAINST NON-PERFORMING ADVANCES

As no relief was given or loan written off during the year under review, the information for Statements required to be filed under Section 33A of the Banking Companies Ordinance, 1962 is "Nil".

50. SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to 30 June 2014, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue as on 02 October 2014 by the Board of Directors of the Company.

52. GENERAL

52.1 Following major re-classifications have been made in these financial statements.

Account Head	Current	Previous
Compensation on Delayed Tax Refund Charges (Rs. 44,929,649/-)	Current Assets - Interest Accrued	Current Assets - Tax refunds due from the government

52.2 The total number of employees as at June 30, 2014 was 54 (June 30, 2013: 44) and the average number of employees during the year was 45 (June 30, 2013: 41).

52.3 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director

Pattern of Shareholding as at June 30, 2014

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD	Percentage of Total Capital
	FROM	TO		
89	1 -	100	1,917	0.00
55	101 -	500	22,142	0.05
56	501 -	1000	51,045	0.12
119	1001 -	5000	345,834	0.78
40	5001 -	10000	335,734	0.76
9	10001 -	15000	119,000	0.27
10	15001 -	20000	179,846	0.41
4	20001 -	25000	89,500	0.20
4	25001 -	30000	110,564	0.25
2	30001 -	35000	67,500	0.15
5	35001 -	40000	186,487	0.42
2	40001 -	45000	84,068	0.19
2	45001 -	50000	99,700	0.23
1	55001 -	60000	58,500	0.13
2	65001 -	70000	137,000	0.31
1	75001 -	80000	77,490	0.18
1	85001 -	90000	90,000	0.20
5	95001 -	100000	498,661	1.13
1	100001 -	105000	103,003	0.23
1	105001 -	110000	109,515	0.25
1	145001 -	150000	147,500	0.33
1	150001 -	155000	154,000	0.35
1	160001 -	165000	160,500	0.36
1	195001 -	200000	200,000	0.45
2	300001 -	305000	605,499	1.37
1	325001 -	330000	329,000	0.75
1	660001 -	665000	663,500	1.50
1	695001 -	700000	700,000	1.59
1	800001 -	805000	804,525	1.82
1	820001 -	825000	825,000	1.87
1	860001 -	865000	862,500	1.96
1	1080001 -	1085000	1,082,269	2.45
1	1180001 -	1185000	1,184,092	2.69
1	2500001 -	2505000	2,500,100	5.67
1	2910001 -	2915000	2,910,105	6.60
1	3530001 -	3535000	3,532,961	8.01
1	3690001 -	3695000	3,691,641	8.37
1	3775001 -	3780000	3,775,962	8.56
1	17200001 -	17205000	17,203,340	39.01
429			44,100,000	100.00

Information as Required by Code of Corporate Governance

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage of Holding
Associated Companies, Undertakings and Related Parties			
M/S ESSEM POWER (PVT) LIMITED	1	17,203,340	39.0098
Directors and their spouse and minor children			
MUTAHIR AHMED	1	160,500	0.3639
BAIRAM QURESHI	1	1,102	0.0025
ZULFIQAR ALI KHAN	1	500	0.0011
TAJAMMUL HUSSAIN BUKHARI	1	500	0.0011
SHAZIA BASHIR	1	3,775,962	8.5623
AMJAD MAHMOOD AGHA	1	500	0.0011
MUHAMMAD SHARIF BAQIR	1	500	0.0011
DARAKSHAN BASHIR	1	2,910,105	6.5989
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies Takaful, Modarabas and Pension Funds			
NATIONAL BANK OF PAKISTAN	1	1,184,092	2.6850
NATIONAL BANK OF PAKISTAN	1	36,975	0.0838
PAKISTAN REINSURANCE COMPANY LIMITED	1	16,846	0.0382
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	77,490	0.1757
Others	12	565,364	1.2820
General Public (Local)	404	18,166,224	41.1933
Total	429	44,100,000	100.0000

Categories of Shareholders

Sr. #	Categories	No. of Shareholders	Shares Held	Percentage of Holding
1	Directors, Chief Executive Officer, and their spouse and minor children	8	6,849,669	15.5321
2	Associated Companies, Undertakings and Related Parties	1	17,203,340	39.0098
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	1,221,067	2.7689
4	Insurance Companies	2	94,336	0.2139
5	General Public (Local)	404	18,166,224	41.1933
6	Others	3	200,001	0.4535
7	Joint Stock Companies	9	365,363	0.8285
TOTAL:		429	44,100,000	100.0000

Shareholders Having more than 5% Holdings

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage of Holding
M/S ESSEM POWER (PVT) LIMITED	1	17,203,340	39.0098
SHAZIA BASHIR	1	3,775,962	8.5623
MARYAM BASHIR	1	3,691,641	8.3711
BASHIR AHMED AND FAMILY	1	3,532,961	8.0112
DARAKSHAN BASHIR	1	2,910,105	6.5989
KAMRAN RASHID	1	2,500,100	5.6692

Form of Proxy

I/We, _____
of _____

Escorts Investment Bank Limited appoint

Mr./Mrs./Ms. _____
_____ of _____

as my proxy to vote for me/us and on my / our behalf at the Annual General Meeting to be held on 30th day of October 2014 at 09:00 a.m. and at any adjournment thereof.

As witnessed under my/our hand this _____ day of _____ 2014.

_____ signed by _____

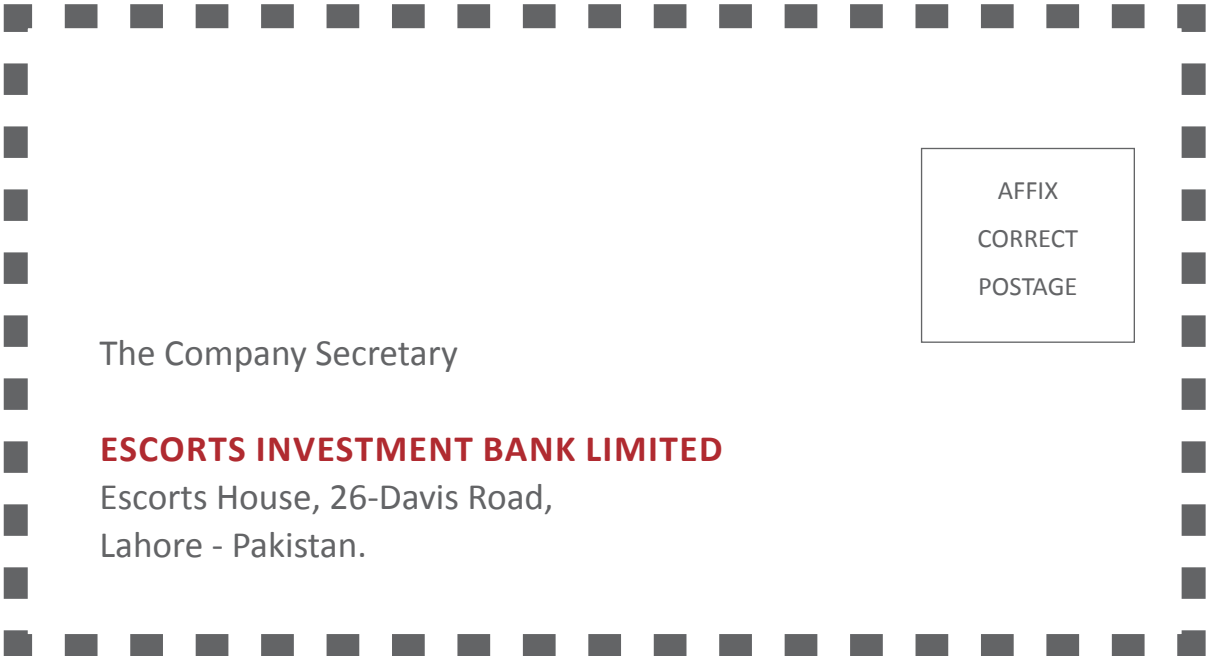
in presence of _____

Signature and address of the witness

Signature and address of the witness

Please affix
Revenue
Stamp

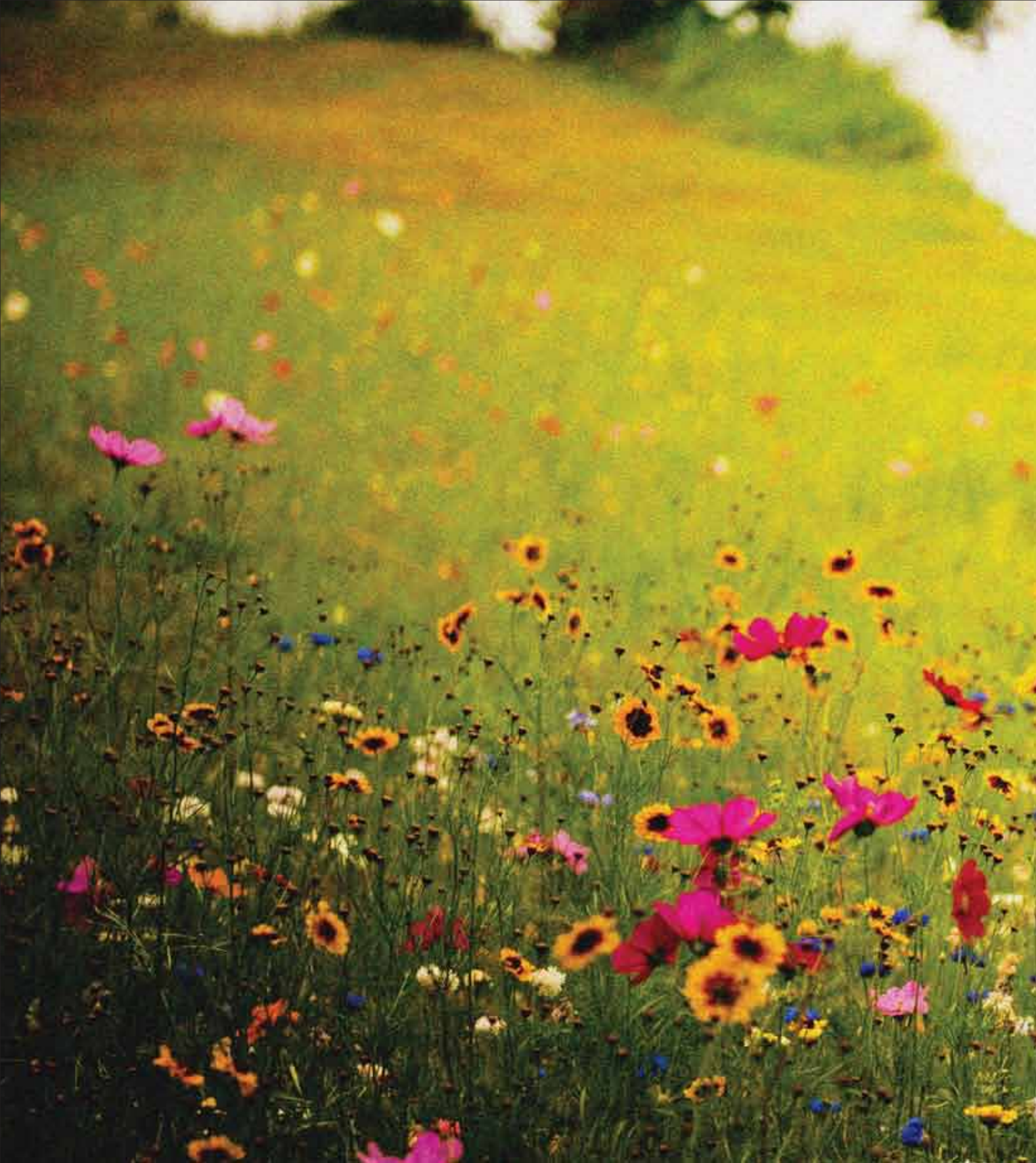
Signature of member



AFFIX
CORRECT
POSTAGE

The Company Secretary

ESCORTS INVESTMENT BANK LIMITED
Escorts House, 26-Davis Road,
Lahore - Pakistan.



ESCORTS
INVESTMENT
BANK

ESCORTS INVESTMENT BANK LIMITED

Escorts House, 26-Davis Road, Lahore
Tel: 042-36371931-34 Fax: 042-36375950
Email: mailmanager@escortsbank.net
www.escortsbank.net