



Connecting Customers
to Opportunities

Quarterly Report
for the period ended 30 September 2017

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 Information	09
Condensed Interim Consolidated Financial Information	15
Condensed Interim Consolidated Directors' Report.....	17
Condensed Interim Consolidated Balance Sheet	18
Condensed Interim Consolidated Profit and Loss Account	19
Condensed Interim Consolidated Statement of Comprehensive Income	20
Condensed Interim Consolidated Cash Flow Statement	21
Condensed Interim Consolidated Statement of Changes in Equity	22
Notes to the Condensed Interim Consolidated Financial Information	23

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

Aleem Ahmed Khan

Qaim Mehdi

Company Secretary / Chief Financial Officer

Muhammad Mukarram

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

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

NIB Bank Limited

Sind Bank Limited

MCB Bank Limited

NETWORK

Head Office & Lahore Branch

Escorts House

26-Davis Road, Lahore

Tel: (042) 3637 1931-34

Fax: (042) 3637 5950

mailmanager@escortsbank.net

www.escortsbank.net

Branch Offices

Karachi Office

Escorts Investment Bank Limited

Room # 631, 632, Stock Exchange Building,

Stock Exchange Road, Karachi

Tel: (021) 3247 1671-5

Fax: (021) 3247 237

karachi@escortsbank.net

www.escortsbank.net

Islamabad Office

Escorts Investment Bank Limited

Shalimar – 5/1, Attaturk Ave, Islamabad

Tel: (051) 227 1762

Fax: (051) 227 1764

islamabad@escortsbank.net

www.escortsbank.net

Directors' Report

The Board of Directors of Escorts Investment Bank Limited ("the Company") is pleased to present before you the un-audited financial information for the period ended 30 September 2017.

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. 25.10 million for the three months ended 30 September 2017 reflecting loss per share of Rs. 0.57 as compared to a loss after tax of Rs. 25.97 million and loss per share of Rs. 0.59 corresponding period of last year. The primary reason for loss is 43.92% reduction in return on financing and 40.33% reduction in return on investment while reduction in cost of Certificate of Deposits (CODs) due to decrease in deposits was 28.80% as compared to corresponding period of the last year. The administrative expenses increased by 38.5% due to fee and subscription as compared to the corresponding period of last year.

Owing to the distress subdued economic situation prevailing in the country and world over, the sponsors have entered into the shares purchase agreement with Bahria Town (Private) Limited to take the challenge to turn around the bank by exploring the new venues. In this regard, the Bahria Town (Private) Limited has a plan to develop and diversified its portfolio of high yield products mainly in House Financing, Micro financing, financing against shares (Margin Financing), Car Finance, Advisory Services and non-fund based products.

Further, Bahria Town (Private) Limited has also plan to separate the brokerage business as its subsidiary of the Bank and anticipates an increased in equity market activity which will result in considerable rise in Margin Financing, Equity Portfolio and hence a remarkable earning in the shape of brokerage commission as well as profit on the said financing. Further, the new management will continuing to attract the potential corporate and retail clients to increase the brokerage revenue and hopes that future periods are expected to show better profitability for the company with improved earnings, quality and high service levels.

Regarding the shortage in minimum equity requirement management of your company has given its view in note no. 2.02 of condensed interim notes to the Financial Information.

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: 28 November 2017

Condensed Interim Balance Sheet

As at 30 September 2017

	Note	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
ASSETS			
Non-current Assets			
Property and equipments	5	84,314,897	85,778,162
Intangible assets		104,678	114,192
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments		-	-
Long term finances		71,263,643	71,720,368
Net investment in lease finance		-	-
Long term loans and advances		67,790,191	67,835,998
Long term deposits and prepayments		39,754,950	45,754,950
Deferred tax asset		112,878,059	112,878,059
		584,560,418	592,535,729
Current Assets			
Current maturities of non-current assets		39,319,050	40,345,684
Short term investments	6	81,233,218	80,575,342
Short term finances		16,370,985	16,985,630
Short term placements		-	-
Advances		90,239	33,999
Short term deposits and prepayments		-	261,408
Interest accrued		21,286,108	20,008,812
Other receivables		81,825,525	80,587,951
Tax refunds due from government		158,005,889	157,339,190
Cash and bank balances		3,181,931	8,143,505
		401,312,945	404,281,521
		985,873,363	996,817,250
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital			
200,000,000 (2016: 50,000,000) ordinary shares of Rs. 10/- each		2,000,000,000	500,000,000
Issued, subscribe and paid up capital		441,000,000	441,000,000
Reserves		(232,314,108)	(207,582,381)
		208,685,892	233,417,619
Surplus on revaluation of property and equipments	7	29,195,472	29,565,036
Non-Current Liabilities			
Long term finances -subordinated loans		154,470,420	154,470,420
Long term certificates of deposit		61,811,234	63,711,234
Long term security deposit		-	-
Current Liabilities			
Current maturities of non-current liabilities		205,143,901	203,243,901
Short term certificates of deposit		182,337,197	182,937,197
Accrued markup		59,191,404	44,588,787
Trade and other payables	8	72,106,259	71,951,472
Provision for taxation		12,931,584	12,931,584
		531,710,345	515,652,941
Contingencies and Commitments	9	-	-
		985,873,363	996,817,250

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2017 (Un-audited)

	Note	Three month ended	
		30-Sep-17 Rupees	30-Sep-16 Rupees
INCOME			
Profit on financing		2,999,337	5,348,409
Return on investments	10	1,066,629	3,223,665
Fees and Commission		-	176,494
Profit on bank deposits		79,630	112,149
Other income		936,656	505,774
		5,082,252	9,366,491
EXPENSES			
Return on certificates of deposit		14,616,998	21,564,966
Mark-up on borrowings from financial institutions		-	2,380,044
Amortization of premium on held to maturity investments		-	17,199
Administrative and other operating expenses	11	15,747,512	11,368,708
Other financial charges		3,039	7,681
		30,367,548	35,338,598
Operating loss before taxation and provision		(25,285,296)	(25,972,107)
Provision for doubtful financing - reversed		184,005	-
Operating profit / (loss) before taxation		(25,101,291)	(25,972,107)
Taxation		-	(28,523)
Loss after taxation		(25,101,291)	(26,000,630)
Loss per share-basic and diluted		(0.57)	(0.59)

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Condensed Interim Statement of Comprehensive Income

For the quarter ended 30 September 2017 (Un-audited)

	30-Sep-17 Rupees	30-Sep-16 Rupees
Net loss for the period	(25,101,291)	(26,000,630)
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified to profit and loss		
Items that may be subsequently reclassified to profit and loss		
Gain / (deficit) on revaluation of investments-available for sale listed shares	-	-
	-	-
Total comprehensive loss for the period	(25,101,291)	(26,000,630)

The annexed notes 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2017 (Un-audited)

	30-Sep-17 Rupees	30-Sep-16 Rupees
Cash flow from operating activities		
Loss before taxation	(25,101,291)	(16,270,897)
Adjustment for non cash expenses and other items:		
Dividend income	-	(39,000)
Depreciation on property and equipment	1,463,265	2,041,116
Amortization on intangible assets	9,516	21,401
Amortization of premium on held to maturity investments	-	15,654
	1,472,781	2,039,171
	(23,628,510)	(14,231,726)
Decrease/(increase) in operating assets		
Disbursements of finances - net	2,098,004	33,113,060
Net investment in lease finance	-	-
Investments - net	(657,876)	2,276,404
Long term and short term advances	(10,433)	(353,384)
Interest Accrued	(1,277,296)	183,450
Other receivables	(1,237,574)	(52,062,821)
Deposits and prepayments	6,261,408	551,939
	5,176,233	(16,291,352)
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	-	25,479,792
Certificates of deposit	(600,000)	49,651,430
Accrued markup	14,602,615	3,505,086
Trade and other payables	154,787	9,001,420
	14,157,402	87,637,728
Net changes in operating assets and liabilities	19,333,635	71,346,376
Net cash generated from / (used in) operating activities	(4,294,875)	57,114,650
Taxation - net	(666,699)	(4,687,012)
Net cash generated from / (used in) operating activities	(4,961,574)	52,427,638
Cash flow from investing activities		
Fixed capital expenditure incurred	-	(74,000)
Dividend received	-	39,000
Net cash (used in) / generated from investing activities	-	(35,000)
Cash flow from financing activities		
Net decrease in cash and cash equivalents	(4,961,574)	52,392,638
Cash and cash equivalents at the beginning of the period	8,143,505	5,489,402
Cash and cash equivalents at the end of the period	3,181,931	57,882,040

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2017 (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, 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)	-	-	-	-	-
Total comprehensive loss	-	-	-	(26,000,630)	(26,000,630)
Incremental depreciation on revalued assets for the period				389,013	389,013
Balance as at September 30, 2016	441,000,000	158,496,746	176	(273,510,849)	325,986,073
Balance as at July 01, 2017	441,000,000	158,496,746	176	(366,079,303)	233,417,619
Net Loss for the period	-	-	-	(25,101,291)	(25,101,291)
Other comprehensive income / (loss)	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	-	-
Gain on revaluation of investments - available for sale listed shares	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	(25,101,291)	(25,101,291)
Incremental depreciation on revalued assets for the period	-	-	-	369,564	369,564
Balance as at September 30, 2017	441,000,000	158,496,746	176	(390,811,030)	208,685,892

The annexed notes 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Notes to the Financial Information

For the quarter ended 30 September 2017 (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 provisions of Companies Ordinance, 1984 on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Pakistan Stock Exchange Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C 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.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to “BB” (Double B) and also maintained the short-term rating at “B” (B) dated 05 April 2017. The ratings denotes an adequate capacity of timely payment of financial commitments.

2. BASIS OF PRESENTATION

- 2.1 This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

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 This interim financial information of the company reflect that the equity of the company as at September 30, 2017 is Rs. 208.685 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 computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

		30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
5.	PROPERTY AND EQUIPMENTS		
	Property and equipments	5.1 84,314,897	85,778,162
5.1	Property and equipments		
	Opening balance written down value.	85,778,162	95,873,568
	Less: Disposals		
	Vehicle	5.1.1 -	(3,372,433)
	Depreciation for the period / year	1,463,265	6,722,973
	Closing written down value	84,314,897	85,778,162
5.1.1	Particulars of vehicles disposed off during the period;		
	Cost	-	20,887,882
	Accumulated depreciation	-	(17,515,449)
	Book value	-	3,372,433
6.	SHORT TERM INVESTMENTS		
	Held to maturity		
	Treasury Bills	71,044,549	70,386,673
	Held for Trading		
	Shares/ units		
	Others	10,188,212	10,188,212
	Available for sale		
	Listed Shares / units	281	281
		81,233,042	80,575,166
	Deficit on revaluation	176	176
		81,233,218	80,575,342
7.	SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENTS		
	Opening balance	29,565,036	31,121,088
	Less: Incremental depreciation for the period / year	(369,564)	(1,556,052)
		29,195,472	29,565,036
8.	TRADE AND OTHER PAYABLES		
	Customers' credit balances	15,808,274	16,014,100
	Accrued expenses and other payables	52,578,407	52,279,594
	Provision for compensated absences	1,333,924	1,272,124
	Unclaimed dividend	2,385,654	2,385,654
		72,106,259	71,951,472

	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
9.2 Commitments		
Outstanding guarantees	6,300,000	6,300,000
	Three months ended	
	30-Sep-17 Rupees (Un-audited)	30-Sep-16 Rupees (Un-audited)
10. RETURN ON INVESTMENTS		
Mark-up / return on investments	1,066,629	3,892,465
Capital gain/(loss) on investments	-	(668,800)
	1,066,629	3,223,665
	30-Sep-17 Rupees (Un-audited)	30-Sep-16 Rupees (Un-audited)
11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	4,249,768	6,152,128
Staff Training and Welfare	67,500	26,500
Advertisement and business promotion	301,000	-
Rent, rates and taxes	329,545	481,772
Utilities	714,099	634,288
Communication charges	420,615	302,242
Traveling and vehicle maintenance	445,139	712,137
Repair and maintenance	279,817	413,474
Entertainment	174,804	172,972
Fee and subscriptions	6,591,893	401,450
Legal and professional charges	542,749	36,770
Printing and stationery	123,084	82,582
Fee, brokerage and commission	12,455	18,864
Insurance	20,563	158,585
Depreciation	1,463,265	1,760,673
Amortization on intangible assets	9,516	14,271
Miscellaneous expenses	1,700	-
	15,747,512	11,368,708

12. 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-17 Rupees (Un-audited)	30-Sep-16 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	-	1,413,699
Profit earned during the year	2,000,000	4,000,000
Associated companies:		
Return on finances received	-	48,448
Profit paid on certificates of deposit	-	904,394
Directors:		
Profit paid on certificates of deposit	-	517,443
property and equipments sold	-	3,372,433
Executives:		
Return on finances received	-	20,812
Profit paid on certificates of deposit	-	979,999
Others:		
Contribution to staff retirement benefits plan	228,319	211,689
	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
Balance at the end of the period		
Subsidiary Company:		
Certificates of deposit outstanding	-	-
Financing outstanding	50,000,000	50,000,000
Receivable/ (Payable) to subsidiary company	107,562,566	113,562,679
Profit receivable on financing	34,853,521	26,853,521
Associated companies:		
Financing outstanding	12,188,017	12,188,017
Letter of guarantee outstanding	-	8,336,373
Certificates of deposit outstanding	-	34,357,049
Other receivable / (Payable)	25,412,583	26,025,935
Markup payable on COD	-	221,924
Long term Financing- subordinated loans	34,357,049	-
Directors:		
Long term Financing- subordinated loans	16,913,371	-
Certificates of deposit outstanding	-	16,913,371
Other receivable	-	16,748
Markup payable on COD	-	219,484
Executives:		
Financing outstanding	1,436,484	1,997,503
Certificates of deposit outstanding	-	50,000,000
Markup payable on COD	-	971,507
Long term Financing- subordinated loans	50,000,000	-
Others		
Long term Financing- subordinated loans	53,200,000	-

13. 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 2017		
	Financing activities	Investing activities	Total
Profit on financing	2,999,337	-	2,999,337
Return on investments	-	1,066,629	1,066,629
Total income for reportable segments	2,999,337	1,066,629	4,065,966
Finance costs	10,672,627	3,947,410	14,620,037
Administrative and other operating expenses	11,495,684	4,251,828	15,747,512
Provision for doubtful financing - reversed			(184,005)
Segment result	(19,168,973)	(7,132,609)	(26,117,577)
Other operating income			1,016,286
Loss before taxation			(25,101,291)
Segment assets	197,800,810	307,321,735	505,122,545
Unallocated assets			480,750,818
			985,873,363
Segment liabilities	156,636,405	237,881,364	394,517,769
Unallocated liabilities			382,669,703
Equity			208,685,892
			985,873,363

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
			<u>1,192,257,513</u>
Segment liabilities	119,319,648	354,639,200	473,958,848
Unallocated liabilities			392,312,592
Equity			325,986,073
			<u>1,192,257,513</u>

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 28 November 2017.

15. GENERAL

Figures have been rounded off to the nearest rupee.

 Chief Executive Officer

 Chief Financial Officer

 Director

Consolidated Financial Information - Group

30 September 2017

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 Information for the period ended 30 September 2017.

Your Group posted as loss after tax of Rs. 27.73 million for the three months ended 30 September 2017 reflecting Loss per share of Rs. 0.63 as compared to a loss after tax of Rs. 30.89 million and Loss per share of Rs. 0.70 corresponding period of last year. The primary reason for loss is 25.89% reduction in return on financing and 66.91% reduction in return on investment while reduction in cost of Certificate of Deposits (CODs) due to decrease in deposits was 28.80% as compared to corresponding period of the last year. The administrative expenses increased by 23.88% due to fee and subscription as compared to the corresponding period of last year.

Owing to the distress subdued economic situation prevailing in the country and world over, the sponsors have entered into the shares purchase agreement with Bahria Town (Private) Limited to take the challenge to turn around the bank by exploring the new venues. In this regard, the Bahria Town (Private) Limited has a plan to develop and diversified its portfolio of high yield products mainly in House Financing, Micro financing, financing against shares (Margin Financing), Car Finance, Advisory Services and non-fund based products.

Further, Bahria Town (Private) Limited has also plan to separate the brokerage business as its subsidiary of the Bank and anticipates an increased in equity market activity which will result in considerable rise in Margin Financing, Equity Portfolio and hence a remarkable earning in the shape of brokerage commission as well as profit on the said financing. Further, the new management will continuing to attract the potential corporate and retail clients to increase the brokerage revenue and hopes that future periods are expected to show better profitability for the company with improved earnings, quality and high service levels.

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: 28 November 2017

Condensed Interim Consolidated Balance Sheet

As at 30 September 2017

	Note	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
ASSETS			
Non-current Assets			
Property and equipments	5	86,499,401	88,063,878
Intangible assets		230,797	258,327
Cards and rooms		6,881,170	6,881,170
Long term investments		44,971,048	49,603,583
Long term finances		21,263,643	21,720,368
Net investment in lease finance		-	-
Long term loans and advances		838,641	884,446
Long term deposits and prepayments		4,133,609	4,133,609
Deferred tax asset		112,878,059	112,878,059
		277,696,368	284,423,440
Current Assets			
Current maturities of non-current assets		4,465,529	7,492,163
Trade debtors		10,945,636	10,974,234
Short term investments	6	81,233,218	80,575,342
Short term finances		16,370,985	16,985,631
Advances		90,239	33,999
Short term deposits and prepayments		2,140,000	2,401,408
Interest accrued		21,286,108	20,008,812
Other receivables		84,702,787	83,893,546
Tax refunds due from government		165,282,943	167,502,739
Cash and bank balances		59,696,026	71,421,858
		446,213,471	461,289,732
		723,909,839	745,713,172
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital			
200,000,000 (2016: 50,000,000) ordinary shares of Rs. 10/- each		2,000,000,000	500,000,000
Issued, subscribe and paid up capital		441,000,000	441,000,000
Reserves		(505,854,594)	(473,856,762)
		(64,854,594)	(32,856,762)
Surplus on revaluation of property and equipments	7	29,195,472	29,565,036
Non-Current Liabilities			
Long term finances -subordinated loans		154,470,420	154,470,420
Long term certificates of deposit		61,811,234	63,711,234
Long term security deposit		-	-
Current Liabilities			
Current maturities of non-current liabilities		205,143,901	203,243,901
Short term certificates of deposit		182,337,197	182,937,197
Accrued markup		59,191,404	44,588,787
Trade and other payables	8	83,683,221	83,741,013
Provision for taxation		12,931,584	16,312,346
		543,287,307	530,823,244
Contingencies and Commitments	9	-	-
		723,909,839	745,713,172

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Consolidated Profit and Loss Account For the quarter ended 30 September 2017 (Un-audited)

	Note	Three month ended	
		30-Sep-17 Rupees	30-Sep-16 Rupees
INCOME			
Profit on financing		999,337	1,348,409
Return on investments	10	1,066,629	3,223,665
Fees and Commission		-	371,682
Profit on bank deposits		588,777	236,283
Other income		936,656	505,774
		3,591,399	5,685,813
EXPENSES			
Return on certificates of deposit		14,616,998	20,529,369
Mark-up on borrowings from financial institutions		-	2,380,044
Amortization of premium on held to maturity investments		-	17,199
Administrative and other operating expenses	11	16,889,522	13,633,791
Other financial charges		3,746	17,419
		31,510,265	36,577,822
Operating loss before taxation and provision		(27,918,866)	(30,892,009)
Provision for doubtful financing - reversed		184,005	-
Operating profit / (loss) before taxation		(27,734,861)	(30,892,009)
Taxation		-	(48,876)
Loss after taxation		(27,734,861)	(30,940,885)
Loss per share-basic and diluted		(0.63)	(0.70)

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Condensed Interim Consolidated Statement of Comprehensive Income

For the quarter ended 30 September 2017 (Un-audited)

	30-Sep-17 Rupees	30-Sep-16 Rupees
Net loss for the period	(27,734,861)	(30,940,885)
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified to profit and loss		
Items that may be subsequently reclassified to profit and loss		
Gain / (deficit) on revaluation of investments-available for sale listed shares	20,501,768	-
	20,501,768	-
Total comprehensive loss for the period	(7,233,093)	(30,940,885)

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Consolidated Cash Flow Statement For the quarter ended 30 September 2017 (Un-audited)

	30-Sep-17 Rupees	30-Sep-16 Rupees
Cash flow from operating activities		
Loss before taxation	(27,734,861)	(30,892,009)
Adjustment for non cash expenses and other items:		
Depreciation on property and equipment	1,564,477	1,861,885
Amortization on intangible assets	27,530	32,285
Amortization of premium on held to maturity investments	-	17,199
	1,592,007	1,911,369
	(26,142,854)	(28,980,640)
Decrease/(increase) in operating assets		
Disbursements of finances - net	4,098,005	5,087,030
Net investment in lease finance	-	-
Investments - net	(657,876)	15,909,121
Long term and short term advances	(10,435)	963,872
Interest Accrued	(1,277,296)	(27,113,118)
Other receivables	(780,643)	4,994,328
Deposits and prepayments	261,408	5,533,246
	1,633,163	5,374,479
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	-	15,000,000
Certificates of deposit	(600,000)	(11,988,522)
Accrued markup	14,602,617	26,519,191
Trade and other payables	(57,792)	(1,448,772)
	13,944,825	28,081,897
Net changes in operating assets and liabilities	15,577,988	33,456,376
Net cas (used in)/ generated from operating activities	(10,564,866)	4,475,737
Taxation - net	(1,160,966)	(783,421)
Net cash generated from / (used in) operating activities	(11,725,832)	3,692,316
Cash flow from investing activities		
Proceeds from sale of Property and equipments	-	3,372,433
Net cash generated from investing activities	-	3,372,433
Cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(11,725,832)	7,064,749
Cash and cash equivalents at the beginning of the period	71,421,858	8,232,696
Cash and cash equivalents at the end of the period	59,696,026	15,297,445

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Consolidated Statement of Changes in Equity

For the quarter ended 30 September 2017 (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, 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)	-	-	-	-	-
Total comprehensive loss	-	-	-	(30,940,885)	(30,940,885)
Incremental depreciation on revalued assets for the period				389,013	389,013
Balance as at September 30, 2016	441,000,000	158,496,746	176	(567,295,318)	32,201,604
Balance as at July 01, 2017	441,000,000	158,496,746	176	(657,487,987)	(57,991,065)
Net Loss for the period	-	-	-	(27,734,861)	(27,734,861)
Other comprehensive income / (loss)					
Gain on revaluation of investments - available for sale listed shares	-	-	20,501,768	-	20,501,768
Total comprehensive income / (loss)	-	-	20,501,768	(27,734,861)	(7,233,093)
Incremental depreciation on revalued assets for the period				369,564	369,564
Balance as at September 30, 2017	441,000,000	158,496,746	20,501,944	(684,853,284)	(64,854,594)

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Consolidated Notes to the Financial Statements

For the quarter ended 30 September 2017 (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 provisions of Companies Ordinance, 1984 on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Pakistan Stock Exchange Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C 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.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Company to “BB” (Double B) and also maintained the short-term rating at “B” (B) dated 05 April 2017. The ratings denotes an adequate capacity of timely payment of financial commitments.

2. BASIS OF PRESENTATION

- 2.1 This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information of the Company for the quarter ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

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 This interim financial information of the company reflect that the equity of the parent company as at September 30, 2017 is Rs. 208.685 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 computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
5. PROPERTY AND EQUIPMENTS		
Property and equipments	86,499,401	88,063,878
5.1 Property and equipments		
Opening balance written down value.	88,063,878	98,564,132
Less: Disposals		
Vehicle	-	(3,372,433)
Depreciation for the period / year	1,564,477	7,127,821
Closing written down value	86,499,401	88,063,878
5.1.1 Particulars of vehicles disposed off during the period;		
Cost	-	20,887,882
Accumulated depreciation	-	(17,515,449)
Book value	-	3,372,433
6. SHORT TERM INVESTMENTS		
Held to maturity		
Treasury Bills	71,044,549	70,386,673
Held for Trading		
Shares/ units		
Others	10,188,212	10,188,212
Available for sale		
Listed Shares / units	281	281
	81,233,042	80,575,166
Deficit on revaluation	176	176
	81,233,218	80,575,342
7. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENTS		
Opening balance	29,565,036	31,121,088
Less: Incremental depreciation for the period / year	(369,564)	(1,556,052)
	29,195,472	29,565,036
8. TRADE AND OTHER PAYABLES		
Customers' credit balances	17,799,205	18,176,543
Accrued expenses and other payables	62,164,439	61,906,692
Provision for compensated absences	1,333,924	1,272,124
Unclaimed dividend	2,385,654	2,385,654
	83,683,221	83,741,013

	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There exist no known contingencies as at balance sheet date.		
9.2 Commitments		
Outstanding guarantees	6,300,000	6,300,000
	Three months ended	
	30-Sep-17 Rupees (Un-audited)	30-Sep-16 Rupees (Un-audited)
10. RETURN ON INVESTMENTS		
Mark-up / return on investments	1,066,629	3,892,465
Capital gain/(loss) on investments	-	(668,800)
	1,066,629	3,223,665
	30-Sep-17 Rupees (Un-audited)	30-Sep-16 Rupees (Un-audited)
11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	4,748,427	7,114,515
Commission paid to traders	-	(514,135)
Staff Training and Welfare	67,500	26,500
Advertisement and business promotion	301,000	-
Rent, rates and taxes	329,545	519,472
Utilities	714,099	989,011
Communication charges	490,469	921,080
Traveling and vehicle maintenance	407,561	758,473
Repair and maintenance	343,349	629,909
Entertainment	178,739	194,696
Fee and subscriptions	6,706,118	453,250
Legal and professional charges	709,923	119,570
Printing and stationery	126,994	97,627
Fee, brokerage and commission	12,455	18,864
CDC and clearing charges	139,073	195,346
Insurance	20,563	158,585
Depreciation	1,564,477	1,861,885
Amortization on intangible assets	27,530	32,285
Penalty	-	-
Miscellaneous expenses	1,700	56,858
	16,889,522	13,633,791

12. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise 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-17 Rupees (Un-audited)	30-Sep-16 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	-	48,448
Profit paid on certificates of deposit	-	904,394
Directors:		
Profit paid on certificates of deposit	-	517,443
Property and equipments sold	-	3,372,433
Executives:		
Return on finances received	-	20,812
Profit paid on certificates of deposit	-	979,999
Others:		
Contribution to staff retirement benefits plan	228,319	211,689
	30-Sep-17 Rupees (Un-audited)	30-Jun-17 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Financing outstanding	12,188,017	12,188,017
Letter of guarantee outstanding	-	8,336,373
Certificates of deposit outstanding	-	34,357,049
Other receivable / (Payable)	25,412,583	26,025,935
Markup payable on COD	-	221,924
Long term Financing- subordinated loans	34,357,049	-
Directors:		
Long term Financing- subordinated loans	16,913,371	-
Certificates of deposit outstanding	-	16,913,371
Other receivable	-	16,748
Markup payable on COD	-	219,484
Executives:		
Financing outstanding	1,436,484	1,997,503
Certificates of deposit outstanding	-	50,000,000
Markup payable on COD	-	971,507
Long term Financing- subordinated loans	50,000,000	-
Others		
Long term Financing- subordinated loans	53,200,000	-

13. 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 2017		
	Financing activities	Investing activities	Total
Profit on financing	999,337	-	999,337
Return on investments	-	1,066,629	1,066,629
Total income for reportable segments	999,337	1,066,629	2,065,966
Finance costs	10,673,143	3,947,601	14,620,744
Administrative and other operating expenses	12,329,351	4,560,171	16,889,522
Provision for doubtful financing - reversed	-	-	(184,005)
Segment result	(22,003,157)	(7,441,143)	(29,260,294)
Other operating income			1,525,433
Loss before taxation			(27,734,861)
Segment assets	45,995,739	150,719,953	196,715,692
Unallocated assets			516,248,511
			723,909,839
Segment liabilities	156,636,405	35,659,122	120,977,283
Unallocated liabilities			667,787,151
Equity			(64,854,594)
			723,909,839

	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
			<u>1,192,257,513</u>
Segment liabilities	119,319,648	354,639,200	473,958,848
Unallocated liabilities			392,312,592
Equity			325,986,073
			<u>1,192,257,513</u>

14. DATE OF AUTHORIZATION FOR ISSUE

This interim financial information was authorized for issue by the Board of Directors of the Company on 28 November 2017.

15. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Chief Financial Officer

Director



ESCORTS INVESTMENT BANK LIMITED

Escorts House, 26-Davis Road, Lahore
Tel: 042-36371931-34 Fax: 042-36375950
Email: mailmanager@escortsbank.net
www.escortsbank.net