

ESCORTS
BANK



Quarterly Report
For the period ended
30 September

2013

Contents



Corporate Information.....	02
Directors' Report.....	03
Condensed Interim Balance Sheet	04
Condensed Interim Profit and Loss Account	05
Condensed Interim Cash Flow Statement	06
Condensed Interim Statement of Changes in Equity	07
Notes to the Condensed Interim Financial Statements	08
Condensed Interim Consolidated Financial Statements	15
Condensed Interim Consolidated Balance Sheet	17
Condensed Interim Consolidated Profit and Loss Account	18
Condensed Interim Consolidated Cash Flow Statement	19
Condensed Interim Consolidated Statement of Changes in Equity	20
Notes to the Condensed Interim Consolidated Financial Statements	21

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

Kamran Hafeez

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

NETWORK

Head Office & Lahore Branch

Escorts House

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Fax: (042) 3637 5950

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www.escortsbank.net

BRANCH OFFICES

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Tel: (021) 3247 1671-5

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Directors' Report



The Board of Directors of Escorts Investment Bank Limited (the "Bank") is pleased to present before you the unaudited condensed interim financial information for the quarter ended September 30, 2013.

Your Bank has incurred a loss of Rs. 11.2 million during the period under review as against a profit of Rs. 1.6 million in the corresponding period of the previous year. The loss is majorly attributable to 97% reduction in return on placements, a 34% reduction in return on investments and 37% reduction in other income.

The administrative expenses have increased from Rs. 12.2 million in 1 Qtr 2012 to Rs. 18 million in 1 Qtr 2013 i.e an increase of 47%. This relates primarily to the remuneration increments given to staff members with effect from July 1, 2013. These increased expenses are expected to be absorbed in the 2nd to 4th quarter of the year ending June 30, 2014. Similarly liquidity position is expected to improve as a result of expected increase in deposits, realization of tax refunds and tax compensation and recoveries of certain provided for finances. The brokerage revenues of Escorts Capital, the wholly owned subsidiary of the Bank have materially improved. The management is confident that the Bank's financial results going forward would be materially improved because of expected gains from investment in commodities, margin financing, brokerage commission, arbitrage, ready-future hedging and equities portfolio.

The Board would like to take this opportunity to express its admiration to the employees of the Bank for their commitment, hard work and co-operation throughout the years. The Board also wishes to place on record its gratitude to Securities and Exchange Commission of Pakistan for their valued support, assistance and guidance.

For and on behalf of the Board

Shazia Bashir

President and Chief Executive Officer

Lahore: November 06, 2013

Condensed Interim Balance Sheet

As at 30 September 2013

	Note	30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	5	102,271,646	102,843,295
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	100,967,804	100,980,776
Long term finances		134,567,446	179,386,953
Long term loans and advances		51,203,502	51,355,926
Long term deposits and prepayments		3,415,372	3,914,604
Deferred tax asset		100,222,616	100,222,616
		701,102,386	747,158,170
Current Assets			
Current maturities of non-current assets		104,205,859	52,755,719
Short term investments	7	100,377,039	206,566,908
Short term finances		197,544,350	111,373,306
Advances		3,890,907	3,557,292
Short term deposits and prepayments		16,690,415	21,712,413
Interest accrued		56,456,872	54,110,069
Other receivables		51,646,877	54,012,549
Tax refunds due from government		204,258,921	203,900,274
Cash and bank balances		21,402,298	36,080,966
		756,473,538	744,069,496
		1,457,575,924	1,491,227,666
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		45,567,936	56,808,178
		486,567,936	497,808,178
Surplus on revaluation of fixed assets		35,820,499	36,298,105
Deficit on Revaluation of Investments	8	(12,892,909)	(5,224,348)
Non-Current Liabilities			
Term finance certificates	9	-	24,641,647
Long term certificates of deposit		254,345,589	249,661,415
Current Liabilities			
Current maturities of non-current liabilities		64,653,603	69,234,530
Short term certificates of deposit		501,432,371	490,714,262
Accrued markup		19,419,114	17,928,487
Trade and other payables	10	70,196,444	72,946,090
Provision for taxation		38,033,277	37,219,300
		693,734,809	688,042,669
Contingencies and Commitments			
	11	-	-
		1,457,575,924	1,491,227,666

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

Chief Executive Officer

Director

Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2013 (Un-audited)



	Note	Three month ended	
		30-Sep-13 Rupees	30-Sep-12 Rupees
INCOME			
Profit on financing		15,364,344	15,362,005
Mark-up on lease finance		-	2,925
Return on placements		391,653	19,021,581
Return on investments	12	11,419,962	17,380,175
Fees and Commission		3,794,525	10,000
Profit on bank deposits		507,364	328,062
Other income		1,206,668	877,529
		32,684,516	52,982,277
EXPENSES			
Return on certificates of deposit		23,255,779	20,909,625
Return on term finance certificates		1,404,344	2,395,323
Mark-up on short term running finance		-	89,817
Mark-up on borrowings from financial institutions		774,280	14,071,170
Amortization of premium on held to maturity investments		12,972	560,822
Administrative and other operating expenses	13	18,093,688	12,289,241
Other financial charges		47,324	21,268
		43,588,387	50,337,266
Operating (loss)/ profit before taxation		(10,903,871)	2,645,011
Taxation		(813,977)	(984,026)
(Loss)/ profit after taxation		(11,717,848)	1,660,985
Other comprehensive income - net of tax		477,606	-
Total comprehensive (loss)/ profit - net of tax		(11,240,242)	1,660,985
(Loss)/ profit per share-basic and diluted		(0.27)	0.04

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

Chief Executive Officer

Director

Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2013 (Un-audited)

	30-Sep-13 Rupees	30-Sep-12 Rupees
Cash flow from operating activities		
(Loss)/ profit before taxation	(10,903,871)	2,645,011
Adjustment for non cash expenses and other items:		
Dividend income	(482,015)	(7,721,861)
Depreciation on property and equipment	1,988,274	2,716,321
Amortization on intangible assets	144,495	216,645
Incremental depreciation on revaluation of fixed assets	-	(477,606)
Amortization of premium on held to maturity investments	12,972	560,822
Amortization of issuance cost of listed TFCs	507,226	507,225
Fair value loss on held for trading investment	5,162,293	(399,603)
	7,333,245	(4,598,057)
	(3,570,626)	(1,953,046)
Decrease/(increase) in operating assets		
Disbursements of finances - net	(93,129,037)	(13,491,379)
Net investment in lease finance	111,304	146,425
Placements	-	531,870,003
Investments - net	93,359,014	71,910,712
Long term and short term advances	(149,087)	(232,575)
Interest Accrued	(2,346,803)	8,156,726
Other receivables	2,365,672	10,007,024
Deposits and prepayments	5,705,182	5,546,470
	5,916,245	613,913,406
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	-	(599,348,500)
Certificates of deposit	10,652,283	10,552,279
Running finance facility	-	49,976,420
Accrued markup	1,490,627	(4,239,985)
Trade and other payables	(2,749,646)	(70,703,516)
	9,393,264	(613,763,302)
Net changes in operating assets and liabilities	15,309,509	150,104
Net cash generated from / (used in) operating activities	11,738,883	(1,802,942)
Taxation - net	(358,647)	(2,049,605)
Net cash generated from / (used in) operating activities	11,380,236	(3,852,547)
Cash flow from investing activities		
Fixed capital expenditure incurred	(1,782,303)	-
Capital work in progress	221,184	-
Dividend received	482,015	2,445,778
Net cash (used in) / generated from investing activities	(1,079,104)	2,445,778
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	(14,678,668)	(26,386,569)
Cash and cash equivalents at the beginning of the period	36,080,966	35,934,136
Cash and cash equivalents at the end of the period	21,402,298	9,547,567

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

Chief Executive Officer

Director

Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2013 (Un-audited)



	Share capital Rupees	Statutory reserve Rupees	Accumulated profit / (loss) Rupees	Total Rupees
Balance as at 01 July 2012	441,000,000	154,050,085	(119,475,211)	475,574,874
Net loss for the period	-	-	1,660,985	1,660,985
Transfer to statutory reserve	-	332,197	(332,197)	-
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	332,197	1,328,788	1,660,985
Balance as at 30 September 2012	441,000,000	154,382,282	(118,146,423)	477,235,859
Balance as at 01 July 2013	441,000,000	158,496,746	(101,688,568)	497,808,178
Net profit for the period	-	-	(11,240,242)	(11,240,242)
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

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

Condensed Interim Notes to the Financial Statements

For the quarter ended 30 September 2013 (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 22 February 2013. A “positive Outlook” has been assigned to these ratings. The ratings denotes 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 2013.

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, 2013 is Rs. 486.567 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 2013.

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 2013.

		30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
5.	FIXED ASSETS		
	Property and equipments	5.1 94,390,484	94,596,454
	Capital work in progress	7,447,677	7,668,861
	Intangible assets	433,485	577,980
		102,271,646	102,843,295
5.1	Property and equipments		
	Opening balance written down value.	94,596,454	104,738,257
	Additions:		
	Leasehold improvements	624,927	-
	Office Furniture & fixture	118,500	-
	Computer equipment	66,200	103,000
	Office Equipment	972676	531508
	Vehicles	-	117,080
	Less:		
	Depreciation for the period / year	1,988,273	10,893,391
	Closing written down value	94,390,484	94,596,454
6.	LONG TERM INVESTMENTS		
	Held to maturity		
	Pakistan Investment Bonds	100,967,804	100,980,776
		100,967,804	100,980,776
7.	SHORT TERM INVESTMENTS		
	Held for Trading		
	Shares/ units		
	Listed	17,926,185	1,702,418
	Others	16,958,362	16,958,362
	Investment in Commodities		
	Sugar	-	91,200,000
	Grams	17,012,420	17,012,420
	Available for sale		
	Listed Shares / units	67,231,195	85,613,976
		119,128,162	212,487,176
	Deficit on revaluation	(18,751,123)	(5,920,268)
		100,377,039	206,566,908

	30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
8. DEFICIT ON REVALUATION OF INVESTMENTS		
Available for sale		
Listed shares / units	(12,892,909)	(5,224,348)
	(12,892,909)	(5,224,348)
9. 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 period	24,979,800	49,959,600
	450,040,400	425,060,600
Less: Current maturity	49,959,600	74,939,400
	49,959,600	49,959,600
Less: Cost on issuance/ rescheduling		
Opening balance	(2,367,053)	(4,395,953)
Amortization for the period	507,226	2,028,900
	(1,859,827)	(2,367,053)
Less: Current maturity	1,859,827	2,028,900
	-	(338,153)
	-	24,641,647
10. TRADE AND OTHER PAYABLES		
Customers' credit balances	32,213,632	5,689,188
Accrued expenses and other payables	34,005,169	62,948,059
Provision for compensated absences	1,590,639	1,921,839
Unclaimed dividend	2,387,004	2,387,004
	70,196,444	72,946,090
11. CONTINGENCIES AND COMMITMENTS		
Outstanding guarantees	37,564,022	35,719,022
Future purchase contract - Shares	5,992,525	-
Future sale contract - Shares	19,973,095	-

	Three months ended	
	30-Sep-13 Rupees (Un-audited)	30-Sep-12 Rupees (Un-audited)
12. RETURN ON INVESTMENTS		
Mark-up / return on investments	2,520,548	3,354,029
Dividend income	482,015	7,721,861
Capital gain/(loss) on investments	8,417,399	6,304,285
	11,419,962	17,380,175
13. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	7,814,276	4,279,002
Staff Training and Welfare	18,600	5,356
Advertisement and business promotion	32,078	26,850
Rent, rates and taxes	963,950	663,710
Utilities	339,362	291,263
Communication charges	341,151	429,862
Traveling and vehicle maintenance	1,343,595	1,245,443
Repair and maintenance	475,189	467,770
Entertainment	316,443	248,762
Fee and subscriptions	700,778	804,870
Legal and professional charges	849,361	306,427
Printing and stationery	398,599	199,822
Fee, brokerage and commission	13,176	24,092
CDC and clearing charges	1,564,092	221,233
Insurance	142,104	111,894
Amortization of issuance cost of listed TFCs	507,226	507,225
Depreciation	1,988,273	2,238,715
Amortization on intangible assets	144,495	216,645
Miscellaneous expenses	140,940	300
	18,093,688	12,289,241

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-13 Rupees (Un-audited)	30-Sep-12 Rupees (Un-audited)
Transactions during the period		
Return on assets	1,469,712	1,547,016
Associated companies:		
Profit paid on certificates of deposit	1,057,955	192,035
Advisory fee	-	10,000,000
Chairman's secretariat expenses	900,000	900,000
Directors:		
Return on finances received	20,269	283,751
Profit paid on certificates of deposit	1,960,898	1,657,644
Executives:		
Return on finances received	46,364	71,544
Profit paid on certificates of deposit	1,872,534	1,731,301
Others:		
Contribution to staff retirement benefits plan	238,215	183,187
	30-Sep-13 Rupees (Un-audited)	30-Jun-13 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) against purchase of shares	74,891,921	61,895,404
Profit receivable on financing	35,353,521	31,353,521
Markup payable on COD	12,986,301	11,473,973
Associated companies:		
Financing outstanding	7,135,710	7,135,710
Letter of guarantee outstanding	37,564,022	35,719,022
Certificates of deposit outstanding	47,750,043	50,355,086
Other receivable	19,305,298	19,661,484
Markup payable on COD	143,015	224,284
Directors:		
Financing outstanding	41,276,909	27,078,352
Certificates of deposit outstanding	60,692,600	60,692,600
Markup payable on COD	357,819	357,819
Executives:		
Financing outstanding	3,813,219	4,872,376
Certificates of deposit outstanding	58,000,000	58,000,000
Markup payable on COD	325,582	326,473

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 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

Three Months ended 30 September 2012			
	Financing activities	Investing activities	Total
Profit on financing	15,362,005	-	15,362,005
Mark-up on lease finance	2,925	-	2,925
Return on placements	-	19,021,581	19,021,581
Return on investments	-	17,380,175	17,380,175
Total income for reportable segments	15,364,930	36,401,756	51,766,686
Finance costs	11,293,078	26,754,947	38,048,025
Administrative and other operating expenses	3,647,584	8,641,657	12,289,241
Segment result	424,268	1,005,152	1,429,420
Other operating income			1,215,591
Profit before taxation			2,645,011
Segment assets	403,582,959	602,275,538	1,005,858,497
Unallocated assets			538,128,646
			1,543,987,143
Segment liabilities	260,875,665	304,962,360	565,838,024
Unallocated liabilities			500,913,259
Equity			477,235,859
			1,543,987,143

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 6th November 2013.

17. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director



Consolidated Financial Statements

30 September 2013



Condensed Interim Consolidated Balance Sheet

As at 30 September 2013



	Note	30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	6	106,271,967	105,878,640
Cards and rooms		84,955,000	84,955,000
Long term investments	7	100,967,804	100,980,776
Long term finances		34,567,446	79,386,953
Long term loans and advances		1,203,502	1,355,926
Long term deposits and prepayments		5,714,872	6,209,604
Deferred tax asset		100,222,616	100,222,616
		433,903,207	478,989,515
Current Assets			
Current maturities of non-current assets		104,205,859	52,755,719
Short term investments	8	100,377,039	206,566,908
Short term finances		197,544,350	111,373,306
Advances		4,667,171	4,110,342
Short term deposits and prepayments		28,729,926	26,351,924
Interest accrued		57,200,767	54,426,432
Other receivables		112,178,697	66,297,042
Tax refunds due from government		207,963,189	207,509,161
Cash and bank balances		31,288,529	49,238,770
		844,155,527	778,629,604
		1,278,058,734	1,257,619,119
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(183,097,690)	(173,023,072)
		257,902,310	267,976,928
Surplus on revaluation of fixed assets		35,820,499	36,298,105
Deficit on Revaluation of Investments	9	(12,892,909)	(5,224,348)
Non-Current Liabilities			
Term finance certificates	10	-	24,641,647
Long term certificates of deposit		254,345,589	249,661,415
Current Liabilities			
Current maturities of non-current liabilities		64,653,603	69,234,530
Short term certificates of deposit		451,432,371	440,714,262
Accrued markup		6,432,813	6,454,514
Trade and other payables	11	182,331,181	130,642,765
Provision for taxation		38,033,277	37,219,300
		742,883,245	684,265,371
Contingencies and Commitments	12	-	-
		1,278,058,734	1,257,619,119

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

Chief Executive Officer

Director

Condensed Interim Consolidated Profit and Loss Account

For the quarter ended 30 September 2013 (Un-audited)

	Note	Three month ended	
		30-Sep-13 Rupees	30-Sep-12 Rupees
INCOME			
Profit on financing		9,894,632	9,876,142
Mark-up on lease finance		-	2,925
Return on placements		391,653	19,021,581
Return on investments	13	11,419,962	17,380,175
Fees and Commission		16,331,782	1,335,067
Profit on bank deposits		1,190,339	1,400,127
Other income		3,381,608	1,180,567
		42,609,976	50,196,584
EXPENSES			
Return on certificates of deposit		21,743,450	19,414,038
Return on term finance certificates		1,404,344	2,395,323
Mark-up on short term running finance		-	89,817
Mark-up on borrowings from financial institutions		774,280	14,071,170
Amortization of premium on held to maturity investments		12,972	560,822
Administrative and other operating expenses	14	26,959,177	16,103,754
Other financial charges		58,115	23,813
		50,952,338	52,658,737
Operating loss before taxation		(8,342,362)	(2,462,153)
Taxation		(2,209,862)	(1,430,460)
Loss after taxation		(10,552,224)	(3,892,613)
Other comprehensive income - net of tax		477,606	-
Total comprehensive loss - net of tax		(10,074,618)	(3,892,613)
Loss per share-basic and diluted		(0.24)	(0.09)

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

Chief Executive Officer

Director

Condensed Interim Consolidated Cash Flow Statement

For the quarter ended 30 September 2013 (Un-audited)



	30-Sep-13 Rupees (Un-audited)	30-Sep-12 Rupees (Un-audited)
Cash flow from operating activities		
Loss before taxation	(8,342,362)	(2,462,153)
Adjustment for non cash expenses and other items:		
Dividend income	(482,015)	(7,721,861)
Depreciation on property and equipment	2,113,203	2,821,543
Amortization on intangible assets	156,789	216,645
Incremental depreciation on revaluation of fixed assets	-	(477,606)
Amortization of premium on held to maturity investments	12,972	560,822
Amortization of issuance cost of listed TFCs	507,226	507,225
Fair value loss on held for trading investment	5,162,293	(399,603)
	7,470,468	(4,492,835)
	(871,894)	(6,954,988)
Decrease/(increase) in operating assets		
Disbursements of finances - net	(93,129,037)	(13,491,379)
Net investment in lease finance	111,304	146,425
Placements	-	531,870,003
Investments - net	93,359,014	71,910,712
Long term and short term advances	(372,301)	(257,775)
Interest Accrued	(2,774,335)	(6,682,493)
Other receivables	(45,881,655)	79,088,468
Deposits and prepayments	(1,699,318)	5,525,470
	(50,386,328)	668,109,431
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	-	(599,348,500)
Certificates of deposit	10,652,283	10,552,279
Running finance facility	-	49,976,420
Accrued markup	(21,701)	(5,735,572)
Trade and other payables	51,688,416	(101,843,595)
	62,318,998	(646,398,968)
Net changes in operating assets and liabilities	11,932,670	21,710,463
Net cash generated from operating activities	11,060,776	14,755,475
Taxation - net	(1,849,913)	(2,592,714)
Net cash generated from operating activities	9,210,863	12,162,761
Cash flow from investing activities		
Fixed capital expenditure incurred	(2,884,503)	-
Capital work in progress	221,184	-
Dividend received	482,015	2,445,778
Net cash (used in) / generated from investing activities	(2,181,304)	2,445,778
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	(17,950,241)	(10,371,261)
Cash and cash equivalents at the beginning of the period	49,238,770	48,388,873
Cash and cash equivalents at the end of the period	31,288,529	38,017,612

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

Chief Executive Officer

Director

Condensed Interim Consolidated Statement of Changes in Equity

For the quarter ended 30 September 2013 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated loss Rupees	Total Rupees
Balance as at 01 July 2012	441,000,000	154,050,085	(326,346,836)	268,703,249
Net loss for the period	-	-	(3,892,613)	(3,892,613)
Transfer to statutory reserve	-	332,197	(332,197)	-
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	332,197	(4,224,810)	(3,892,613)
Balance as at 30 September 2012	441,000,000	154,382,282	(330,571,646)	264,810,636
Balance as at 01 July 2013	441,000,000	158,496,746	(331,519,818)	267,976,928
Net profit for the period	-	-	(10,074,618)	(10,074,618)
Other comprehensive profit	-	-	-	-
Total comprehensive Profit	-	-	(10,074,618)	(10,074,618)
Balance as at 30 September 2013	441,000,000	158,496,746	(341,594,436)	257,902,310

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

Condensed Interim Consolidated Notes to the Financial Statements

For the quarter ended 30 September 2013 (Un-audited)



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 virtually 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 22 February 2013. A "positive Outlook" has been assigned to these ratings. The ratings denotes 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 2013.

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, 2013 is Rs. 486.567 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 Group financial statements for the year ended 30 June 2013.

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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2013.

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 2013.

		30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
6. FIXED ASSETS			
Property and equipments	6.1	98,135,998	97,631,798
Capital work in progress		7,447,677	7,668,861
Intangible assets		688,292	577,981
		106,271,967	105,878,640
6.1 Property and equipments			
Opening balance written down value.		97,631,798	108,059,520
Additions:			
Leasehold improvements		624,927	-
Office Furniture & fixture		118,500	11,000
Computer equipment		833,250	296,098
Office Equipment		1,040,726	546,508
Vehicles		-	117,080
Less:			
Depreciation for the period / year		2,113,203	11,398,408
Closing written down value		98,135,998	97,631,798
7. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds		100,967,804	100,980,776
		100,967,804	100,980,776

	30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
8. SHORT TERM INVESTMENTS		
Held for Trading		
Shares/ units		
Listed	17,926,185	1,702,418
Others	16,958,362	16,958,362
Investment in Commodities		
Sugar	-	91,200,000
Grams	17,012,420	17,012,420
Available for sale		
Listed Shares / units	67,231,195	85,613,976
	119,128,162	212,487,176
Deficit on revaluation	(18,751,123)	(5,920,268)
	100,377,039	206,566,908
9. DEFICIT ON REVALUATION OF INVESTMENTS		
Available for sale		
Listed shares / units	(12,892,909)	(5,224,348)
	(12,892,909)	(5,224,348)
10. 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 period	24,979,800	49,959,600
	450,040,400	425,060,600
	49,959,600	74,939,400
Less: Current maturity	49,959,600	49,959,600
	-	24,979,800
Less: Cost on issuance/ rescheduling		
Opening balance	(2,367,053)	(4,395,953)
Amortization for the period	507,226	2,028,900
	(1,859,827)	(2,367,053)
Less: Current maturity	1,859,827	2,028,900
	-	(338,153)
	-	24,641,647
11. TRADE AND OTHER PAYABLES		
Customers' credit balances	105,431,378	28,084,198
Accrued expenses and other payables	72,922,160	98,249,724
Provision for compensated absences	1,590,639	1,921,839
Unclaimed dividend	2,387,004	2,387,004
	182,331,181	130,642,765

	30-Sep-13 Rupees (Un-audited)	30-Jun-12 Rupees (Audited)
12. CONTINGENCIES AND COMMITMENTS		
Outstanding guarantees	37,564,022	35,719,022
Future purchase contract - Shares	5,992,525	-
Future sale contract - Shares	19,973,095	-
	Three months ended	
	30-Sep-13 Rupees (Un-audited)	30-Sep-12 Rupees (Audited)
13. RETURN ON INVESTMENT		
Mark-up / return on investments	2,520,548	3,354,029
Dividend income	482,015	7,721,861
Capital gain/(loss) on investments	8,417,399	6,304,285
	11,419,962	17,380,175
14 . ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	12,716,202	6,375,694
Staff Training and Welfare	18,600	5,356
Advertisement and business promotion	32,078	26,850
Rent, rates and taxes	1,010,950	1,264,606
Utilities	537,118	420,369
Communication charges	886,254	698,700
Traveling and vehicle maintenance	1,494,791	1,350,658
Repair and maintenance	628,384	627,797
Entertainment	382,570	265,685
Fee and subscriptions	1,021,831	804,870
Legal and professional charges	1,693,917	282,807
Printing and stationery	507,228	250,117
Fee, brokerage and commission	13,176	46,192
CDC and clearing charges	2,786,784	471,871
Insurance	142,104	111,894
Amortization of issuance cost of listed TFCs	507,226	507,225
Depreciation	2,113,203	2,343,934
Amortization on intangible assets	156,789	216,645
Miscellaneous expenses	309,972	32,484
	26,959,177	16,103,754

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-13 Rupees (Un-audited)	30-Sep-12 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Profit paid on certificates of deposit	1,057,955	192,035
Advisory fee	-	10,000,000
Chairman's secretariat expenses	900,000	900,000
Directors:		
Return on finances received	20,269	283,751
Profit paid on certificates of deposit	1,960,898	1,657,644
Executives:		
Return on finances received	46,364	71,544
Profit paid on certificates of deposit	1,872,534	1,731,301
Others:		
Contribution to staff retirement benefits plan	322,030	218,434
	30-Sep-13 Rupees (Un-audited)	30-Jun-13 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Financing outstanding	7,135,710	7,135,710
Letter of guarantee outstanding	37,564,022	35,719,022
Certificates of deposit outstanding	47,750,043	50,355,086
Other receivable	19,305,298	19,661,484
Markup payable on COD	143,015	224,284
Directors:		
Financing outstanding	41,276,909	27,078,352
Certificates of deposit outstanding	60,692,600	60,692,600
Markup payable on COD	357,819	357,819
Executives:		
Financing outstanding	3,813,219	4,872,376
Certificates of deposit outstanding	58,000,000	58,000,000
Markup payable on COD	325,582	326,473

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 Company's liquidity.

	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

Three Months ended 30 September 2012

	Financing activities	Investing activities	Total
Profit on financing	9,876,142	-	9,876,142
Mark-up on lease finance	2,925	-	2,925
Return on placements	-	19,021,581	19,021,581
Return on investments	-	17,380,175	17,380,175
Total income for reportable segments	9,879,067	36,401,756	46,280,823
Finance costs	7,802,997	28,751,986	36,554,983
Administrative and other operating expenses	3,437,494	12,666,260	16,103,754
Segment result	(1,361,424)	(5,016,490)	(6,377,914)
Other operating income			3,915,761
Loss before taxation			(2,462,153)
Segment assets	253,582,959	479,092,901	732,675,860
Unallocated assets			596,113,005
			1,328,788,865
Segment liabilities	164,983,874	188,428,927	353,412,801
Unallocated liabilities			710,565,428
Equity			264,810,636
			1,328,788,865

17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Group on 6th November 2013.

18. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director





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