

Quarterly Report
for the period ended
30 September
2015



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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

Muhammad Ashraf Ali

Muhammad Sharif Baqir

Company Secretary / Chief Financial Officer

Hamid ur Rehman

EXECUTIVE MANAGEMENT

President & Chief Executive Officer

Shazia Bashir

Head of Proprietary Investments

Hassan Abid Zaidi

Head of MIS

Kamran Chughtai

AUDIT COMMITTEE

Chairman

Tajamul Hussain Bokharee

Members

Bairam Qureishy

Mutahir Ahmed

Secretary

Muhammad Rasheed Alam

Internal Auditors

Nasir Javaid Maqsood Imran

Chartered Accountants

External Auditors

Zahid Jamil & Company

Chartered Accountants

Legal Advisors

Lexium Attorneys at Law

Tax Consultants

KPMG Taseer Hadi & Co.

Chartered Accountants

Share Registrars

Hameed Majeed Associates (Pvt.) Ltd.

Bankers

Bank Alfalah Limited

Askari Bank Limited

NIB Bank Limited

Sind Bank Limited

MCB Bank Limited

NETWORK

Head Office & Lahore Branch

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www.escortsbank.net

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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 2015.

The NBFC sector in Pakistan is continuously facing obstacles in its business activities due to factors such as reluctance of financial institutions/commercial banks to lend borrowings to NBFCs.

During the quarter under review your Company posted a loss after tax of Rs. 16.62 million for the quarter ended September 30, 2015 reflecting EPS of Rs. (0.38) as compared to a loss of Rs. 13.77 million and EPS of Rs. (0.31) corresponding quarter of the previous year. The primary reason for the loss is 54.50% reduction in return on investments. Fee & Commission share of the bank has been decreased by Rs. 3.15 million from 3.77 million to Rs. 0.62 million. Profit on bank deposit has been decreased by Rs. 1.7 million from Rs. 2.06 million to Rs. 0.35 million. The administrative expenses have been almost on the same level. Cost of Certificate of Deposits has been improved by Rs. 2.97 million from Rs. 40.39 million to Rs. 37.41 million.

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, 2015

Condensed Interim Balance Sheet

As at 30 September 2015

	Note	30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	5	101,962,025	103,950,542
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	100,822,630	100,838,285
Long term finances		150,262,551	148,978,824
Long term loans and advances		2,379,287	2,336,442
Long term deposits and prepayments		45,754,950	46,247,634
Deferred tax asset		136,551,606	136,551,607
		746,187,049	747,357,334
Current Assets			
Current maturities of non-current assets		61,697,262	62,721,039
Short term investments	7	167,739,491	171,686,039
Short term finances		289,010,806	322,855,705
Advances		4,153,012	3,926,965
Short term deposits and prepayments		1,219,364	722,238
Interest accrued		23,385,419	23,568,869
Other receivables		135,520,493	83,457,672
Tax refunds due from government		214,873,553	210,186,541
Cash and bank balances		57,882,040	5,489,402
		955,481,440	884,614,470
		1,701,668,489	1,631,971,804
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(2,246,466)	15,640,913
		438,753,534	456,640,913
Surplus on revaluation of fixed assets	8	32,349,552	32,759,040
Non-Current Liabilities			
Long term certificates of deposit		256,368,195	290,116,323
Current Liabilities			
Current maturities of non-current liabilities		425,449,438	408,601,310
Short term borrowings		25,479,792	-
Short term certificates of deposit		449,352,910	382,801,480
Accrued markup		12,796,882	9,291,796
Trade and other payables	9	47,036,932	38,035,512
Provision for taxation		14,081,254	13,725,430
		974,197,208	852,455,528
Contingencies and Commitments	10	-	-
		1,701,668,489	1,631,971,804

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

Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2015 (Un-audited)

	Note	Three month ended	
		30-Sep-15 Rupees	30-Sep-14 Rupees
INCOME			
Profit on financing		27,775,923	27,069,448
Return on investments	11	3,842,816	8,443,401
Fees and Commission		625,760	3,777,632
Profit on bank deposits		350,913	2,066,809
Other income		4,930,870	2,703,008
		37,526,282	44,060,298
EXPENSES			
Return on certificates of deposit		37,412,424	40,390,200
Return on term finance certificates		-	413,364
Mark-up on borrowings from financial institutions		646,801	515,642
Amortization of premium on held to maturity investments		15,654	14,250
Administrative and other operating expenses	12	15,703,659	15,905,198
Other financial charges		18,641	24,208
		53,797,179	57,262,862
Operating loss before taxation		(16,270,897)	(13,202,564)
Taxation		(355,824)	(572,043)
Loss after taxation		(16,626,721)	(13,774,607)
Loss per share-basic and diluted		(0.38)	(0.31)

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

Statement of Comprehensive Income

For the quarter ended 30 September 2015 (Un-audited)

	30-Sep-15 Rupees	30-Sep-14 Rupees
Net loss for the period	(16,626,721)	(13,774,607)
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified to profit and loss		
Incremental depreciation on revalued assets for the period	409,488	461,686
Items that may be subsequently reclassified to profit and loss		
Gain / (deficit) on revaluation of investments-available for sale listed shares	(1,670,145)	(724,605)
	(1,260,657)	(262,919)
Total comprehensive loss for the period	(17,887,378)	(14,037,526)

The annexed notes 1 to 16 form an integral part of these financial statements.

Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2015 (Un-audited)

	30-Sep-15 Rupees	30-Sep-14 Rupees
Cash flow from operating activities		
Loss before taxation	(16,270,897)	(13,202,564)
Adjustment for non cash expenses and other items:		
Dividend income	(39,000)	(66,425)
Depreciation on property and equipment	2,041,116	2,203,315
Amortization on intangible assets	21,401	32,109
Amortization of premium on held to maturity investments	15,654	14,250
Amortization of issuance cost of listed TFCs	-	338,153
Fair value loss on held for trading investment	-	333,695
	2,039,171	2,855,097
	(14,231,726)	(10,347,467)
Decrease/(increase) in operating assets		
Disbursements of finances - net	33,113,060	(48,670,823)
Net investment in lease finance	-	-
Investments - net	2,276,404	31,104,675
Long term and short term advances	(353,384)	(12,506,893)
Interest Accrued	183,450	(4,374,691)
Other receivables	(52,062,821)	40,529,471
Deposits and prepayments	551,939	(105,174)
	(16,291,352)	5,976,565
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	25,479,792	(14,642,535)
Certificates of deposit	49,651,430	83,486,848
Accrued markup	3,505,086	1,222,212
Trade and other payables	9,001,420	(42,745,670)
	87,637,728	27,320,855
Net changes in operating assets and liabilities	71,346,376	33,297,420
Net cash generated from / (used in) operating activities	57,114,650	22,949,953
Taxation - net	(4,687,012)	(1,419,681)
Net cash generated from / (used in) operating activities	52,427,638	21,530,272
Cash flow from investing activities		
Fixed capital expenditure incurred	(74,000)	(63,460)
Capital work in progress	-	-
Dividend received	39,000	66,425
Net cash (used in) / generated from investing activities	(35,000)	2,965
Cash flow from financing activities		
Redemption of listed term finance certificates	-	(24,979,800)
Net cash used in financing activities	-	(24,979,800)
Net decrease in cash and cash equivalents	52,392,638	(3,446,563)
Cash and cash equivalents at the beginning of the period	5,489,402	50,716,737
Cash and cash equivalents at the end of the period	57,882,040	47,270,174

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 quarter ended 30 September 2015 (Un-audited)

	Share capital	Capital Reserves		Revenue Reserves	Total
		Statutory reserve	Deficit on revaluation of investments	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2014	441,000,000	158,496,746	(7,664,952)	(117,595,142)	474,236,652
Net loss for the period	-	-	-	(13,774,607)	(13,774,607)
Other comprehensive income / (loss)					
Incremental depreciation on revalued assets for the period	-	-	-	461,686	461,686
Gain on revaluation of investments - available for sale listed shares	-	-	(724,605)	-	(724,605)
Total comprehensive loss	-	-	(724,605)	(13,312,921)	(14,037,526)
Balance as at September 30, 2014	441,000,000	158,496,746	(8,389,557)	(130,908,063)	460,199,126
Balance as at July 01, 2015	441,000,000	158,496,746	(5,933,149)	(136,922,685)	456,640,912
Net Loss for the period	-	-	-	(16,626,721)	(16,626,721)
Other comprehensive income / (loss)					
Incremental depreciation on revalued assets for the period	-	-	-	409,488	409,488
Gain on revaluation of investments - available for sale listed shares	-	-	(1,670,145)	-	(1,670,145)
Total comprehensive income / (loss)	-	-	(1,670,145)	(16,217,233)	(17,887,378)
Balance as at September 30, 2015	441,000,000	158,496,746	(7,603,294)	(153,139,918)	438,753,534

The annexed notes 1 to 16 form an integral part of these financial statements.

Condensed Interim Notes to the Financial Statements

For the quarter ended 30 September 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 2015.

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, 2015 is Rs. 438.753 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 2015.

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 2015.

		30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
5.	FIXED ASSETS		
	Property and equipments	101,726,521	103,693,637
	Intangible assets	235,504	256,905
		101,962,025	103,950,542
5.1	Property and equipments		
	Opening balance written down value.	103,693,637	110,287,188
	Additions:		
	Computer equipment	74,000	72,960
	Office Equipment	-	135,732
	Vehicle	-	2,374,000
	Less:		
	Disposals:		
	Vehicle	-	-
	Depreciation for the period / year	2,041,116	9,176,243
	Closing written down value	101,726,521	103,693,637
5.1.1	Particulars of vehicles disposed off during the period;		
	Cost	-	1,685,440
	Accumulated depreciation	-	(1,685,440)
	Book value	-	-
6.	LONG TERM INVESTMENTS		
	Held to maturity		
	Pakistan Investment Bonds	100,822,630	100,838,285
		100,822,630	100,838,285

	30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
7. SHORT TERM INVESTMENTS		
Held to maturity		
Treasury Bills	63,232,455	65,861,977
Held for Trading		
Shares/ units		
Others	11,147,704	11,147,704
Investment in Commodities		
Rice	69,888,453	70,882,683
Available for sale		
Listed Shares / units	31,074,173	29,726,824
	175,342,785	177,619,188
Deficit on revaluation	(7,603,294)	(5,933,149)
	167,739,491	171,686,039
8. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	32,759,040	34,483,200
Less: Incremental depreciation for the period / year	(409,488)	(1,724,160)
	32,349,552	32,759,040
9. TRADE AND OTHER PAYABLES		
Customers' credit balances	15,567,602	8,027,600
Accrued expenses and other payables	26,725,560	25,264,142
Provision for compensated absences	2,358,116	2,358,116
Unclaimed dividend	2,385,654	2,385,654
	47,036,932	38,035,512
10. CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
10.2 Commitments		
Outstanding guarantees	52,424,373	11,668,397

	Three months ended	
	30-Sep-15	30-Sep-14
	Rupees	Rupees
	(Un-audited)	(Un-audited)
11. RETURN ON INVESTMENTS		
Mark-up / return on investments	3,960,468	3,783,381
Dividend income	39,000	66,425
Capital gain/(loss) on investments	(156,652)	4,593,595
	3,842,816	8,443,401
12. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	8,399,559	8,034,851
Staff Training and Welfare	52,969	37,889
Advertisement and business promotion	-	76,918
Rent, rates and taxes	1,528,182	700,713
Utilities	371,612	410,396
Communication charges	427,510	574,151
Traveling and vehicle maintenance	876,887	1,346,033
Repair and maintenance	735,725	287,192
Entertainment	252,188	229,668
Fee and subscriptions	361,207	852,654
Legal and professional charges	185,641	280,637
Printing and stationery	164,782	142,990
Fee, brokerage and commission	11,362	6,148
Insurance	229,211	236,111
Amortization of issuance cost of listed TFCs	-	338,153
Depreciation	2,041,116	2,203,311
Amortization on intangible assets	21,408	32,109
Miscellaneous expenses	44,300	115,274
	15,703,659	15,905,198

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:

	30-Sep-15 Rupees (Un-audited)	30-Sep-14 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
Return on assets	3,156,408	3,207,076
Associated companies:		
Return on finances received	186,424	86,896
Profit paid on certificates of deposit	904,394	599,637
Directors:		
Return on finances received	270,436	321,519
Profit paid on certificates of deposit	1,960,898	1,960,898
Executives:		
Return on finances received	17,538	60,855
Profit paid on certificates of deposit	1,734,467	2,798,123
Others:		
Contribution to staff retirement benefits plan	254,312	286,597
	30-Sep-15 Rupees (Un-audited)	30-Jun-15 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	133,291,860	57,764,985
Profit receivable on financing	10,853,521	6,853,521
Markup payable on COD	1,660,274	147,945
Associated companies:		
Financing outstanding	33,879,318	34,339,673
Letter of guarantee outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	34,357,049	34,357,049
Other receivable / (Payable)	29,078,658	29,413,353
Markup payable on COD	113,521	113,521
Directors:		
Financing outstanding	37,698,364	38,437,185
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	1,962,796	-
Markup payable on COD	357,819	357,819
Executives:		
Financing outstanding	4,317,663	4,203,789
Certificates of deposit outstanding	50,000,000	57,000,000
Markup payable on COD	300,548	309,754
Fixed assets sold	-	1,215,000

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.

	Three Months ended 30 September 2015		
	Financing activities	Investing activities	Total
Profit on financing	27,775,923	-	27,775,923
Return on investments	-	3,842,816	3,842,816
Total income for reportable segments	27,775,923	3,842,816	31,618,739
Finance costs	33,463,785	4,629,735	38,093,520
Administrative and other operating expenses	13,795,099	1,908,560	15,703,659
Segment result	(19,482,960)	(2,695,480)	(22,178,440)
Other operating income			5,907,543
Loss before taxation			(16,270,897)
Segment assets	503,125,323	497,320,778	1,000,446,101
Unallocated assets			701,222,388
			1,701,668,489
Segment liabilities	255,073,297	244,489,782	499,563,078
Unallocated liabilities			763,351,877
Equity			438,753,534
			1,701,668,489

	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

15. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 31st October, 2015.

16. GENERAL

16.1 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director



Consolidated Financial Statements - Group

30 September 2015

Director's Report to Un-Audited 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 2015.

The NBFC sector in Pakistan is continuously facing obstacles in its business activities due to factors such as reluctance of financial institutions/commercial banks to lend borrowings to NBFCs.

Despite of the factors mentioned above, your Group posted a profit after tax of Rs. 12.35 million for the quarter ended September 30, 2015 reflecting EPS of Rs. 0.28 as compared to a loss of Rs. 22.30 million and EPS of Rs. (0.51) corresponding quarter of the last year. This profit attributes to increase in brokerage commission and return on investments. Fees and Commission has been increased by Rs. 15.01 million from Rs. 12.93 million to Rs. 27.94 showing an increase of 116.10% as compared to the corresponding quarter of last year. Return on Investments has been increased considerably by Rs. 20.7 million from Rs. 8.44 million to Rs. 29.14 million which is an increase of 245.15%.

Management anticipates that economy will improve gradually which will result in further improvement in equity market activity and hence improved profits of your Group in future. 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, 2015

Condensed Interim Consolidated Balance Sheet

As at 30 September 2015

	Note	30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	6	105,331,435	107,369,269
Cards and rooms		36,441,420	36,441,420
Long term investments	7	149,336,210	149,351,865
Long term finances		50,262,551	48,978,824
Long term loans and advances		2,379,287	2,336,442
Long term deposits and prepayments		2,940,450	2,993,714
Deferred tax asset		136,551,607	136,551,607
		483,242,960	484,023,141
Current Assets			
Current maturities of non-current assets		61,697,262	62,721,039
Short term investments	8	203,039,491	171,686,039
Short term finances		289,010,806	322,855,705
Advances		6,417,598	5,234,905
Short term deposits and prepayments		74,219,364	78,762,238
Interest accrued		13,275,803	17,459,253
Other receivables		86,143,256	152,014,901
Tax refunds due from government		221,583,493	216,869,505
Cash and bank balances		61,381,546	29,359,455
		1,016,768,619	1,056,963,040
		1,500,011,579	1,540,986,181
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(246,957,023)	(258,048,604)
		194,042,977	182,951,396
Surplus on revaluation of fixed assets	9	32,349,552	32,759,040
Non-Current Liabilities			
Long term certificates of deposit		256,368,195	290,116,323
Current Liabilities			
Current maturities of non-current liabilities		425,449,438	408,601,310
Short term borrowings		25,479,792	-
Short term certificates of deposit		399,352,910	332,801,480
Accrued markup		11,136,608	9,143,851
Trade and other payables	10	141,750,853	270,887,351
Provision for taxation		14,081,254	13,725,430
		1,017,250,855	1,035,159,422
Contingencies and Commitments	11	-	-
		1,500,011,579	1,540,986,181

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

Condensed Interim Consolidated Profit and Loss Account

For the quarter ended 30 September 2015 (Un-audited)

	Note	Three month ended	
		30-Sep-15 Rupees	30-Sep-14 Rupees
INCOME			
Profit on financing		20,619,515	19,862,372
Return on investments	12	29,142,816	8,443,401
Fees and Commission		27,944,035	12,931,326
Profit on bank deposits		1,464,503	3,288,261
Other income		4,930,870	3,539,887
		84,101,739	48,065,247
EXPENSES			
Return on certificates of deposit		35,900,095	38,877,871
Return on term finance certificates		-	413,364
Mark-up on borrowings from financial institutions		646,801	515,642
Amortization of premium on held to maturity investments		15,654	14,250
Administrative and other operating expenses	13	33,237,250	28,973,969
Other financial charges		27,905	37,088
		69,827,705	68,832,184
Operating profit / (loss) before taxation		14,274,034	(20,766,937)
Taxation		(1,921,796)	(1,541,675)
Profit / (loss) after taxation		12,352,238	(22,308,612)
Earnings / (loss) per share-basic and diluted		0.28	(0.51)

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

Condensed Interim Consolidated Statement of Comprehensive Income

For the quarter ended 30 September 2015 (Un-audited)

	30-Sep-15 Rupees	30-Sep-14 Rupees
Net profit / (loss) for the period	12,352,238	(22,308,612)
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified to profit and loss		
Incremental depreciation on revalued assets for the period	409,488	461,686
Items that may be subsequently reclassified to profit and loss		
Gain / (deficit) on revaluation of investments-available for sale listed shares	(1,670,145)	(724,605)
	(1,260,657)	(262,919)
Total comprehensive profit / (loss) for the period	11,091,581	(22,571,531)

The annexed notes 1 to 17 form an integral part of these financial statements.

Condensed Interim Consolidated Cash Flow Statement

For the quarter ended 30 September 2015 (Un-audited)

	30-Sep-15 Rupees	30-Sep-14 Rupees
Cash flow from operating activities		
Profit / (loss) before taxation	14,274,034	(20,766,937)
Adjustment for non cash expenses and other items:		
Dividend income	(39,000)	(66,425)
Depreciation on property and equipment	2,084,021	2,350,151
Amortization on intangible assets	27,818	47,780
Amortization of premium on held to maturity investments	15,654	14,250
Amortization of issuance cost of listed TFCs	-	338,153
Fair value loss on held for trading investment	(25,300,000)	333,695
	(23,211,507)	3,017,604
	(8,937,473)	(17,749,333)
Decrease/(increase) in operating assets		
Disbursements of finances - net	33,113,060	(48,670,823)
Investments - net	(7,723,596)	31,104,675
Long term and short term advances	(1,310,030)	(12,482,722)
Interest Accrued	4,183,450	(5,118,586)
Other receivables	65,871,645	5,474,503
Deposits and prepayments	5,152,519	3,989,778
	99,287,048	(25,703,175)
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	25,479,792	(14,642,535)
Certificates of deposit	49,651,430	83,486,848
Accrued markup	1,992,757	2,619,472
Trade and other payables	(129,136,503)	2,386,526
	(52,012,524)	73,850,311
Net changes in operating assets and liabilities	47,274,524	48,147,136
Net cash generated from / (used in) operating activities	38,337,051	30,397,803
Taxation - net	(6,279,960)	(2,722,505)
Net cash generated from / (used in) operating activities	32,057,091	27,675,298
Cash flow from investing activities		
Fixed capital expenditure incurred	(74,000)	(326,541)
Dividend received	39,000	66,425
Net cash (used in) / generated from investing activities	(35,000)	(260,116)
Cash flow from financing activities		
Redemption of listed term finance certificates	-	(24,979,800)
Net cash used in financing activities	-	(24,979,800)
Net decrease in cash and cash equivalents	32,022,091	2,435,382
Cash and cash equivalents at the beginning of the period	29,359,455	53,225,197
Cash and cash equivalents at the end of the period	61,381,546	55,660,579

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 quarter ended 30 September 2015 (Un-audited)

	Share capital	Capital Reserves		Revenue Reserves	Total
		Statutory reserve	Deficit on revaluation of investments	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2014	441,000,000	158,496,746	(7,664,952)	(375,682,789)	216,149,005
Net loss for the period	-	-	-	(22,308,612)	(22,308,612)
Other comprehensive income / (loss)					
Incremental depreciation on revalued assets for the period	-	-	-	461,686	461,686
Gain on revaluation of investments - available for sale listed shares	-	-	(724,605)	-	(724,605)
Total comprehensive loss	-	-	(724,605)	(21,846,926)	(22,571,531)
Balance as at September 30, 2014	441,000,000	158,496,746	(8,389,557)	(397,529,715)	193,577,474
Balance as at July 01, 2015	441,000,000	158,496,746	(5,933,149)	(410,612,201)	182,951,396
Net profit for the period	-	-	-	12,352,238	12,352,238
Other comprehensive income / (loss)					
Incremental depreciation on revalued assets for the period	-	-	-	409,488	409,488
Gain on revaluation of investments - available for sale listed shares	-	-	(1,670,145)	-	(1,670,145)
Total comprehensive income	-	-	(1,670,145)	12,761,726	11,091,581
Balance as at September 30, 2015	441,000,000	158,496,746	(7,603,294)	(397,850,475)	194,042,977

The annexed notes 1 to 17 form an integral part of these financial statements.

Condensed Interim Consolidated Notes to the Financial Statements

For the quarter ended 30 September 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 2015.

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, 2015 is Rs. 438.753 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 consolidated financial statements for the year ended 30 June 2015.

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 2015.

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 2015.

		30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
6. FIXED ASSETS			
Property and equipments	6.1	104,871,674	106,881,695
Intangible assets		459,761	487,574
		105,331,435	107,369,269
6.1 Property and equipments			
Opening balance written down value.		106,881,695	113,685,422
Additions:			
Computer equipment		74,000	356,840
Office Equipment		-	289,032
Vehicle		-	2,374,000
Less:			
Disposals:			
Vehicle	6.1.1	-	-
Depreciation for the period / year		2,084,021	9,823,599
Closing written down value		104,871,674	106,881,695
6.1.1 Particulars of vehicle disposed off during the period;			
Cost		-	1,685,440
Accumulated depreciatoin		-	(1,685,440)
Book value		-	-
7. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds		100,822,630	100,838,285
Available for sale - at cost			
Investment in unquoted Companies	7.1	48,513,580	48,513,580
		149,336,210	149,351,865

	30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
7.1 Investment in Unquoted Companies		
Karachi Stock Exchange Limited (KSE)	40,073,830	40,073,830
Lahore Stock Exchange Limited (LSE)	8,439,750	8,439,750
	48,513,580	48,513,580
8. SHORT TERM INVESTMENTS		
Held to maturity		
Treasury Bills	63,232,455	65,861,977
Held for Trading		
Shares/ units		
Others	11,147,704	11,147,704
Investment in Commodities		
Rice	69,888,453	70,882,683
Available for sale		
Listed Shares / units	41,074,173	29,726,824
	185,342,785	177,619,188
Deficit on revaluation	17,696,706	(5,933,149)
	203,039,491	171,686,039
9. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	32,759,040	34,483,200
Less: Incremental depreciation for the period / year	(409,488)	(1,724,160)
	32,349,552	32,759,040
10. TRADE AND OTHER PAYABLES		
Customers' credit balances	99,834,245	232,030,400
Accrued expenses and other payables	37,172,838	34,113,181
Provision for compensated absences	2,358,116	2,358,116
Unclaimed dividend	2,385,654	2,385,654
	141,750,853	270,887,351
11. CONTINGENCIES AND COMMITMENTS		
11.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
11.2 Commitments		
Outstanding guarantees	52,424,373	11,668,397

	Three months ended	
	30-Sep-15 Rupees (Un-audited)	30-Sep-14 Rupees (Un-audited)
12. RETURN ON INVESTMENTS		
Mark-up / return on investments	3,960,468	3,783,381
Dividend income	39,000	66,425
Capital gain/(loss) on investments	25,143,348	4,593,595
	29,142,816	8,443,401
13. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	11,036,795	12,640,640
Commission paid to traders	11,007,692	4,744,963
Staff Training and Welfare	52,969	37,889
Advertisement and business promotion	-	76,918
Rent, rates and taxes	1,702,170	1,360,213
Utilities	609,810	587,949
Communication charges	1,143,955	1,165,241
Traveling and vehicle maintenance	957,648	1,473,902
Repair and maintenance	960,305	424,892
Entertainment	331,389	252,579
Fee and subscriptions	509,282	992,179
Legal and professional charges	332,641	431,887
Printing and stationery	216,177	194,770
Fee, brokerage and commission	11,362	6,148
CDC and clearing charges	1,962,305	1,485,325
Insurance	229,211	236,111
Amortization of issuance cost of listed TFCs	-	338,153
Depreciation	2,084,021	2,350,151
Amortization on intangible assets	27,815	47,777
Miscellaneous expenses	61,703	126,282
	33,237,250	28,973,969

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-15 Rupees (Un-audited)	30-Sep-14 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	186,424	86,896
Profit paid on certificates of deposit	904,394	599,637
Directors:		
Return on finances received	270,436	321,519
Profit paid on certificates of deposit	1,960,898	1,960,898
Executives:		
Return on finances received	17,538	60,855
Profit paid on certificates of deposit	1,734,467	2,798,123
Others:		
Contribution to staff retirement benefits plan	363,893	619,794
	30-Sep-15 Rupees (Un-audited)	30-Jun-15 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Financing outstanding	33,879,318	34,339,673
Letter of guarantee outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	34,357,049	34,357,049
Other receivable / (Payable)	29,078,658	29,413,353
Markup payable on COD	113,521	113,521
Directors:		
Financing outstanding	37,698,364	38,437,185
Certificates of deposit outstanding	60,692,600	60,692,600
Other receivable	1,962,796	-
Markup payable on COD	357,819	357,819
Executives:		
Financing outstanding	4,317,663	4,203,789
Certificates of deposit outstanding	50,000,000	57,000,000
Markup payable on COD	300,548	309,754
Fixed assets sold	-	1,215,000

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.

	Three Months ended 30 September 2015		
	Financing activities	Investing activities	Total
Profit on financing	20,619,515	-	20,619,515
Return on investments	-	29,142,816	29,142,816
Total income for reportable segments	20,619,515	29,142,816	49,762,331
Finance costs	15,161,618	21,428,837	36,590,455
Administrative and other operating expenses	13,772,184	19,465,066	33,237,250
Segment result	(8,314,287)	(11,751,087)	(20,065,374)
Other operating income			34,339,408
Profit before taxation			14,274,034
Segment assets	403,125,323	399,012,162	802,137,485
Unallocated assets			697,874,094
			1,500,011,579
Segment liabilities	128,859,843	125,992,679	254,852,521
Unallocated liabilities			1,051,116,081
Equity			194,042,977
			1,500,011,579

	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

16. DATE OF AUTHORIZATION FOR ISSUE

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