



ESCORTS INVESTMENT BANK LIMITED

Quarterly Report
for the period ended
30 September
2016



WAY TO SUCCESS

Contents

Corporate Information.....	02
Directors' Report.....	03
Condensed Interim Balance Sheet	04
Condensed Interim Profit and Loss Account	05
Condensed Interim Statement of Comprehensive Income	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Notes to the Condensed Interim Financial Statements	09
Condensed Interim Consolidated Financial Statements	17
Condensed Interim Consolidated Directors' Report.....	19
Condensed Interim Consolidated Balance Sheet	20
Condensed Interim Consolidated Profit and Loss Account	21
Condensed Interim Consolidated Statement of Comprehensive Income	22
Condensed Interim Consolidated Cash Flow Statement	23
Condensed Interim Consolidated Statement of Changes in Equity	24
Notes to the Condensed Interim Consolidated Financial Statements	25

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

Company Secretary / Chief Financial Officer

Muhammad Irfan

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 Mukarram

Internal Auditors

Nasir Javaid Maqsood Imran & Co.

Chartered Accountants

External Auditors

Tariq Abdul Ghani Maqbool & Co.

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

MCB Bank Limited

NIB Bank Limited

Sind Bank Limited

NETWORK

Head Office & Lahore Branch

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26-Davis Road, Lahore

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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 of the period ended 30 September 2016.

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.

Your company posted as loss after tax of Rs. 26 million for the three months ended 30 September 2016 reflecting EPS of Rs. (0.59) as compared to a loss of Rs. 16.626 million and EPS of Rs. (0.38) corresponding period of last year. The primary reason for loss is 84.74% reduction in return on financing and the reduction of 42.36% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also reduce from 7.15% as compared to the corresponding period of last year. Brokerage commission also significantly decreased from Rs. 0.625 million to Rs. 0.176 million showing a total decrease of 71.80% as compared to the corresponding period of the last year.

Going forward, the management has planned to focus on the high yield products like Bill Discounting, Micro Finance, Islamic mode of Financing, as allowed under new NBFC regime and increase the portfolio of Margin Financing as the activity in equity market is improving day by day. Management is also emphasizing on non-funded products and aspires to attract business in this regard in near future.

Regarding the shortage in minimum equity requirement. The management of your company has given its view in note no. 2.02 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: October 31, 2016

Condensed Interim Balance Sheet

As at 30 September 2016

	Note	30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	5	90,897,469	96,044,847
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	100,758,469	100,775,669
Long term finances		71,611,873	120,489,485
Long term loans and advances		733,439	1,061,523
Long term deposits and prepayments		45,754,950	45,754,950
Deferred tax asset		136,551,607	136,551,607
		654,761,806	709,132,081
Current Assets			
Current maturities of non-current assets		49,121,512	50,448,299
Short term investments	7	103,802,632	119,711,752
Short term finances		19,171,878	24,659,107
Advances		3,462,503	3,662,219
Short term deposits and prepayments		266,713	650,695
Interest accrued		23,830,805	19,571,208
Other receivables		153,430,358	154,496,053
Tax refunds due from government		176,433,063	176,288,611
Cash and bank balances		7,976,242	4,010,051
		537,495,707	553,497,995
		1,192,257,513	1,262,630,076
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(115,013,927)	(89,402,310)
		325,986,073	351,597,690
Surplus on revaluation of fixed assets	8	30,732,075	31,121,088
Non-Current Liabilities			
Long term certificates of deposit		234,947,556	280,535,817
Current Liabilities			
Current maturities of non-current liabilities		214,495,789	240,671,522
Short term borrowings		115,000,000	100,000,000
Short term certificates of deposit		189,166,698	179,391,224
Accrued markup		12,191,198	12,903,683
Trade and other payables	9	57,753,018	54,452,469
Provision for taxation		11,985,106	11,956,583
		600,591,809	599,375,481
Contingencies and Commitments	10	-	-
		1,192,257,513	1,262,630,076

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 2016 (Un-audited)

	Note	Three month ended	
		30-Sep-16 Rupees	30-Sep-15 Rupees
INCOME			
Profit on financing		5,348,409	27,775,923
Return on investments	11	3,223,665	3,842,816
Fees and Commission		176,494	625,760
Profit on bank deposits		112,149	350,913
Other income		505,774	4,930,870
		9,366,491	37,526,282
EXPENSES			
Return on certificates of deposit		21,564,966	37,412,424
Mark-up on borrowings from financial institutions		2,380,044	646,801
Amortization of premium on held to maturity investments		17,199	15,654
Administrative and other operating expenses	12	11,368,708	15,703,659
Other financial charges		7,681	18,641
		35,338,598	53,797,179
Operating loss before taxation		(25,972,107)	(16,270,897)
Taxation		(28,523)	(355,824)
Loss after taxation		(26,000,630)	(16,626,721)
Loss per share-basic and diluted		(0.59)	(0.38)

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 2016 (Un-audited)

	30-Sep-16 Rupees	30-Sep-15 Rupees
Net loss for the period	(26,000,630)	(16,626,721)
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified to profit and loss		
Incremental depreciation on revalued assets for the period	389,013	409,488
Items that may be subsequently reclassified to profit and loss		
Gain / (deficit) on revaluation of investments-available for sale listed shares	-	(1,670,145)
	389,013	(1,260,657)
Total comprehensive loss for the period	(25,611,617)	(17,887,378)

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 2016 (Un-audited)

	30-Sep-16 Rupees	30-Sep-15 Rupees
Cash flow from operating activities		
Loss before taxation	(25,972,107)	(16,270,897)
Adjustment for non cash expenses and other items:		
Dividend income	-	(39,000)
Depreciation on property and equipment	1,760,673	2,041,116
Amortization on intangible assets	14,272	21,401
Amortization of premium on held to maturity investments	17,199	15,654
	1,792,144	2,039,171
	(24,179,963)	(14,231,726)
Decrease/(increase) in operating assets		
Disbursements of finances - net	55,087,030	33,113,060
Investments - net	17,586,040	2,276,404
Long term and short term advances	979,310	(353,384)
Interest Accrued	(4,259,597)	183,450
Other receivables	938,165	(52,062,821)
Deposits and prepayments	537,246	551,939
	70,868,194	(16,291,352)
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	15,000,000	25,479,792
Certificates of deposit	(61,988,522)	49,651,430
Accrued markup	(712,485)	3,505,086
Trade and other payables	1,750,987	9,001,420
	(45,950,020)	87,637,728
Net changes in operating assets and liabilities	24,918,174	71,346,376
Net cash generated from / (used in) operating activities	738,211	57,114,650
Taxation - net	(144,453)	(4,687,012)
Net cash generated from / (used in) operating activities	593,758	52,427,638
Cash flow from investing activities		
Fixed capital expenditure incurred	3,372,433	(74,000)
Dividend received	-	39,000
Net cash (used in) / generated from investing activities	3,372,433	(35,000)
Cash flow from financing activities	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	3,966,191	52,392,638
Cash and cash equivalents at the beginning of the period	4,010,051	5,489,402
Cash and cash equivalents at the end of the period	7,976,242	57,882,040

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 2016 (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, 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 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
Balance as at July 01, 2016	441,000,000	158,496,746	176	(247,899,232)	351,597,690
Net Loss for the period	-	-	-	(26,000,630)	(26,000,630)
Other comprehensive income / (loss)					
Incremental depreciation on revalued assets for the period	-	-	-	389,013	389,013
Gain on revaluation of investments - available for sale listed shares	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	(25,611,617)	(25,611,617)
Balance as at September 30, 2016	441,000,000	158,496,746	176	(273,510,849)	325,986,073

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 2016 (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 16 March 2016. 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 2016.

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, 2016 is Rs. 325.986 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 2016.

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 2016.

		30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
5.	FIXED ASSETS		
	Property and equipments	90,740,462	95,873,568
	Intangible assets	157,007	171,279
		90,897,469	96,044,847
5.1	Property and equipments		
	Opening balance written down value.	95,873,568	103,693,637
	Additions:		
	Leasehold improvements		
	Office Furniture & fixture		
	Computer equipment	-	405,136
	Office Equipment	-	-
	Vehicle	-	-
	Less:		
	Disposals:		
	Vehicle	(3,372,433)	-
	Depreciation for the period / year	1,760,673	8,225,205
	Closing written down value	90,740,462	95,873,568
5.1.1	Particulars of vehicles disposed off during the period;		
	Cost	20,887,882	-
	Accumulated depreciatoin	(17,515,449)	-
	Book value	3,372,433	-
6.	LONG TERM INVESTMENTS		
	Held to maturity		
	Pakistan Investment Bonds	100,758,469	100,775,669
		100,758,469	100,775,669

	30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
7. SHORT TERM INVESTMENTS		
Held to maturity		
Treasury Bills	94,331,566	94,331,566
Held for Trading		
Shares/ units		
Listed	-	15,830,632
Others	9,470,609	9,470,609
Available for sale		
Listed Shares / units	281	281
	103,802,456	119,633,088
Deficit on revaluation	176	78,664
	103,802,632	119,711,752
8. DEFICIT ON REVALUATION OF FIXED ASSETS		
Opening balance	31,121,088	32,759,040
Less: Incremental depreciation for the period / year	(389,013)	(1,637,952)
	30,732,075	31,121,088
9. TRADE AND OTHER PAYABLES		
Customers' credit balances	17,897,842	17,137,715
Accrued expenses and other payables	36,121,952	33,581,530
Provision for compensated absences	1,347,570	1,347,570
Unclaimed dividend	2,385,654	2,385,654
	57,753,018	54,452,469
10. CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
10.2 Commitments		
Outstanding guarantees	71,823,484	71,823,484

		Three months ended	
		30-Sep-16	30-Sep-15
		Rupees	Rupees
		(Un-audited)	(Un-audited)
11.	RETURN ON INVESTMENTS		
	Mark-up / return on investments	3,892,465	3,960,468
	Dividend income	-	39,000
	Capital gain/(loss) on investments	(668,800)	(156,652)
		3,223,665	3,842,816
12.	ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
	Salaries, wages, other benefits and allowances	6,152,128	8,399,559
	Staff Training and Welfare	26,500	52,969
	Rent, rates and taxes	481,772	1,528,182
	Utilities	634,288	371,612
	Communication charges	302,242	427,510
	Traveling and vehicle maintenance	712,137	876,887
	Repair and maintenance	413,474	735,725
	Entertainment	172,972	252,188
	Fee and subscriptions	401,450	361,207
	Legal and professional charges	36,770	185,641
	Printing and stationery	82,582	164,782
	Fee, brokerage and commission	18,864	11,362
	Insurance	158,585	229,211
	Depreciation	1,760,673	2,041,116
	Amortization on intangible assets	14,271	21,408
	Miscellaneous expenses	-	44,300
		11,368,708	15,703,659

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-16 Rupees (Un-audited)	30-Sep-15 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	1,413,699	-
Return on assets	-	3,156,408
Associated companies:		
Return on finances received	48,448	186,424
Profit paid on certificates of deposit	904,394	904,394
Directors:		
Return on finances received	-	270,436
Profit paid on certificates of deposit	517,443	1,960,898
Fixed assets sold	3,372,433	-
Executives:		
Return on finances received	20,812	17,538
Profit paid on certificates of deposit	979,999	1,734,467
Others:		
Contribution to staff retirement benefits plan	211,689	254,312
	30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
Balance at the end of the period		
Subsidiary Company:		
Certificates of deposit outstanding	-	50,000,000
Financing outstanding	50,000,000	100,000,000
Receivable/ (Payable) to subsidiary company	113,562,679	113,024,956
Profit receivable on financing	26,853,521	22,853,521
Markup payable on COD	-	378,082
Associated companies:		
Financing outstanding	12,188,017	12,480,743
Letter of guarantee outstanding	8,336,373	8,336,373
Certificates of deposit outstanding	34,357,049	34,357,049
Other receivable / (Payable)	26,025,935	26,017,604
Markup payable on COD	221,924	221,924
Directors:		
Financing outstanding	-	635,154
Certificates of deposit outstanding	16,913,371	23,305,702
Other receivable	16,748	-
Markup payable on COD	219,484	101,608
Executives:		
Financing outstanding	1,997,503	2,066,165
Certificates of deposit outstanding	50,000,000	51,500,000
Markup payable on COD	971,507	300,548

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 2016		
	Financing activities	Investing activities	Total
Profit on financing	5,348,409	-	5,348,409
Return on investments	-	3,223,665	3,223,665
Total income for reportable segments	5,348,409	3,223,665	8,572,074
Finance costs	14,955,631	9,014,259	23,969,890
Administrative and other operating expenses	7,093,324	4,275,384	11,368,708
Segment result	(16,700,546)	(10,065,978)	(26,766,524)
Other operating income			794,417
Loss before taxation			(25,972,107)
Segment assets	142,633,785	433,905,990	576,539,775
Unallocated assets			615,717,738
			1,192,257,513
Segment liabilities	119,319,648	354,639,202	473,958,848
Unallocated liabilities			392,312,592
Equity			325,986,073
			1,192,257,513

	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

15. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 31st October, 2016.

16. GENERAL

16.1 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director



Consolidated Financial Statements - Group

30 September 2016

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 of the period ended 30 September 2016.

Your Group posted as loss after tax of Rs. 30.94 million for the three months ended 30 September 2016 reflecting EPS of Rs. (0.70) as compared to a profit of Rs. 12.352 million and EPS of Rs. 0.28 corresponding period of last year. The primary reason for loss is 93.46% decrease in return on financing and the reduction of 42.82% in cost of Certificate of Investment (COIs) due to decrease in deposits. The administrative expenses also reduce of 8.99% as compared to the corresponding period of last year. Fee & commission also decreased from Rs. 27.944 million to Rs. 0.372 million showing a total decrease of 98.67% as compared to the corresponding period of the last year.

Going forward, the management has planned to focus on the high yield products like Bill Discounting, Micro Finance, Islamic mode of Financing, as allowed under new NBFC regime and increase the portfolio of Margin Financing as the activity in equity market is improving day by day and it will also improve the brokerage revenues of the Subsidiary Company. Management is also emphasizing on non-funded products and aspires to attract business in this regard in near future.

For and on behalf of the Board

Shazia Bashir

President and Chief Executive Officer

Lahore: October 31, 2016

Condensed Interim Consolidated Balance Sheet

As at 30 September 2016

	Note	30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	6	93,684,996	98,951,599
Cards and rooms		36,441,420	36,441,420
Long term investments	7	149,272,049	149,289,249
Long term finances		21,611,873	20,489,485
Long term loans and advances		733,439	1,061,523
Long term deposits and prepayments		4,133,609	4,133,609
Deferred tax asset		136,551,607	136,551,607
		442,428,993	446,918,492
Current Assets			
Current maturities of non-current assets		49,121,512	50,448,299
Short term investments	8	103,802,632	119,711,752
Short term finances		19,171,878	24,659,107
Advances		4,858,805	5,043,259
Short term deposits and prepayments		2,406,713	7,786,695
Interest accrued		23,830,805	19,571,208
Other receivables		91,734,947	96,729,274
Tax refunds due from government		183,608,645	186,226,341
Cash and bank balances		15,297,445	8,232,696
		493,833,382	518,408,631
		936,262,375	965,327,123
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(408,798,396)	(378,246,524)
		32,201,604	62,753,476
Surplus on revaluation of fixed assets	9	30,732,075	31,121,088
Non-Current Liabilities			
Long term certificates of deposit		234,947,556	280,535,817
Current Liabilities			
Current maturities of non-current liabilities		214,495,789	240,671,522
Short term borrowings		115,000,000	100,000,000
Short term certificates of deposit		189,166,698	129,391,226
Accrued markup		39,044,792	35,379,122
Trade and other payables	10	68,688,755	70,137,527
Provision for taxation		11,985,106	15,337,345
		638,381,139	590,916,742
Contingencies and Commitments	11	-	-
		936,262,375	965,327,123

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 2016 (Un-audited)

	Note	Three month ended	
		30-Sep-16 Rupees	30-Sep-15 Rupees
INCOME			
Profit on financing		1,348,409	20,619,515
Return on investments	12	3,223,665	29,142,816
Fees and Commission		371,682	27,944,035
Profit on bank deposits		236,283	1,464,503
Other income		505,774	4,930,870
		5,685,813	84,101,739
EXPENSES			
Return on certificates of deposit		20,529,369	35,900,095
Mark-up on borrowings from financial institutions		2,380,044	646,801
Amortization of premium on held to maturity investments		17,199	15,654
Administrative and other operating expenses	13	13,633,791	33,237,250
Other financial charges		17,419	27,905
		36,577,822	69,827,705
Operating loss before taxation		(30,892,009)	14,274,034
Taxation		(48,876)	(1,921,796)
Loss after taxation		(30,940,885)	12,352,238
Loss per share-basic and diluted		(0.70)	0.28

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

Consolidated Statement of Comprehensive Income

For the quarter ended 30 September 2016 (Un-audited)

	30-Sep-16 Rupees	30-Sep-15 Rupees
Net loss for the period	(30,940,885)	12,352,238
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified to profit and loss		
Incremental depreciation on revalued assets for the period	389,013	409,488
Items that may be subsequently reclassified to profit and loss		
Gain / (deficit) on revaluation of investments-available for sale listed shares	-	(1,670,145)
	389,013	(1,260,657)
Total comprehensive loss for the period	(30,551,872)	11,091,581

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 2016 (Un-audited)

	30-Sep-16 Rupees	30-Sep-15 Rupees
Cash flow from operating activities		
Loss before taxation	(30,892,009)	14,274,034
Adjustment for non cash expenses and other items:		
Dividend income	-	(39,000)
Depreciation on property and equipment	1,861,885	2,084,021
Amortization on intangible assets	32,285	27,818
Amortization of premium on held to maturity investments	17,199	15,654
Fair value loss on held for trading investment	-	(25,300,000)
	1,911,369	(23,211,507)
	(28,980,640)	(8,937,473)
Decrease/(increase) in operating assets		
Disbursements of finances - net	5,087,030	33,113,060
Investments - net	15,909,121	(7,723,596)
Long term and short term advances	963,872	(1,310,030)
Interest Accrued	(27,113,118)	4,183,450
Other receivables	4,994,328	65,871,645
Deposits and prepayments	5,533,246	5,152,519
	5,374,479	99,287,048
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	15,000,000	25,479,792
Certificates of deposit	(11,988,522)	49,651,430
Accrued markup	26,519,191	1,992,757
Trade and other payables	(1,448,772)	(129,136,503)
	28,081,898	(52,012,524)
Net changes in operating assets and liabilities	33,456,377	47,274,524
Net cash generated from / (used in) operating activities	4,475,737	38,337,051
Taxation - net	(783,421)	(6,279,960)
Net cash generated from / (used in) operating activities	3,692,316	32,057,091
Cash flow from investing activities		
Fixed capital expenditure incurred	3,372,433	(74,000)
Dividend received	-	39,000
Net cash (used in) / generated from investing activities	3,372,433	(35,000)
Cash flow from financing activities	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	7,064,749	32,022,091
Cash and cash equivalents at the beginning of the period	8,232,696	29,359,455
Cash and cash equivalents at the end of the period	15,297,445	61,381,546

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 2016 (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, 2015	441,000,000	158,496,746	(5,933,149)	(410,612,201)	182,951,396
Net loss 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 loss	-	-	(1,670,145)	12,761,726	11,091,581
Balance as at September 30, 2015	441,000,000	158,496,746	(8,389,557)	(397,850,475)	194,042,977
Balance as at July 01, 2016	441,000,000	158,496,746	176	(536,743,446)	62,753,476
Net Loss for the period	-	-	-	(30,940,885)	(30,940,885)
Other comprehensive income / (loss)					
Incremental depreciation on revalued assets for the period	-	-	-	389,013	389,013
Gain on revaluation of investments - available for sale listed shares	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	(30,551,872)	(30,551,872)
Balance as at September 30, 2016	441,000,000	158,496,746	176	(567,295,318)	32,201,604

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 2016 (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 2016.

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, 2016 is Rs. 32.202 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 2016.

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 2016.

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 2016.

		30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
6.	FIXED ASSETS		
	Property and equipments	93,329,814	98,564,132
	Intangible assets	355,182	387,467
		93,684,996	98,951,599
6.1	Property and equipments		
	Opening balance written down value.	98,564,132	106,881,695
	Additions:		
	Leasehold improvements		
	Office Furniture & fixture		
	Computer equipment	-	419,136
	Office Equipment	-	3,000
	Vehicle	-	-
	Less:		
	Disposals:		
	Vehicle	(3,372,433)	-
	Depreciation for the period / year	1,861,885	8,739,699
	Closing written down value	93,329,814	98,564,132
6.1.1	Particulars of vehicles disposed off during the period;		
	Cost	20,887,882	-
	Accumulated depreciatoin	(17,515,449)	-
	Book value	3,372,433	-
7.	LONG TERM INVESTMENTS		
	Held to maturity		
	Pakistan Investment Bonds	100,758,469	100,775,669
	Available for sale - at cost		
	Investment in unquoted Companies	48,513,580	48,513,580
		149,272,049	149,289,249

	30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
8. SHORT TERM INVESTMENTS		
Held to maturity		
Treasury Bills	94,331,566	94,331,566
Held for Trading		
Shares/ units		
Listed	-	15,830,632
Others	9,470,609	9,470,609
Available for sale		
Listed Shares / units	281	281
	103,802,456	119,633,088
Deficit on revaluation	176	78,664
	103,802,632	119,711,752
9. DEFICIT ON REVALUATION OF FIXED ASSETS		
Opening balance	31,121,088	32,759,040
Less: Incremental depreciation for the period / year	(389,013)	(1,637,952)
	30,732,075	31,121,088
10. TRADE AND OTHER PAYABLES		
Customers' credit balances	23,690,198	24,766,781
Accrued expenses and other payables	41,265,332	41,637,522
Provision for compensated absences	1,347,570	1,347,570
Unclaimed dividend	2,385,654	2,385,654
	68,688,754	70,137,527
11. CONTINGENCIES AND COMMITMENTS		
11.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
11.2 Commitments		
Outstanding guarantees	71,823,484	71,823,484

	Three months ended	
	30-Sep-16 Rupees (Un-audited)	30-Sep-15 Rupees (Un-audited)
12. RETURN ON INVESTMENTS		
Mark-up / return on investments	3,892,465	3,960,468
Dividend income	-	39,000
Capital gain/(loss) on investments	(668,800)	25,143,348
	3,223,665	29,142,816
13. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	7,114,515	11,036,795
Commission paid to traders	(514,135)	11,007,692
Staff Training and Welfare	26,500	52,969
Rent, rates and taxes	519,472	1,702,170
Utilities	989,011	609,810
Communication charges	921,080	1,143,955
Traveling and vehicle maintenance	758,473	957,648
Repair and maintenance	629,909	960,305
Entertainment	194,696	331,389
Fee and subscriptions	453,250	509,282
Legal and professional charges	119,570	332,641
Printing and stationery	97,627	216,177
Fee, brokerage and commission	18,864	11,362
CDC and clearing charges	195,346	1,962,305
Insurance	158,585	229,211
Depreciation	1,861,885	2,084,021
Amortization on intangible assets	32,285	27,815
Miscellaneous expenses	56,858	61,703
	13,633,791	33,237,250

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-16 Rupees (Un-audited)	30-Sep-15 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	186,424	186,424
Profit paid on certificates of deposit	904,394	904,394
Directors:		
Return on finances received	270,436	270,436
Profit paid on certificates of deposit	1,960,898	1,960,898
Fixed assets sold	3,372,433	-
Executives:		
Return on finances received	17,538	17,538
Profit paid on certificates of deposit	1,734,467	1,734,467
Others:		
Contribution to staff retirement benefits plan	254,312	254,312
	30-Sep-16 Rupees (Un-audited)	30-Jun-16 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Financing outstanding	33,879,318	12,480,743
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	26,017,604
Markup payable on COD	113,521	221,924
Directors:		
Financing outstanding	37,698,364	635,154
Certificates of deposit outstanding	60,692,600	23,305,702
Other receivable	1,962,796	-
Markup payable on COD	357,819	101,668
Executives:		
Financing outstanding	4,317,663	2,066,165
Certificates of deposit outstanding	50,000,000	51,500,000
Markup payable on COD	300,548	300,548

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 2016		
	Financing activities	Investing activities	Total
Profit on financing	1,348,409	-	1,348,409
Return on investments	-	3,223,665	3,223,665
Total income for reportable segments	1,348,409	3,223,665	4,572,074
Finance costs	6,766,719	16,177,312	22,944,031
Administrative and other operating expenses	4,020,916	9,612,875	13,633,791
Segment result	(9,439,226)	(22,566,522)	(32,005,748)
Other operating income			1,113,739
Loss before taxation			(30,892,009)
Segment assets	92,633,785	310,406,990	403,040,775
Unallocated assets			533,221,600
			936,262,375
Segment liabilities	42,349,761	137,824,619	180,174,379
unallocated liabilities			723,886,391
Equity			32,201,604
			936,262,375

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

16 . DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 31st October, 2016.

17. GENERAL

17.1 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director





ESCORTS INVESTMENT BANK LIMITED

Escorts House, 26-Davis Road, Lahore

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منتظمین کی رپورٹ

بینک کے منتظمین انتہائی مسرت سے ۳۰ ستمبر ۲۰۱۶ء کو اختتام پذیر ہونے والی مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

نان بینکنگ مالیاتی اداروں کو اپنی کاروباری سرگرمیاں جاری رکھنے کے لیے بعض مشکلات درپیش ہیں جن میں سر فہرست کمرشل بینکوں کی ان اداروں کو قرضہ جات کی فراہمی میں ہچکچاہٹ ہے۔

آپ کی کمپنی کا پہلی سہ ماہی کے اختتام مورخہ ۳۰ ستمبر ۲۰۱۶ء پر بعد از ٹیکس نقصان ۲۶ ملین روپے ہے اور آمدن فی حصہ (۰.۵۹) روپے ہے۔ جبکہ پچھلے سال اسی تقابلی مدت کے دوران نقصان ۱۶.۶۲۶ ملین روپے تھا اور آمدن فی حصہ (۰.۳۸) روپے تھی۔ نقصان کی بنیادی وجہ فنانشنگ پر آمدن میں ۸۴.۷۴ فی صد کمی ہے۔ انتظامی اخراجات پچھلے سال کی تقابلی مدت کے مقابلے میں ۷.۱۵ فی صد کم رہے۔ حصص کی تجارت پر کمیشن اس سہ ماہی میں ۰.۱۷۶ ملین روپے رہی جو کہ پچھلے سال کی تقابلی مدت کے دوران ۰.۳۲۵ ملین روپے تھی۔ اس طرح یہ کمیشن ۷۱.۸۰ فی صد کم رہی۔

آئندہ کے لیے انتظامیہ نے منصوبہ بندی کی ہے کہ بلند شرح منافع والی مصنوعات جیسے کہ بل ڈسکاونٹنگ، مائیکرو فنانش اور اسلامی فنانشنگ پر ساری توجہ مرکوز کی جائے جن کی اجازت نئے این بی ایف سی قوانین میں دے دی گئی ہے۔ اسی طرح مارجن فنانشنگ کو بڑھایا جائے کیونکہ بازار حصص میں سرگرمی دن بہ دن بہتر ہو رہی ہے۔ انتظامیہ نان فنڈڈ مصنوعات پر بھی زور دے رہی ہے اور امید ہے کہ اس شعبے میں گرانقدر کاروبار ہو گا۔

کم از کم سرمایہ کی حد کے بارے میں انتظامیہ نے اپنا نقطہ نظر مالیاتی گوشواروں کے نوٹ نمبر ۲.۰۲ میں پیش کر دیا ہے۔

بورڈ اس حقیقت کا اندراج کرنا چاہتا ہے کہ وہ ایس ای سی پی کی مسلسل اور قابلِ قدر حمایت، معاونت اور رہنمائی کے لیے اس کا مشکور ہے۔ اس موقع سے مزید استفادہ کرتے ہوئے بورڈ کمپنی کے ملازمین کے ذمہ دارانہ رویے اور انتھک محنت کی تحسین کرتا ہے اور ان کی سعیِ مسلسل کی قدر افزائی کرتا ہے۔

منجانب مجلس منتظمین

شازیہ بشیر

صدر اور چیف ایگزیکٹو آفیسر

لاہور: ۳۱ اکتوبر ۲۰۱۶