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

Third Quarterly Report  
For the period ended  
31 March

**2015**

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 of the period ended 31 March 2015.

Your company posted a loss after tax of Rs. 29.243 million for the nine months ended March 31, 2015 reflecting EPS of Rs. (0.69) as compared to a loss of Rs. 28.502 million and EPS of Rs. (0.68) corresponding period of last year. The primary reason for loss is 17.87% reduction in return on investments and an increase of 54.65% in cost of Certificate of Investments (COIs) due to increase in deposits. However, loss after tax for the quarter under review is Rs. 7.223 million as compared to a loss of Rs. 10.625 million for the corresponding quarter of last year hence loss has been reduced by 32.01% on quarter to quarter basis. The administrative expenses remained almost same as compared to the corresponding period of the last year. The profit on financing has improved considerably by 45.77% from Rs. 54.061 million to Rs. 78.808 million as compared to the corresponding period of the last year. Brokerage commission improved significantly from Rs. 11.553 million to Rs. 18.901 million showing a total increase of 63.60% as compared to the corresponding period of the last year.

Going forward, the management has planned to seek credit lines to invest in high yield products and earn spread. Management is keen to continue to offer non-funded products and aspires to attract good business in future.

Regarding 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 Company recognizes and records its gratitude for their efforts.

For and on behalf of the Board

**Shazia Bashir**

President and Chief Executive Officer

Lahore: April 29, 2015

# Condensed Interim Balance Sheet

As at 31 March 2015

	Note	31-Mar-15 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets	5	106,300,264	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	100,852,534	100,895,285
Long term finances		151,059,552	42,776,862
Long term loans and advances		2,480,275	1,148,597
Long term deposits and prepayments		46,138,152	51,917,673
Deferred tax asset		112,763,918	102,292,639
		728,048,695	618,157,583
<b>Current Assets</b>			
Current maturities of non-current assets		61,322,354	155,064,767
Short term investments	7	241,956,924	468,559,559
Short term finances		204,837,142	265,001,320
Advances		3,364,381	2,898,552
Short term deposits and prepayments		1,898,905	1,308,905
Interest accrued		21,000,728	10,198,315
Other receivables		56,685,945	91,768,997
Tax refunds due from government		211,022,801	255,942,074
Cash and bank balances		43,741,213	50,716,737
		845,830,393	1,301,459,226
		1,573,879,088	1,919,616,809
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Share capital		441,000,000	441,000,000
Reserves		11,657,731	40,901,604
		452,657,731	481,901,604
Surplus on revaluation of fixed assets		33,190,080	34,483,200
Deficit on Revaluation of Investments	8	(8,098,139)	(7,664,952)
<b>Non-Current Liabilities</b>			
Long term certificates of deposit		296,402,789	394,766,083
<b>Current Liabilities</b>			
Current maturities of non-current liabilities		403,276,535	68,741,337
Short term borrowings		65,546,460	44,503,605
Short term certificates of deposit		274,328,787	749,961,280
Accrued markup		10,867,845	9,720,238
Trade and other payables	9	32,542,799	103,268,559
Provision for taxation		13,164,201	39,935,855
		799,726,627	1,016,130,874
<b>Contingencies and Commitments</b>	10	-	-
		1,573,879,088	1,919,616,809

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

Chief Executive Officer

Director

# Condensed Interim Profit and Loss Account

For the period ended 31 March 2015 (Un-audited)

	Note	Three months ended		Nine months ended	
		31-Mar-15 Rupees	31-Mar-14 Rupees	31-Mar-15 Rupees	31-Mar-14 Rupees
<b>INCOME</b>					
Profit on financing		25,995,780	21,842,254	78,808,240	54,061,740
Return on placements		31,780	15,948	38,287	413,023
Return on investments	11	7,344,094	6,914,769	24,391,635	29,697,597
Fees and Commission		8,574,616	5,082,071	18,901,436	11,553,781
Profit on bank deposits		604,018	530,366	3,758,740	1,664,883
Other income		1,028,033	3,987,336	5,273,676	5,754,113
		43,578,321	38,372,744	131,172,014	103,145,137
<b>EXPENSES</b>					
Return on certificates of deposit		34,128,138	28,293,375	116,457,251	75,301,927
Return on term finance certificates		-	914,329	413,364	3,326,077
Mark-up on borrowings from financial institutions		1,307,476	4,047,152	3,282,753	5,769,897
Amortization of premium on held to maturity investments		14,250	12,972	42,750	38,916
Administrative and other operating expenses	12	15,215,552	14,724,344	49,563,811	48,596,961
Other financial charges		14,039	26,255	63,694	101,474
		50,679,455	48,018,427	169,823,623	133,135,252
Operating loss before taxation		(7,101,134)	(9,645,683)	(38,651,609)	(29,990,115)
Provision for doubtful financing		-	-	(412,786)	-
<b>Operating profit/(loss) before taxation</b>		(7,101,134)	(9,645,683)	(39,064,395)	(29,990,115)
Taxation - net		(553,666)	(1,456,950)	8,527,402	54,464
<b>Loss after taxation</b>		(7,654,800)	(11,102,633)	(30,536,993)	(29,935,651)
Other comprehensive income - net of tax		431,040	477,606	1,293,120	1,432,818
<b>Total comprehensive loss - net of tax</b>		(7,223,760)	(10,625,027)	(29,243,873)	(28,502,833)
Loss per share-basic and diluted		(0.17)	(0.25)	(0.69)	(0.68)

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

# Condensed Interim Cash Flow Statement

For the period ended 31 March 2015 (Un-audited)

	31-Mar-15 Rupees	31-Mar-14 Rupees
<b>Cash flow from operating activities</b>		
<b>Loss before taxation</b>	(39,064,395)	(29,990,115)
<b>Adjustment for non cash expenses and other items:</b>		
Dividend income	(790,394)	(3,136,636)
Depreciation on property and equipment	6,849,134	6,472,289
Amortization on intangible assets	96,321	433,485
Provision for doubtful financing	412,786	-
Amortization of premium on held to maturity investments	42,750	38,916
Amortization of issuance cost of listed TFCs	338,153	1,521,676
Gain on sale of fixed assets	(1,215,000)	-
Fair value (gain) / loss on held for trading investment	(676,880)	609,179
	5,056,870	5,938,909
	(34,007,525)	(24,051,205)
<b>Decrease/(increase) in operating assets</b>		
Disbursements of finances - net	44,554,899	(171,292,261)
Net investment in lease finance	326,132	123,680
Investments - net	226,846,329	7,998,974
Long term and short term advances	(2,494,701)	(226,307)
Interest Accrued	(10,802,413)	(13,541,659)
Other receivables	35,083,052	4,258,357
Deposits and prepayments	5,907,699	22,136,391
	299,420,997	(150,542,825)
<b>(Decrease) / Increase in operating liabilities</b>		
Borrowings from financial institutions	21,042,855	51,905,772
Certificates of deposit	(214,509,842)	192,215,195
Accrued markup	1,147,607	(8,293,079)
Trade and other payables	(70,725,760)	(26,439,230)
	(263,045,140)	209,388,658
<b>Net changes in operating assets and liabilities</b>	36,375,857	58,845,833
<b>Net cash generated from / (used in) operating activities</b>	2,368,332	34,794,628
Taxation - net	16,203,742	(2,208,059)
<b>Net cash generated from / (used in) operating activities</b>	18,572,074	32,586,569
<b>Cash flow from investing activities</b>		
Fixed capital expenditure incurred	(2,573,192)	(8,175,695)
Capital work in progress	-	(1,646,851)
Dividend received	790,394	3,136,636
Proceeds from sale of fixed assets	1,215,000	-
<b>Net cash (used in) / generated from investing activities</b>	(567,798)	(6,685,910)
<b>Cash flow from financing activities</b>		
Redemption of listed term finance certificates	(24,979,800)	(49,959,600)
Dividend paid	-	(1,350)
<b>Net cash used in financing activities</b>	(24,979,800)	(49,960,950)
<b>Net decrease in cash and cash equivalents</b>	(6,975,524)	(24,060,292)
<b>Cash and cash equivalents at the beginning of the period</b>	50,716,737	36,080,966
<b>Cash and cash equivalents at the end of the period</b>	43,741,213	12,020,674

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

## Condensed Interim Statement of Changes in Equity

For the period ended 31 March 2015 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated Profit / (loss) Rupees	Total Rupees
<b>Balance as at 01 July 2013</b>	441,000,000	158,496,746	(101,688,568)	497,808,178
Net loss for the period	-	-	(29,935,651)	(29,935,651)
Other comprehensive profit	-	-	1,432,818	1,432,818
Total comprehensive profit	-	-	(28,502,833)	(28,502,833)
<b>Balance as at 31 March 2014</b>	441,000,000	158,496,746	(130,191,401)	469,305,345
<b>Balance as at 01 July 2014</b>	441,000,000	158,496,746	(117,595,142)	481,901,604
Net loss for the period	-	-	(30,536,993)	(30,536,993)
Other comprehensive income	-	-	1,293,120	1,293,120
Total comprehensive loss	-	-	(29,243,873)	(29,243,873)
<b>Balance as at 31 March 2015</b>	441,000,000	158,496,746	(146,839,015)	452,657,731

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

# Condensed Interim Notes to the Financial Statements

## For the period ended 31 March 2015 (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 20 March 2015. 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 March 31, 2015 is Rs. 452.657 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.

	Note	31-Mar-15 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
<b>5. FIXED ASSETS</b>			
Property and equipments	5.1	106,011,246	110,287,188
Intangible assets		289,018	385,339
		106,300,264	110,672,527
<b>5.1 Property and equipments</b>			
Opening balance written down value.		110,287,188	94,596,454
<b>Additions:</b>			
Leasehold improvements		-	14,576,892
Office Furniture & fixture		-	118,500
Computer equipment		63,460	83,700
Office Equipment		135,732	972,676
Vehicles		2,374,000	6,171,092
<b>Less:</b>			
<b>Disposals:</b>			
Vehicles	5.1.1	-	-
Depreciation for the period / year		6,849,134	6,232,126
Closing written down value		106,011,246	110,287,188
<b>5.1.1 Particulars of vehicles disposed off during the period;</b>			
Cost		1,685,440	1,400,538
Accumulated depreciatoin		(1,685,440)	(1,400,538)
Book value		-	-
<b>6. LONG TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Pakistan Investment Bonds		100,852,534	100,895,285
		100,852,534	100,895,285
<b>7. SHORT TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Treasury Bills		78,740,120	64,855,608
<b>Held for Trading</b>			
<b>Shares/ units</b>			
Listed		-	2,990,040
Others		10,066,174	21,488,699
<b>Investment in Commodities</b>		130,939,750	320,097,313
<b>Available for sale</b>			
Listed Shares / units		30,309,019	67,469,731
		250,055,063	476,901,391
Deficit on revaluation		(8,098,139)	(8,341,832)
		241,956,924	468,559,559

	Note	31-Mar-15 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
<b>8. DEFICIT ON REVALUATION OF INVESTMENTS</b>			
<b>Available for sale</b>			
Listed shares / units		(8,098,139)	(7,664,952)
		(8,098,139)	(7,664,952)
<b>9. TRADE AND OTHER PAYABLES</b>			
Customers' credit balances		4,112,451	61,973,001
Accrued expenses and other payables		24,008,586	37,099,776
Provision for compensated absences		2,036,108	1,810,128
Unclaimed dividend		2,385,654	2,385,654
		32,542,799	103,268,559
<b>10. CONTINGENCIES AND COMMITMENTS</b>			
<b>10.1 Contingencies</b>			
There exist no known contingencies as at balance sheet date.			
<b>10.2 Commitments</b>			
Outstanding guarantees		8,336,373	10,338,873
<b>11. RETURN ON INVESTMENTS</b>			
		<b>Three months ended</b>	<b>Nine months ended</b>
		<b>31-Mar-15</b>	<b>31-Mar-14</b>
		<b>Rupees</b>	<b>Rupees</b>
		<b>(Un-audited)</b>	<b>(Un-audited)</b>
Mark-up / return on investments		4,308,864	3,523,865
Dividend income		37,563	376,990
Capital gain/(loss) on investments		2,997,667	3,013,914
		7,344,094	6,914,769
		12,431,546	11,169,695
		790,394	24,391,635
		9,051,176	29,697,597
		3,136,636	
		17,509,785	

	Three months ended		Nine months ended	
	31-Mar-15 Rupees (Un-audited)	31-Mar-14 Rupees (Un-audited)	31-Mar-15 Rupees (Un-audited)	31-Mar-14 Rupees (Un-audited)
<b>12. ADMINISTRATIVE AND OTHER OPERATING EXPENSES</b>				
Salaries, wages, other benefits and allowances	7,039,129	5,558,719	22,922,014	19,207,181
Staff Training and Welfare	6,700	5,300	64,949	57,655
Advertisement and business promotion	12,850	120,678	152,618	226,106
Rent, rates and taxes	574,293	1,008,831	2,806,119	3,266,420
Utilities	466,408	706,399	1,444,033	1,742,969
Communication charges	420,187	427,927	1,374,098	1,144,215
Traveling and vehicle maintenance	1,272,333	1,376,625	3,996,428	4,379,335
Repair and maintenance	475,194	419,590	1,314,060	2,129,435
Entertainment	253,313	274,566	757,910	936,038
Fee and subscriptions	427,621	707,424	1,342,947	1,472,612
Legal and professional charges	1,317,510	656,362	2,295,991	2,169,729
Printing and stationery	206,886	262,817	773,232	1,141,270
Fee, brokerage and commission	27,189	6,892	51,987	31,138
CDC and clearing charges	-	-	2,073,628	1,564,092
Insurance	242,566	188,744	680,024	559,802
Amortization of issuance cost of listed TFCs	-	507,226	338,153	1,521,676
Depreciation	2,326,677	2,351,574	6,849,134	6,472,288
Amortization on intangible assets	32,106	144,495	96,321	433,485
Miscellaneous expenses	114,590	175	230,165	141,515
	15,215,552	14,724,344	49,563,811	48,596,961

**13. TRANSACTIONS WITH RELATED PARTIES**

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

	31-Mar-15 Rupees (Un-audited)	31-Mar-14 Rupees (Un-audited)
<b>Transactions during the period</b>		
<b>Subsidiary Company:</b>		
Profit paid on certificates of deposit	3,008,219	14,482,192
Return on finances received	8,000,000	32,500,000
Fee/ Commission earned during the period	18,871,496	11,421,922
Return on assets	12,019,967	4,409,137
<b>Associated companies:</b>		
Return on finances received	127,716	923,982
Profit paid on certificates of deposit	2,357,454	2,885,192
Vehicle purchased	2,300,000	-
Chairman's secretariat expenses	-	2,700,000
Guarantee commission earned	-	101,859

	<b>31-Mar-15</b> <b>Rupees</b> <b>(Un-audited)</b>	31-Mar-14 Rupees (Un-audited)
<b>Directors:</b>		
Return on finances received	1,716,939	1,698,152
Profit paid on certificates of deposit	5,818,751	5,818,751
Fixed assets sold	-	560,215
<b>Executives:</b>		
Return on finances received	142,463	182,995
Profit paid on certificates of deposit	5,089,234	5,620,769
Proceeds from sale of Vehicle	1,215,000	-
<b>Others:</b>		
Contribution to staff retirement benefits plan	862,250	602,444
	<b>31-Mar-15</b> <b>Rupees</b> <b>(Un-audited)</b>	30-Jun-14 Rupees (Audited)
<b>Balance at the end of the period</b>		
<b>Subsidiary Company:</b>		
Certificates of deposit outstanding	50,000,000	50,000,000
Financing outstanding	100,000,000	100,000,000
Receivable/ (Payable) to subsidiary company	76,444,121	116,066,967
Profit receivable on financing	6,772,603	2,853,521
Markup payable on COD	1,512,329	2,635,068
<b>Associated companies:</b>		
Financing outstanding	35,194,104	5,793,089
Letter of guarantee outstanding	8,336,373	10,338,873
Certificates of deposit outstanding	34,357,049	6,095,003
Other receivable / (Payable)	18,352,658	(8,062,420)
Markup payable on COD	267,472	43,834
<b>Directors:</b>		
Financing outstanding	38,922,759	41,409,435
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	112,265	-
Markup payable on COD	379,133	357,819
<b>Executives:</b>		
Financing outstanding	4,469,782	2,762,207
Certificates of deposit outstanding	88,200,000	88,200,000
Markup payable on COD	543,764	510,782

#### 14. SEGMENTAL ANALYSIS

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

##### Financing activities

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

##### Investing activities

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

	Nine months ended 31 March 2015		
	Financing activities	Investing activities	Total
Profit on financing	78,808,240	-	78,808,240
Return on placements	-	38,287	38,287
Return on investments	-	24,391,635	24,391,635
<b>Total income for reportable segments</b>	78,808,240	24,429,922	103,238,162
Finance costs	91,801,946	28,457,866	120,259,812
Administrative and other operating expenses	37,835,202	11,728,609	49,563,811
Provision for doubtful financing	412,786		412,786
<b>Segment result</b>	(51,241,694)	(15,756,553)	(66,998,247)
Other operating income			27,933,852
Loss before taxation			(39,064,395)
<b>Segment assets</b>	422,507,263	566,152,589	988,659,852
Unallocated assets			585,219,236
			1,573,879,088
<b>Segment liabilities</b>	234,269,723	312,006,609	546,276,332
Unallocated liabilities			574,945,025
Equity			452,657,731
			1,573,879,088

## Nine months ended 31 March 2014

	Financing activities	Investing activities	Total
Profit on financing	54,061,740	-	54,061,740
Return on placements		413,023	413,023
Return on investments		29,697,597	29,697,597
<b>Total income for reportable segments</b>	54,061,740	30,110,620	84,172,360
Finance costs	54,296,768	30,241,523	84,538,291
Administrative and other operating expenses	31,212,577	17,384,384	48,596,961
<b>Segment result</b>	(31,447,605)	(17,515,287)	(48,962,892)
Other operating income			18,972,777
Loss before taxation			(29,990,115)
<b>Segment assets</b>	570,730,247	566,912,945	1,137,643,192
Unallocated assets			486,882,779
			1,624,525,971
<b>Segment liabilities</b>	278,276,391	276,517,580	554,793,969
Unallocated liabilities			600,426,656
Equity			469,305,345
			1,624,525,971

**15. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on 29 April 2015.

**16. GENERAL**

**16.1** Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director

# Consolidated Financial Statements - Group

31 March 2015

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

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

Your Group posted a loss after tax of Rs. 43.277 million for the nine months ended March 31, 2015 reflecting EPS of Rs. (1.01) as compared to a loss of Rs. 43.319 million and EPS of Rs. (1.01) for the corresponding period of last year. The primary reason for loss is 17.87% reduction in return on investments and an increase of 41.14% in cost of Certificate of Investments (COIs) due to increase in deposits. Brokerage commission improved significantly from Rs. 43.971 million to Rs. 71.809 million showing a total increase of 63.31% as compared to the corresponding period of the last year.

Going forward, the management has planned to seek credit lines to invest in high yield products and earn spread. Management is keen to continue to offer non-funded products and aspires to attract good business in future.

For and on behalf of the Board

**Shazia Bashir**

President and Chief Executive Officer

Lahore: April 29, 2015

# Condensed Interim Consolidated Balance Sheet

As at 31 March 2015

	Note	31-Mar-15 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets	6	109,913,754	114,258,800
Cards and rooms		52,550,000	52,550,000
Long term investments	7	133,257,534	133,300,285
Long term finances		51,059,552	42,776,862
Long term loans and advances		2,480,275	1,148,597
Long term deposits and prepayments		3,223,652	5,003,173
Deferred tax asset		112,763,918	102,292,639
		465,248,685	451,330,356
<b>Current Assets</b>			
Current maturities of non-current assets		61,322,354	55,064,767
Short term investments	8	241,956,924	468,559,559
Short term finances		204,837,142	265,001,320
Advances		4,342,669	3,631,222
Short term deposits and prepayments		105,587,115	61,617,491
Interest accrued		14,988,469	10,198,315
Other receivables		130,438,100	119,601,315
Tax refunds due from government		217,348,510	261,399,209
Cash and bank balances		56,095,796	53,225,197
		1,036,917,079	1,298,298,395
		1,502,165,764	1,749,628,751
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Share capital		441,000,000	441,000,000
Reserves		(260,463,343)	(217,186,043)
		180,536,657	223,813,957
Surplus on revaluation of fixed assets		33,190,080	34,483,200
Deficit on Revaluation of Investments	9	(8,098,139)	(7,664,952)
<b>Non-Current Liabilities</b>			
Long term certificates of deposit		296,402,789	394,766,083
<b>Current Liabilities</b>			
Current maturities of non-current liabilities		403,276,535	68,741,337
Short term borrowings		65,546,460	44,503,605
Short term certificates of deposit		224,328,787	699,961,280
Accrued markup		9,355,516	6,794,211
Trade and other payables	10	284,482,878	244,294,175
Provision for taxation		13,144,201	39,935,855
		1,000,134,377	1,104,230,463
<b>Contingencies and Commitments</b>			
	11	-	-
		1,502,165,764	1,749,628,751

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

Chief Executive Officer

Director

# Condensed Interim Consolidated Profit and Loss Account

For the period ended 31 March 2015 (Un-audited)

	Note	Three months ended		Nine months ended	
		31-Mar-15 Rupees	31-Mar-14 Rupees	31-Mar-15 Rupees	31-Mar-14 Rupees
<b>INCOME</b>					
Profit on financing		17,715,570	16,388,692	54,885,629	37,652,603
Return on placements		31,780	15,948	38,287	413,023
Return on investments	12	7,344,094	6,914,769	24,391,635	29,697,597
Fees and Commission		31,991,705	22,454,983	71,809,893	43,971,215
Profit on bank deposits		1,090,549	791,844	6,817,505	3,040,354
Other income		3,504,940	5,698,719	9,240,973	9,097,267
		61,678,638	52,264,955	167,183,922	123,872,059
<b>EXPENSES</b>					
Return on certificates of deposit		32,632,247	26,818,033	111,953,141	70,814,256
Return on term finance certificates		-	914,329	413,364	3,326,077
Mark-up on borrowings from financial institutions		1,307,476	4,047,152	3,282,753	5,769,897
Amortization of premium on held to maturity investments		14,250	12,972	42,750	38,916
Administrative and other operating expenses	13	34,779,057	28,624,707	99,261,475	85,034,419
Other financial charges		31,792	48,528	113,514	144,923
		68,764,822	60,465,721	215,066,997	165,128,488
<b>Operating loss before taxation</b>		(7,086,184)	(8,200,766)	(47,883,075)	(41,256,429)
Provision for doubtful financing		-	-	(412,786)	-
<b>Operating profit / (loss) before taxation</b>		(7,086,184)	(8,200,766)	(48,295,861)	(41,256,429)
Taxation - net		(2,737,908)	(2,777,995)	3,725,441	(3,495,483)
<b>Loss after taxation</b>		(9,824,092)	(10,978,761)	(44,570,420)	(44,751,912)
Other comprehensive income - net of tax		431,040	477,606	1,293,120	1,432,818
<b>Total comprehensive loss - net of tax</b>		(9,393,052)	(10,501,155)	(43,277,300)	(43,319,094)
Loss per share-basic and diluted		(0.22)	(0.25)	(1.01)	(1.01)

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

## Condensed Interim Consolidated Cash Flow Statement

For the period ended 31 March 2015 (Un-audited)

	31-Mar-15 Rupees	31-Mar-14 Rupees
<b>Cash flow from operating activities</b>		
<b>Loss before taxation</b>	(48,295,861)	(41,256,429)
<b>Adjustment for non cash expenses and other items:</b>		
Dividend income	(790,394)	(3,136,636)
Depreciation on property and equipment	7,329,088	6,940,900
Amortization on intangible assets	166,730	490,293
Provision for doubtful financing	412,786	-
Amortization of premium on held to maturity investments	42,750	38,916
Amortization of issuance cost of listed TFCs	338,153	1,521,676
Gain on sale of fixed assets	(1,215,000)	-
Fair value (gain)/ loss on held for trading investment	(676,880)	609,179
	5,607,233	6,464,328
	(42,688,628)	(34,792,101)
<b>Decrease/(increase) in operating assets</b>		
Disbursements of finances - net	44,554,899	(171,292,261)
Net investment in lease finance	326,132	123,680
Investments - net	226,846,329	7,998,974
Long term and short term advances	(2,740,319)	(522,063)
Interest Accrued	(4,790,154)	(13,969,191)
Other receivables	(10,836,785)	(88,466,837)
Deposits and prepayments	(41,471,925)	(14,764,109)
	211,888,177	(280,891,807)
<b>(Decrease) / Increase in operating liabilities</b>		
Borrowings from financial institutions	21,042,855	51,905,772
Certificates of deposit	(214,509,842)	192,215,195
Accrued markup	2,561,305	1,701,442
Trade and other payables	40,188,703	124,606,021
	(150,716,979)	370,428,430
<b>Net changes in operating assets and liabilities</b>	61,171,198	89,536,623
<b>Net cash generated from / (used in) operating activities</b>	18,482,570	54,744,522
Taxation - net	10,513,207	(7,505,679)
<b>Net cash generated from / (used in) operating activities</b>	28,995,777	47,238,843
<b>Cash flow from investing activities</b>		
Fixed capital expenditure incurred	(3,150,772)	(9,437,895)
Capital work in progress	-	(1,646,851)
Dividend received	790,394	3,136,636
Proceeds from sale of fixed assets	1,215,000	-
<b>Net cash (used in) / generated from investing activities</b>	(1,145,378)	(7,948,110)
<b>Cash flow from financing activities</b>		
Redemption of listed term finance certificates	(24,979,800)	(49,959,600)
Dividend paid	-	(1,350)
<b>Net cash used in financing activities</b>	(24,979,800)	(49,960,950)
<b>Net decrease in cash and cash equivalents</b>	2,870,599	(10,670,217)
<b>Cash and cash equivalents at the beginning of the period</b>	53,225,197	49,238,770
<b>Cash and cash equivalents at the end of the period</b>	56,095,796	38,568,553

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

## Condensed Interim Consolidated Statement of Changes in Equity

For the period ended 31 March 2015 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated Profit / (loss) Rupees	Total Rupees
<b>Balance as at 01 July 2013</b>	441,000,000	158,496,746	(331,519,818)	267,976,928
Net loss for the period	-	-	(44,751,912)	(44,751,912)
Other comprehensive profit	-	-	1,432,818	1,432,818
Total comprehensive profit	-	-	(43,319,094)	(43,319,094)
<b>Balance as at 31 March 2014</b>	441,000,000	158,496,746	(374,838,912)	224,657,834
<b>Balance as at 01 July 2014</b>	441,000,000	158,496,746	(375,682,789)	223,813,957
Net loss for the period	-	-	(44,570,420)	(44,570,420)
Other comprehensive income	-	-	1,293,120	1,293,120
Total comprehensive loss	-	-	(43,277,300)	(43,277,300)
<b>Balance as at 31 March 2015</b>	441,000,000	158,496,746	(418,960,089)	180,536,657

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

# Condensed Interim Consolidated Notes to the Financial Statements

For the period ended 31 March 2015 (Un-audited)

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

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.

## 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 March 31, 2015 is Rs. 452.657 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.

#### 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.

	Note	31-Mar-15 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
<b>6. FIXED ASSETS</b>			
Property and equipments	6.1	109,366,704	113,685,422
Intangible assets		547,050	573,378
		109,913,754	114,258,800
<b>6.1 Property and equipments</b>			
Opening balance written down value.		113,685,422	97,631,798
<b>Additions:</b>			
Leasehold improvements		-	14,576,892
Office Furniture & fixture		-	118,500
Computer equipment		347,340	997,550
Office Equipment		289,032	1,066,226
Vehicles		2,374,000	6,171,092
<b>Less:</b>			
<b>Disposals:</b>			
Vehicles	6.1.1	-	-
Depreciation for the period / year		7,329,090	6,876,636
Closing written down value		109,366,704	113,685,422
<b>6.1.1 Particulars of vehicles disposed off during the period;</b>			
Cost		1,685,440	1,400,538
Accumulated depreciatoin		(1,685,440)	(1,400,538)
Book value		-	-
<b>7. LONG TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Pakistan Investment Bonds		100,852,534	100,895,285
<b>Available for sale - at cost</b>			
Investment in unquoted Companies	7.1	32,405,000	32,405,000
		133,257,534	133,300,285

	Note	31-Mar-15 Rupees (Un-audited)	30-Jun-14 Rupees (Audited)
<b>8. SHORT TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Treasury Bills		78,740,120	64,855,608
<b>Held for Trading</b>			
<b>Shares / units</b>			
Listed		-	2,990,040
Others		10,066,174	21,488,699
<b>Investment in Commodities</b>		130,939,750	320,097,313
<b>Available for sale</b>			
Listed Shares / units		30,309,019	67,469,731
		250,055,063	476,901,391
<b>Deficit on revaluation</b>		(8,098,139)	(8,341,832)
		241,956,924	468,559,559
<b>9. DEFICIT ON REVALUATION OF INVESTMENTS</b>			
<b>Available for sale</b>			
Listed shares / units		(8,098,139)	(7,664,952)
		(8,098,139)	(7,664,952)
<b>10. TRADE AND OTHER PAYABLES</b>			
Customers' credit balances		247,686,627	194,141,425
Accrued expenses and other payables		32,374,489	45,956,968
Provision for compensated absences		2,036,108	1,810,128
Unclaimed dividend		2,385,654	2,385,654
		284,482,878	244,294,175
<b>11. CONTINGENCIES AND COMMITMENTS</b>			
<b>11.1 Contingencies</b>			
There exist no known contingencies as at balance sheet date.			
<b>11.2 Commitments</b>			
Outstanding guarantees		8,336,373	10,338,873

**12. RETURN ON INVESTMENTS**

	Three months ended		Nine months ended	
	31-Mar-15 Rupees (Un-audited)	31-Mar-14 Rupees (Un-audited)	31-Mar-15 Rupees (Un-audited)	31-Mar-14 Rupees (Un-audited)
Mark-up / return on investments	4,308,864	3,523,865	12,431,546	9,051,176
Dividend income	37,563	376,990	790,394	3,136,636
Capital gain/(loss) on investments	2,997,667	3,013,914	11,169,695	17,509,785
	7,344,094	6,914,769	24,391,635	29,697,597

**13. ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

Salaries, wages, other benefits and allowances	21,814,528	15,322,422	59,250,422	43,728,318
Staff Training and Welfare	6,700	5,300	64,949	57,655
Advertisement and business promotion	12,850	120,678	152,618	226,106
Rent, rates and taxes	1,409,598	1,608,831	5,154,227	5,344,926
Utilities	610,817	794,127	1,985,090	2,250,901
Communication charges	1,057,455	1,149,091	3,140,652	2,658,848
Traveling and vehicle maintenance	1,385,229	1,541,854	4,433,344	4,883,000
Repair and maintenance	641,905	520,024	1,744,964	2,476,128
Entertainment	392,782	356,876	980,181	1,153,100
Fee and subscriptions	482,621	1,097,995	1,753,497	2,334,220
Legal and professional charges	1,327,510	721,362	2,928,741	3,064,285
Printing and stationery	353,602	317,579	1,099,935	1,434,109
Fee, brokerage and commission	27,189	6,892	51,987	31,138
CDC and clearing charges	2,336,071	1,431,934	7,452,521	5,058,017
Insurance	242,566	259,414	977,669	879,705
Amortization of issuance cost of listed TFCs	-	507,226	338,153	1,521,676
Depreciation	2,493,698	2,526,573	7,329,090	6,940,900
Amortization on intangible assets	59,474	166,764	166,725	490,293
Penalty	-	120,500	-	120,500
Miscellaneous expenses	124,462	49,265	256,710	380,594
	34,779,057	28,624,707	99,261,475	85,034,419

**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:

	<b>31-Mar-15 Rupees (Un-audited)</b>	31-Mar-14 Rupees (Un-audited)
<b>Transactions during the period</b>		
<b>Associated companies:</b>		
Return on finances received	127,716	923,982
Profit paid on certificates of deposit	2,357,454	2,885,192
Vehicle purchased	2,300,000	-
Chairman's secretariat expenses	-	2,700,000
Guarantee commission earned	-	101,859
<b>Directors:</b>		
Return on finances received	1,716,939	1,698,152
Profit paid on certificates of deposit	5,818,751	5,818,751
Fixed assets sold	-	560,215
<b>Executives:</b>		
Return on finances received	142,463	182,995
Profit paid on certificates of deposit	5,089,234	5,620,769
Proceeds from sale of Vehicle	1,215,000	-
<b>Others:</b>		
Contribution to staff retirement benefits plan	1,178,258	854,263
	<b>31-Mar-15 Rupees (Un-audited)</b>	30-Jun-14 Rupees (Audited)
<b>Balance at the end of the period</b>		
<b>Associated companies:</b>		
Financing outstanding	35,194,104	5,793,089
Letter of guarantee outstanding	8,336,373	10,338,873
Certificates of deposit outstanding	34,357,049	6,095,003
Other receivable / (Payable)	18,352,658	(8,062,420)
Markup payable on COD	267,472	43,834
<b>Directors:</b>		
Financing outstanding	38,922,759	41,409,435
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	112,265	-
Markup payable on COD	379,133	357,819
<b>Executives:</b>		
Financing outstanding	4,469,782	2,762,207
Certificates of deposit outstanding	88,200,000	88,200,000
Markup payable on COD	543,764	510,782

## 15. SEGMENTAL ANALYSIS

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

### Financing activities

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

### Investing activities

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

	Nine months ended 31 March 2015		
	Financing activities	Investing activities	Total
Profit on financing	54,885,629	-	54,885,629
Return on placements	-	38,287	38,287
Return on investments	-	24,391,635	24,391,635
<b>Total income for reportable segments</b>	54,885,629	24,429,922	79,315,551
Finance costs	80,136,352	35,669,170	115,805,522
Administrative and other operating expenses	68,688,024	30,573,451	99,261,475
Provision for doubtful financing	412,786		412,786
<b>Segment result</b>	(94,351,533)	(41,812,699)	(136,164,232)
Other operating income			87,868,371
Loss before taxation			(48,295,861)
<b>Segment assets</b>	322,507,263	436,641,330	759,148,593
Unallocated assets			743,017,171
			1,502,165,764
<b>Segment liabilities</b>	116,035,989	158,119,269	274,155,258
Unallocated liabilities			1,047,473,849
Equity			180,536,657
			1,502,165,764

Nine months ended 31 March 2014

	Financing activities	Investing activities	Total
Profit on financing	37,652,603	-	37,652,603
Return on placements		413,023	413,023
Return on investments		29,697,597	29,697,597
<b>Total income for reportable segments</b>	37,652,603	30,110,620	67,763,223
Finance costs	44,504,232	35,589,837	80,094,069
Administrative and other operating expenses	47,249,335	37,785,084	85,034,419
<b>Segment result</b>	(54,100,964)	(43,264,301)	(97,365,265)
Other operating income			56,108,836
Loss before taxation			(41,256,429)
<b>Segment assets</b>	420,730,247	444,157,840	864,888,087
Unallocated assets			672,252,865
			<u>1,537,140,952</u>
<b>Segment liabilities</b>	160,285,491	149,860,968	310,146,458
Unallocated liabilities			1,002,336,660
Equity			224,657,834
			<u>1,537,140,952</u>

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 29 April 2015.

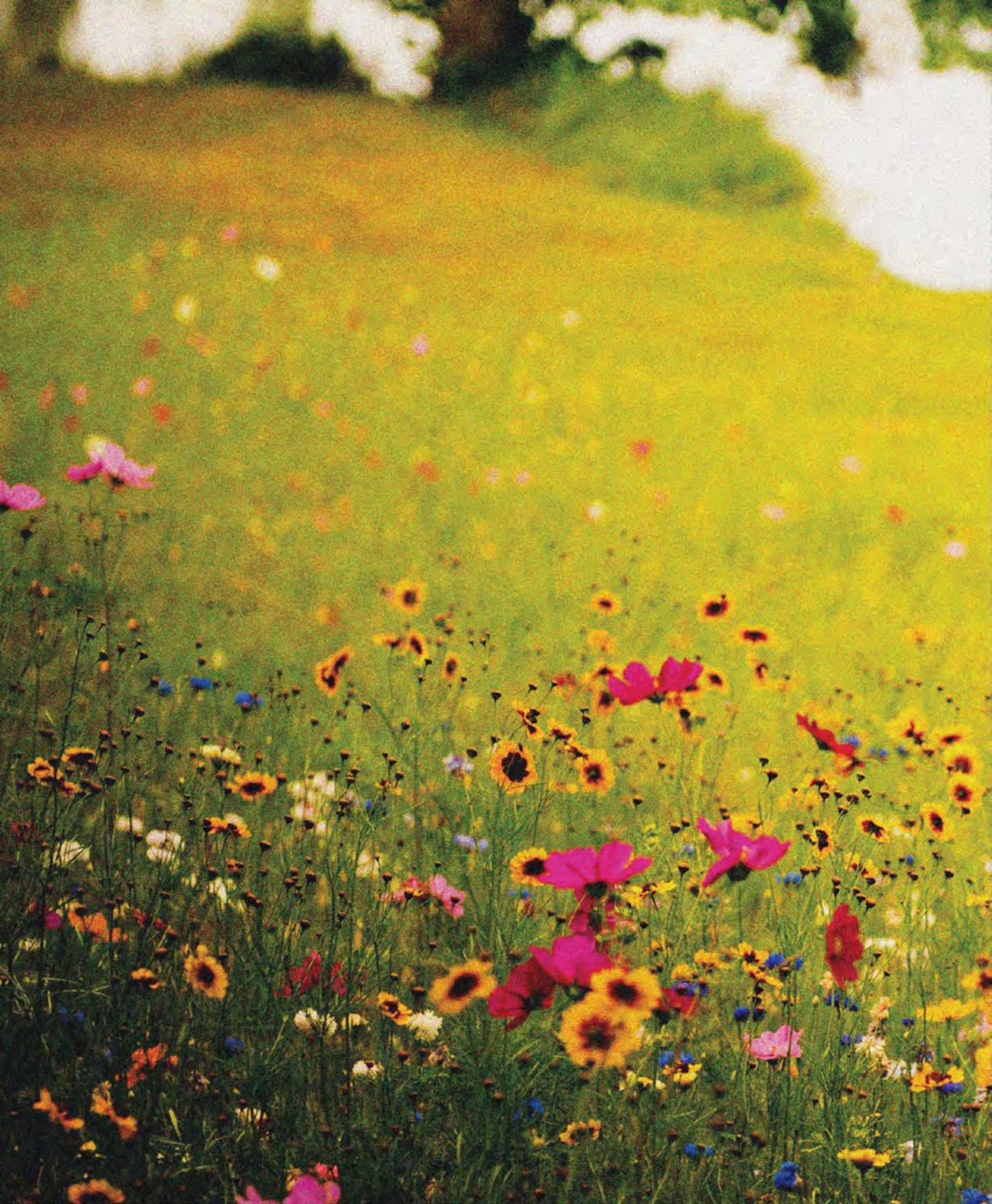
17. GENERAL

17.1 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director





ESCORTS  
INVESTMENT  
BANK

ESCORTS INVESTMENT BANK LIMITED

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