

A young girl in a pink dress is running through a field of colorful flowers, including yellow, pink, and blue blossoms. The background is a soft-focus green field under a bright sky.

INVESTING IN HAPPINESS

Quarterly Report
For the period ended
30 September

2014

ESCORTS
INVESTMENT
BANK

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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

Sindh 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

Directors' Report

The Board of Directors of Escorts Investment Bank Limited (the "Company") is pleased to present before you the un-audited financial statements for the quarter ended 30 September 2014.

The first quarter of fiscal year 2014-2015 was particularly tumultuous for Pakistan's economy, society and politics due to domestic political instability caused by sit-ins of various political parties. These factors have adversely affected overall economy and particularly the equity market in terms of low market activity. Hence the revenue generated from investments and brokerage business has declined. Further, the NBFC sector is still facing the obstacles in its business activities due to the reluctance of financial institutions to extend the credit lines to the NBFCs.

Owing to the above factors, your Company posted a loss after tax of Rs. 13.31 million for the quarter ended September 30, 2014 reflecting EPS of Rs. (0.31) as compared to a loss of Rs. 11.24 million and EPS of Rs. (0.27) corresponding quarter of the previous year. The primary reason for the loss is 26.06% reduction in return on investments. Profit on Financing has increased by Rs. 11.70 million (76.18 %) due to increase in Short Term Financing. The administrative expenses have decreased from Rs. 18.09 million to Rs. 15.90 million as compared to the corresponding quarter of the previous year owing to austerity measures.

Management anticipates that the prevailing political instability will come to an end and economy will be back on the right track and the results of the company will improve gradually.

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

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

For and on behalf of the Board

Shazia Bashir
President and Chief Executive Officer
Lahore: October 31, 2014

Condensed Interim Balance Sheet

As at 30 September 2014

	Note	30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	5	108,500,567	110,672,527
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	100,881,034	100,895,285
Long term finances		53,327,342	42,776,862
Long term loans and advances		2,223,438	1,148,597
Long term deposits and prepayments		51,598,028	51,917,673
Deferred tax asset		102,292,639	102,292,639
		627,277,048	618,157,583
Current Assets			
Current maturities of non-current assets		158,149,191	155,064,767
Short term investments	7	436,396,585	468,559,559
Short term finances		300,023,655	265,001,320
Advances		14,164,600	2,898,552
Short term deposits and prepayments		1,913,312	1,308,905
Interest accrued		14,573,006	10,198,315
Other receivables		51,239,526	91,768,997
Tax refunds due from government		228,646,220	255,942,074
Cash and bank balances		47,270,174	50,716,737
		1,252,376,269	1,301,459,226
		1,879,653,317	1,919,616,809
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		27,588,683	40,901,604
		468,588,683	481,901,604
Surplus on revaluation of fixed assets		34,021,514	34,483,200
Deficit on Revaluation of Investments	8	(8,389,557)	(7,664,952)
Non-Current Liabilities			
Term finance certificates	9	-	-
Long term certificates of deposit		489,675,741	394,766,083
Current Liabilities			
Current maturities of non-current liabilities		178,045,258	68,741,337
Short term borrowings		29,861,070	44,503,605
Short term certificates of deposit		604,592,902	749,961,280
Accrued markup		10,942,450	9,720,238
Trade and other payables	10	60,522,889	103,268,559
Provision for taxation		11,792,367	39,935,855
		895,756,936	1,016,130,874
Contingencies and Commitments	11	-	-
		1,879,653,317	1,919,616,809

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Chief Executive Officer

Director

Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2014 (Un-audited)

	Note	Three month ended	
		30-Sep-14 Rupees	30-Sep-13 Rupees
INCOME			
Profit on financing		27,069,448	15,364,344
Return on placements		-	391,653
Return on investments	12	8,443,401	11,419,962
Fees and Commission		3,777,632	3,794,525
Profit on bank deposits		2,066,809	507,364
Other income		2,703,008	1,206,668
		44,060,298	32,684,516
EXPENSES			
Return on certificates of deposit		40,390,200	23,255,779
Return on term finance certificates		413,364	1,404,344
Mark-up on borrowings from financial institutions		515,642	774,280
Amortization of premium on held to maturity investments		14,250	12,972
Administrative and other operating expenses	13	15,905,198	18,093,688
Other financial charges		24,208	47,324
		57,262,862	43,588,387
Operating loss before taxation		(13,202,564)	(10,903,871)
Taxation		(572,043)	(813,977)
Loss after taxation		(13,774,607)	(11,717,848)
Other comprehensive income - net of tax		461,686	477,606
Total comprehensive loss - net of tax		(13,312,921)	(11,240,242)
Loss per share-basic and diluted		(0.31)	(0.27)

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2014 (Un-audited)

	30-Sep-14 Rupees	30-Sep-13 Rupees
Cash flow from operating activities		
Loss before taxation	(13,202,564)	(10,903,871)
Adjustment for non cash expenses and other items:		
Dividend income	(66,425)	(482,015)
Depreciation on property and equipment	2,203,315	1,988,274
Amortization on intangible assets	32,109	144,495
Amortization of premium on held to maturity investments	14,250	12,972
Amortization of issuance cost of listed TFCs	338,153	507,226
Fair value loss on held for trading investment	333,695	5,162,293
	2,855,097	7,333,245
	(10,347,467)	(3,570,626)
Decrease/(increase) in operating assets		
Disbursements of finances - net	(48,670,823)	(93,129,037)
Net investment in lease finance	-	111,304
Investments - net	31,104,675	93,359,014
Long term and short term advances	(12,506,893)	(149,087)
Interest Accrued	(4,374,691)	(2,346,803)
Other receivables	40,529,471	2,365,672
Deposits and prepayments	(105,174)	5,705,182
	5,976,565	5,916,245
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(14,642,535)	-
Certificates of deposit	83,486,848	10,652,283
Accrued markup	1,222,212	1,490,627
Trade and other payables	(42,745,670)	(2,749,646)
	27,320,855	9,393,264
Net changes in operating assets and liabilities	33,297,420	15,309,509
Net cash generated from / (used in) operating activities	22,949,953	11,738,883
Taxation - net	(1,419,681)	(358,647)
Net cash generated from / (used in) operating activities	21,530,272	11,380,236
Cash flow from investing activities		
Fixed capital expenditure incurred	(63,460)	(1,782,303)
Capital work in progress	-	221,184
Dividend received	66,425	482,015
Net cash (used in) / generated from investing activities	2,965	(1,079,104)
Cash flow from financing activities		
Redemption of listed term finance certificates	(24,979,800)	(24,979,800)
Net cash used in financing activities	(24,979,800)	(24,979,800)
Net decrease in cash and cash equivalents	(3,446,563)	(14,678,668)
Cash and cash equivalents at the beginning of the period	50,716,737	36,080,966
Cash and cash equivalents at the end of the period	47,270,174	21,402,298

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2014 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated loss Rupees	Total Rupees
Balance as at 01 July 2013	441,000,000	158,496,746	(101,688,568)	497,808,178
Net loss for the period	-	-	(11,240,242)	(11,240,242)
Transfer to statutory reserve	-	-	-	-
Other comprehensive profit	-	-	-	-
Total comprehensive profit	-	-	(11,240,242)	(11,240,242)
Balance as at 30 September 2013	441,000,000	158,496,746	(112,928,810)	486,567,936
Balance as at 01 July 2014	441,000,000	158,496,746	(117,595,142)	481,901,604
Net loss for the period	-	-	(13,774,607)	(13,774,607)
Transfer to statutory reserve	-	-	-	-
Other comprehensive income	-	-	461,686	461,686
Total comprehensive loss	-	-	(13,312,921)	(13,312,921)
Balance as at 30 September 2014	441,000,000	158,496,746	(130,908,063)	468,588,683

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Notes to the Financial Statements

For the quarter ended 30 September 2014 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to “BBB” (Triple B) and also maintained the short-term rating at “A3” (A three) dated 27 March 2014. The ratings denote an adequate capacity of timely payment of financial commitments.

2. BASIS OF PRESENTATION

- 2.1 This interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

This interim financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 30 June 2014.

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 September 30, 2014 is Rs. 468.588 million which is below the minimum capital required under NBFC regulations 2008. The NBFC Reforms Process initiated by Securities and Exchange Commission of Pakistan is also underway and it is expected that the minimum equity requirement would be revised as a result. The management is confident and committed that the equity requirement would be met through internal resources including retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2014.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2014.

		30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
5. FIXED ASSETS			
Property and equipments	5.1	108,147,337	110,287,188
Intangible assets		353,230	385,339
		108,500,567	110,672,527
5.1 Property and equipments			
Opening balance written down value.		110,287,188	94,596,454
Additions:			
Leasehold improvements		-	14,576,892
Office Furniture & fixture		-	118,500
Computer equipment		63,460	83,700
Office Equipment		-	972,676
Vehicles		-	6,171,092
Less:			
Disposals:			
Vehicles		-	(1,400,538)
Depreciation for the period / year		2,203,311	6,232,126
Closing written down value		108,147,337	110,287,188
6. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds		100,881,034	100,895,285
		100,881,034	100,895,285
7. SHORT TERM INVESTMENTS			
Held to maturity			
Treasury Bills		49,068,350	64,855,608
Held for Trading			
Shares/ units			
Listed		6,604,740	2,990,040
Others		21,488,699	21,488,699
Investment in Commodities			
Rice		78,389,694	78,538,116
Wheat		245,225,222	241,559,197
Available for sale			
Listed Shares / units		45,020,012	67,469,731
		445,796,717	476,901,391
Deficit on revaluation		(9,400,132)	(8,341,832)
		436,396,585	468,559,559

	30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
8. DEFICIT ON REVALUATION OF INVESTMENTS		
Available for sale		
Listed shares / units	(8,389,557)	(7,664,952)
	(8,389,557)	(7,664,952)
9. TERM FINANCE CERTIFICATES		
Listed:		
Face value	500,000,000	500,000,000
Less: Redeemed		
Opening balance	475,020,200	425,060,600
Redeemed during the period	24,979,800	49,959,600
	500,000,000	475,020,200
	-	24,979,800
Less: Current maturity	-	24,979,800
	-	-
Less: Cost on issuance/ rescheduling		
Opening balance	(338,153)	(2,367,053)
Amortization for the period	338,153	2,028,900
	-	(338,153)
Less: Current maturity	-	338,153
	-	-
	-	-
10. TRADE AND OTHER PAYABLES		
Customers' credit balances	19,969,020	61,973,001
Accrued expenses and other payables	36,358,087	37,099,776
Provision for compensated absences	1,810,128	1,810,128
Unclaimed dividend	2,385,654	2,385,654
	60,522,889	103,268,559
11. CONTINGENCIES AND COMMITMENTS		
11.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
11.2 Commitments		
Outstanding guarantees	11,120,873	10,338,873

		Three months ended	
		30-Sep-14	30-Sep-13
		Rupees	Rupees
		(Un-audited)	(Un-audited)
12.	RETURN ON INVESTMENTS		
	Mark-up / return on investments	3,783,381	2,520,548
	Dividend income	66,425	482,015
	Capital gain/(loss) on investments	12.1 4,593,595	8,417,399
		8,443,401	11,419,962
13.	ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
	Salaries, wages, other benefits and allowances	8,034,851	7,814,276
	Staff Training and Welfare	37,889	18,600
	Advertisement and business promotion	76,918	32,078
	Rent, rates and taxes	700,713	963,950
	Utilities	410,396	339,362
	Communication charges	574,151	341,151
	Traveling and vehicle maintenance	1,346,033	1,343,595
	Repair and maintenance	287,192	475,189
	Entertainment	229,668	316,443
	Fee and subscriptions	852,654	700,778
	Legal and professional charges	280,637	849,361
	Printing and stationery	142,990	398,599
	Fee, brokerage and commission	6,148	13,176
	CDC and clearing charges	-	1,564,092
	Insurance	236,111	142,104
	Amortization of issuance cost of listed TFCs	338,153	507,226
	Depreciation	2,203,311	1,988,273
	Amortization on intangible assets	32,109	144,495
	Miscellaneous expenses	115,274	140,940
		15,905,198	18,093,688

14. TRANSACTIONS WITH RELATED PARTIES

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

	30-Sep-14 Rupees (Un-audited)	30-Sep-13 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	2,909,588	-
Fee/ Commission earned during the period	3,767,692	3,784,525
Return on assets	3,207,076	1,469,712
Associated companies:		
Return on finances received	86,896	-
Profit paid on certificates of deposit	599,637	1,057,955
Chairman's secretariat expenses	-	900,000
Directors:		
Return on finances received	321,519	20,269
Profit paid on certificates of deposit	1,960,898	1,960,898
Executives:		
Return on finances received	60,855	46,364
Profit paid on certificates of deposit	2,798,123	1,872,534
Others:		
Contribution to staff retirement benefits plan	286,597	238,215
	30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
Balance at the end of the period		
Subsidiary Company:		
Certificates of deposit outstanding	50,000,000	50,000,000
Financing outstanding	100,000,000	100,000,000
Receivable/ (Payable) to subsidiary company	73,632,314	116,066,967
Profit receivable on financing	6,853,521	2,853,521
Markup payable on COD	1,528,767	2,635,068
Associated companies:		
Financing outstanding	5,657,762	5,793,089
Letter of guarantee outstanding	11,120,873	10,338,873
Certificates of deposit outstanding	32,757,049	6,095,003
Other receivable / (Payable)	19,411,962	(8,062,420)
Markup payable on COD	255,669	43,834
Directors:		
Financing outstanding	41,301,027	41,409,435
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	1,061,213	-
Markup payable on COD	357,819	357,819
Executives:		
Financing outstanding	3,830,101	2,762,207
Certificates of deposit outstanding	88,200,000	88,200,000
Markup payable on COD	513,260	510,782

15. SEGMENTAL ANALYSIS

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

Financing activities

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

Investing activities

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

	Three Months ended 30 September 2014		
	Financing activities	Investing activities	Total
Profit on financing	27,069,448	-	27,069,448
Return on investments	-	8,443,401	8,443,401
Total income for reportable segments	27,069,448	8,443,401	35,512,849
Finance costs	31,524,622	9,833,042	41,357,664
Administrative and other operating expenses	12,123,638	3,781,560	15,905,198
Segment result	(16,578,812)	(5,171,201)	(21,750,013)
Other operating income			8,547,449
Loss before taxation			(13,202,564)
Segment assets	516,451,309	754,265,885	1,270,717,194
Unallocated assets			608,936,123
			1,879,653,317
Segment liabilities	213,732,978	313,638,033	527,371,010
Unallocated liabilities			883,693,624
Equity			468,588,683
			1,879,653,317

Three Months ended 30 September 2013

	Financing activities	Investing activities	Total
Profit on financing	15,364,344	-	15,364,344
Return on placements	-	391,653	391,653
Return on investments	-	11,419,962	11,419,962
Total income for reportable segments	15,364,344	11,811,615	27,175,959
Finance costs	14,413,818	11,080,881	25,494,699
Administrative and other operating expenses	10,229,543	7,864,145	18,093,688
Segment result	(9,279,017)	(7,133,411)	(16,412,428)
Other operating income			5,508,557
Loss before taxation			(10,903,871)
Segment assets	487,550,702	462,850,433	950,401,135
Unallocated assets			507,174,789
			1,457,575,924
Segment liabilities	263,630,446	249,537,980	513,168,426
Unallocated liabilities			457,839,561
Equity			486,567,936
			1,457,575,924

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 31st October 2014.

17. GENERAL

17.1 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director

Consolidated Financial Statements - Group

30 September 2014

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

The Board of Directors of Escorts Investment Bank Limited and its subsidiary company Escorts Capital Limited ("The Group") is pleased to present before you the un-audited condensed interim consolidated financial statements for the quarter ended 30 September 2014.

The first quarter of fiscal year 2014-2015 was particularly tumultuous for Pakistan's economy, society and politics due to domestic political instability caused by sit-ins of various political parties. These factors have adversely affected overall economy and particularly the equity market in terms of low market activity. Hence the revenue generated from investment and brokerage business has declined. Further, the NBFC sector is still facing the obstacles in its business activities due to the reluctance of financial institutions to extend the credit lines to the NBFCs.

Due to the factors mentioned above, your Group posted a loss after tax of Rs. 21.84 million for the quarter ended September 30, 2014 reflecting EPS of Rs. (0.51) as compared to a loss of Rs. 10.07 million and EPS of Rs. (0.24) corresponding quarter last year. The primary reason for the loss is 26.06% reduction in return on investments. Profit on Financing has increased by Rs. 9.96 million (100.74 %) due to increase in Short Term Financing. The administrative expenses have increased from Rs. 26.95 million to Rs. 28.97 million as compared to the corresponding quarter of the previous year.

Management anticipates that the prevailing political instability will come to an end and economy will be back on the right track. Further, the management will continue to explore the new high yield avenues for investment and financing activities.

The Board would also like to take this opportunity to express their admiration to Group employees for their commitment and hard work.

For and on behalf of the Board

Shazia Bashir

President and Chief Executive Officer

Lahore: October 31, 2014

Condensed Interim Consolidated Balance Sheet

As at 30 September 2014

	Note	30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	6	112,187,410	114,258,800
Cards and rooms		52,550,000	52,550,000
Long term investments	7	133,286,034	133,300,285
Long term finances		53,327,342	42,776,862
Long term loans and advances		2,223,438	1,148,597
Long term deposits and prepayments		3,683,528	5,003,173
Deferred tax asset		102,292,639	102,292,639
		459,550,391	451,330,356
Current Assets			
Current maturities of non-current assets		58,149,191	55,064,767
Short term investments	8	436,396,585	468,559,559
Short term finances		300,023,655	265,001,320
Advances		14,873,099	3,631,222
Short term deposits and prepayments		59,126,946	61,617,491
Interest accrued		15,316,901	10,198,315
Other receivables		114,126,812	119,601,315
Tax refunds due from government		234,436,551	261,399,209
Cash and bank balances		55,660,579	53,225,197
		1,288,110,319	1,298,298,395
		1,747,660,710	1,749,628,751
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(239,032,969)	(217,186,043)
		201,967,031	223,813,957
Surplus on revaluation of fixed assets		34,021,514	34,483,200
Deficit on Revaluation of Investments	9	(8,389,557)	(7,664,952)
Non-Current Liabilities			
Term finance certificates	10	-	-
Long term certificates of deposit		489,675,741	394,766,083
Current Liabilities			
Current maturities of non-current liabilities		178,045,258	68,741,337
Short term borrowings		29,861,070	44,503,605
Short term certificates of deposit		554,592,902	699,961,280
Accrued markup		9,413,683	6,794,211
Trade and other payables	11	246,680,701	244,294,175
Provision for taxation		11,792,367	39,935,855
		1,030,385,981	1,104,230,463
Contingencies and Commitments	12	-	-
		1,747,660,710	1,749,628,751

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

Chief Executive Officer

Director

Condensed Interim Consolidated Profit and Loss Account

For the quarter ended 30 September 2014 (Un-audited)

	Note	Three month ended	
		30-Sep-14 Rupees	30-Sep-13 Rupees
INCOME			
Profit on financing		19,862,372	9,894,632
Return on placements		-	391,653
Return on investments	13	8,443,401	11,419,962
Fees and Commission		12,931,326	16,331,782
Profit on bank deposits		3,288,261	1,190,339
Other income		3,539,887	3,381,608
		48,065,247	42,609,976
EXPENSES			
Return on certificates of deposit		38,877,871	21,743,450
Return on term finance certificates		413,364	1,404,344
Mark-up on borrowings from financial institutions		515,642	774,280
Amortization of premium on held to maturity investments		14,250	12,972
Administrative and other operating expenses	14	28,973,969	26,959,177
Other financial charges		37,088	58,115
		68,832,184	50,952,338
Operating loss before taxation		(20,766,937)	(8,342,362)
Taxation		(1,541,675)	(2,209,862)
Loss after taxation		(22,308,612)	(10,552,224)
Other comprehensive income - net of tax		461,686	477,606
Total comprehensive loss - net of tax		(21,846,926)	(10,074,618)
Loss per share-basic and diluted		(0.51)	(0.24)

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

Condensed Interim Consolidated Cash Flow Statement

For the quarter ended 30 September 2014 (Un-audited)

	30-Sep-14 Rupees	30-Sep-13 Rupees
Cash flow from operating activities		
Loss before taxation	(20,766,937)	(8,342,362)
Adjustment for non cash expenses and other items:		
Dividend income	(66,425)	(482,015)
Depreciation on property and equipment	2,350,151	2,113,203
Amortization on intangible assets	47,780	156,789
Amortization of premium on held to maturity investments	14,250	12,972
Amortization of issuance cost of listed TFCs	338,153	507,226
Fair value loss on held for trading investment	333,695	5,162,293
	3,017,604	7,470,468
	(17,749,333)	(871,894)
Decrease/(increase) in operating assets		
Disbursements of finances - net	(48,670,823)	(93,129,037)
Net investment in lease finance	-	111,304
Investments - net	31,104,675	93,359,014
Long term and short term advances	(12,482,722)	(372,301)
Interest Accrued	(5,118,586)	(2,774,335)
Other receivables	5,474,503	(45,881,655)
Deposits and prepayments	3,989,778	(1,699,318)
	(25,703,175)	(50,386,328)
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(14,642,535)	-
Certificates of deposit	83,486,848	10,652,283
Accrued markup	2,619,472	(21,701)
Trade and other payables	2,386,526	51,688,416
	73,850,311	62,318,998
Net changes in operating assets and liabilities	48,147,136	11,932,670
Net cash generated from / (used in) operating activities	30,397,803	11,060,776
Taxation - net	(2,722,505)	(1,849,913)
Net cash generated from / (used in) operating activities	27,675,298	9,210,863
Cash flow from investing activities		
Fixed capital expenditure incurred	(326,541)	(2,884,503)
Capital work in progress	-	221,184
Dividend received	66,425	482,015
Net cash (used in) / generated from investing activities	(260,116)	(2,181,304)
Cash flow from financing activities		
Redemption of listed term finance certificates	(24,979,800)	(24,979,800)
Net cash used in financing activities	(24,979,800)	(24,979,800)
Net decrease in cash and cash equivalents	2,435,382	(17,950,241)
Cash and cash equivalents at the beginning of the period	53,225,197	49,238,770
Cash and cash equivalents at the end of the period	55,660,579	31,288,529

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

Condensed Interim Consolidated Statement of Changes in Equity

For the quarter ended 30 September 2014 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated loss Rupees	Total Rupees
Balance as at 01 July 2013	441,000,000	158,496,746	(331,519,818)	267,976,928
Net loss for the period	-	-	(10,074,618)	(10,074,618)
Transfer to statutory reserve	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(10,074,618)	(10,074,618)
Balance as at 30 September 2013	441,000,000	158,496,746	(341,594,436)	257,902,310
Balance as at 01 July 2014	441,000,000	158,496,746	(375,682,789)	223,813,957
Net loss for the period	-	-	(22,308,612)	(22,308,612)
Transfer to statutory reserve	-	-	-	-
Other comprehensive income	-	-	461,686	461,686
Total comprehensive loss	-	-	(21,846,926)	(21,846,926)
Balance as at 30 September 2014	441,000,000	158,496,746	(397,529,715)	201,967,031

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

Condensed Interim Notes to the Consolidated Financial Statements

For the quarter ended 30 September 2014 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

ESCAP ("the Subsidiary") was incorporated as a public Limited company in Pakistan on 5 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 subsidiary 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 denote an adequate capacity of timely payment of financial commitments.

2. BASIS OF PRESENTATION

2.1 This interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

This interim financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2014.

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 September 30, 2014 is Rs. 468.588 million which is below the minimum capital required under NBFC regulations 2008. The NBFC Reforms Process initiated by Securities and Exchange Commission of Pakistan is also underway and it is expected that the minimum equity requirement would be revised as a result. The management is confident and committed that the equity requirement would be met through internal resources including retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2014.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim Consolidated financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2014.

5. BASIS OF CONSOLIDATION

The basis of consolidation for the preparation of this financial statements are the same as those followed in preparation of the annual audited consolidated financial statements of the Group for the year ended 30 June 2014.

		30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
6.	FIXED ASSETS		
	Property and equipments	6.1 111,661,812	113,685,422
	Intangible assets	525,598	573,378
		112,187,410	114,258,800
6.1	Property and equipments		
	Opening balance written down value.	113,685,422	97,631,798
	Additions:		
	Leasehold improvements	-	14,576,892
	Office Furniture & fixture	-	118,500
	Computer equipment	326,541	997,550
	Office Equipment	-	1,066,226
	Vehicles	-	6,171,092
	Less:		
	Disposals:		
	Vehicles	-	(1,400,538)
	Depreciation for the period / year	2,350,151	6,876,636
	Closing written down value	111,661,812	113,685,422

		30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
7. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds		100,881,034	100,895,285
Available for sale - at cost			
Investment in unquoted Companies	7.1	32,405,000	32,405,000
		133,286,034	133,300,285
7.1. Investment in Unquoted Companies			
Karachi Stock Exchange Limited (KSE)		20,250,000	20,250,000
Lahore Stock Exchange Limited (LSE)		12,155,000	12,155,000
		32,405,000	32,405,000
7.1.1	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.		
7.1.2	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.		
		30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
8. SHORT TERM INVESTMENTS			
Held to maturity			
Treasury Bills		49,068,350	64,855,608
Held for Trading			
Shares/ units			
Listed		6,604,740	2,990,040
Others		21,488,699	21,488,699
Investment in Commodities			
Rice		78,389,694	78,538,116
Wheat		245,225,222	241,559,197
Available for sale			
Listed Shares / units		45,020,012	67,469,731
		445,796,717	476,901,391
Deficit on revaluation		(9,400,132)	(8,341,832)
		436,396,585	468,559,559

	30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
9. DEFICIT ON REVALUATION OF INVESTMENTS		
Available for sale		
Listed shares / units	(8,389,557)	(7,664,952)
	(8,389,557)	(7,664,952)
10. TERM FINANCE CERTIFICATES		
Listed:		
Face value	500,000,000	500,000,000
Less: Redeemed		
Opening balance	475,020,200	425,060,600
Redeemed during the period	24,979,800	49,959,600
	500,000,000	475,020,200
Less: Current maturity	-	24,979,800
	-	24,979,800
Less: Cost on issuance/ rescheduling		
Opening balance	(338,153)	(2,367,053)
Amortization for the period	338,153	2,028,900
	-	(338,153)
Less: Current maturity	-	338,153
	-	-
	-	-
11. TRADE AND OTHER PAYABLES		
Customers' credit balances	192,391,664	194,141,425
Accrued expenses and other payables	50,093,255	45,956,968
Provision for compensated absences	1,810,128	1,810,128
Unclaimed dividend	2,385,654	2,385,654
	246,680,701	244,294,175
12. CONTINGENCIES AND COMMITMENTS		
12.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
12.2 Commitments		
Outstanding guarantees	11,120,873	10,338,873

	Note	Three months ended	
		30-Sep-14 Rupees (Un-audited)	30-Sep-13 Rupees (Un-audited)
13. RETURN ON INVESTMENTS			
Mark-up / return on investments		3,783,381	2,520,548
Dividend income		66,425	482,015
Capital gain/(loss) on investments	13.1	4,593,595	8,417,399
		8,443,401	11,419,962
14. ADMINISTRATIVE AND OTHER OPERATING EXPENSES			
Salaries, wages, other benefits and allowances		12,640,640	10,337,344
Commission paid to traders		4,744,963	2,378,858
Staff Training and Welfare		37,889	18,600
Advertisement and business promotion		76,918	32,078
Rent, rates and taxes		1,360,213	1,010,950
Utilities		587,949	537,118
Communication charges		1,165,241	886,254
Traveling and vehicle maintenance		1,473,902	1,494,791
Repair and maintenance		424,892	628,384
Entertainment		252,579	382,570
Fee and subscriptions		992,179	1,021,831
Legal and professional charges		431,887	1,693,917
Printing and stationery		194,770	507,228
Fee, brokerage and commission		6,148	13,176
CDC and clearing charges		1,485,325	2,786,784
Insurance		236,111	142,104
Amortization of issuance cost of listed TFCs		338,153	507,226
Depreciation		2,350,151	2,113,203
Amortization on intangible assets		47,777	156,789
Miscellaneous expenses		126,282	309,972
		28,973,969	26,959,177

15. TRANSACTIONS WITH RELATED PARTIES

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

	30-Sep-14 Rupees (Un-audited)	30-Sep-13 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	86,896	-
Profit paid on certificates of deposit	599,637	1,057,955
Chairman's secretariat expenses	-	900,000
Directors:		
Return on finances received	321,519	20,269
Profit paid on certificates of deposit	1,960,898	1,960,898
Executives:		
Return on finances received	60,855	46,364
Profit paid on certificates of deposit	2,798,123	1,872,534
Others:		
Contribution to staff retirement benefits plan	619,794	322,030
	30-Sep-14 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Financing outstanding	5,657,762	5,793,089
Letter of guarantee outstanding	11,120,873	10,338,873
Certificates of deposit outstanding	32,757,049	6,095,003
Other receivable / (Payable)	19,411,962	(8,062,420)
Markup payable on COD	255,669	43,834
Directors:		
Financing outstanding	41,301,027	41,409,435
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	1,061,213	-
Markup payable on COD	357,819	357,819
Executives:		
Financing outstanding	3,830,101	2,762,207
Certificates of deposit outstanding	88,200,000	88,200,000
Markup payable on COD	513,260	510,782

16. SEGMENTAL ANALYSIS

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

Financing activities

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

Investing activities

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

	Three Months ended 30 September 2014		
	Financing activities	Investing activities	Total
Profit on financing	19,862,372	-	19,862,372
Return on investments	-	8,443,401	8,443,401
Total income for reportable segments	19,862,372	8,443,401	28,305,773
Finance costs	27,968,807	11,889,408	39,858,215
Administrative and other operating expenses	20,331,250	8,642,719	28,973,969
Segment result	(28,437,685)	(12,088,726)	(40,526,411)
Other operating income			19,759,474
Loss before taxation			(20,766,937)
Segment assets	416,451,309	631,510,780	1,047,962,089
Unallocated assets			699,698,621
			1,747,660,710
Segment liabilities	103,292,710	157,456,649	260,749,358
Unallocated liabilities			1,284,944,321
Equity			201,967,031
			1,747,660,710

Three Months ended 30 September 2013

	Financing activities	Investing activities	Total
Profit on financing	9,894,632	-	9,894,632
Return on placements	-	391,653	391,653
Return on investments	-	11,419,962	11,419,962
Total income for reportable segments	9,894,632	11,811,615	21,706,247
Finance costs	10,937,105	13,056,056	23,993,161
Administrative and other operating expenses	12,289,141	14,670,036	26,959,177
Segment result	(13,331,614)	(15,914,477)	(29,246,091)
Other operating income			20,903,729
Loss before taxation			(8,342,362)
Segment assets	337,550,702	340,095,328	677,646,030
Unallocated assets			600,412,704
			1,278,058,734
Segment liabilities	152,965,956	131,536,844	284,502,800
Unallocated liabilities			735,653,624
Equity			257,902,310
			1,278,058,734

17. DATE OF AUTHORIZATION FOR ISSUE

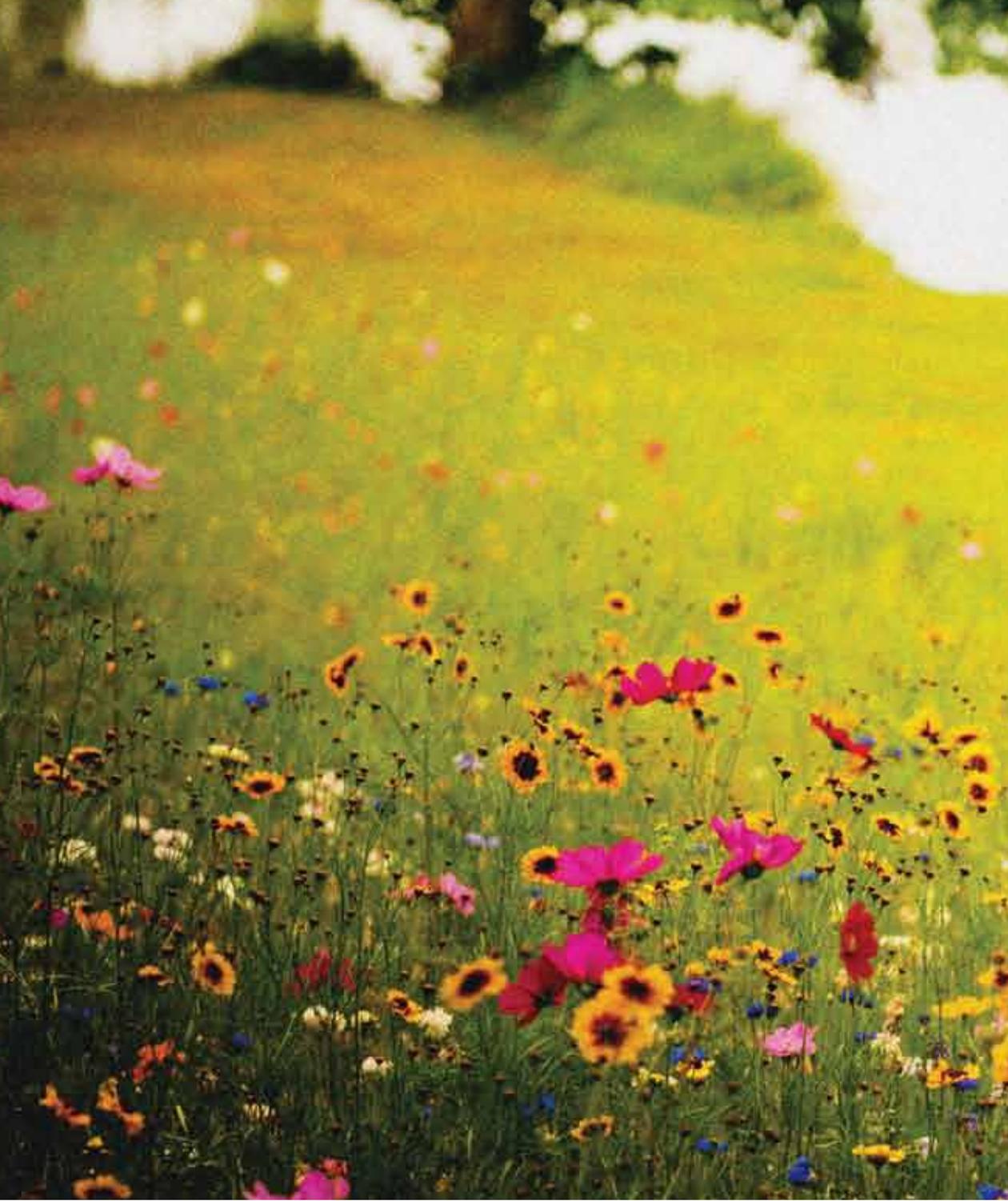
These financial statements were authorized for issue by the Board of Directors of the Group on 31st October 2014.

18. GENERAL

18.1 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director



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