



FINANCIAL STATEMENTS

30 September 2010

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Corporate Information

BOARD OF DIRECTORS

Chairman

Bashir Ahmed

President & Chief Executive Officer

Shazia Bashir

Directors

Bairam Qureishy

Mutahir Ahmed

Tajamul Hussain Bokharee

Sheharyar Ahmed

Zulfiqar A. Khan

Company Secretary

Muhammad Anum Saleem

EXECUTIVE MANAGEMENT

President & Chief Executive Officer

Shazia Bashir

Chief Financial Officer / Head of Advisory Services

Kamran Hafeez

Company Secretary / Head of Corporate & Legal Affairs

Muhammad Anum Saleem

Head of Branch Network

Azmat Baig

Head of Proprietary Investments

Hassan Abid Zaidi

Head of MIS & Settlements

Muhammad Irfan

AUDIT COMMITTEE

Chairman

Bashir Ahmed

Members

Tajamul Hussain Bokharee

Bairam Qureishy

Secretary

Muhammad Anum Saleem

Internal Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

External Auditors

Ernst & Young Ford Rhodes Sidat Hyder
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
Bank Al-Habib Limited
MCB Bank Limited
NIB Bank Limited

NETWORK

Head Office & Lahore Branch

Escorts House
26 - Davis Road, Lahore
Tel: (042) 3637 1931 -34
Fax: (042) 3637 5950
info@escortsbank.net
www.escortsbank.net

Branch Offices

Karachi Office

Ground Floor, Bahira Complex I,
Moulvi Tamizzudin Khan Road, Karachi
Tel: (021) 3563 6061 -66
Fax: (021) 3563 6075
Email: Karachi@escortsbank.net

Islamabad Office

Room # 408, 4th Floor ISE Tower,
55-B Jinnah Avenue, Blue Area Islamabad
Tel: (051) 2895 475 -79
Fax: (051) 2895 480
Email: islamabad@escortsbank.net

Director's Report

The Board of Directors of Escorts Investment Bank Limited (the "Bank") is pleased to present before you the unaudited financial statements for the quarter ended September 30, 2010.

Fragile macroeconomic stability achieved in the preceding year was marred heavily in the aftermath of country's most devastating floods. The financial impact of this catastrophe is yet to be measured comprehensively and it is believed that Pakistan's already squeezed economy faces yet another darting challenge of coping up with this calamity. Inflationary trend was tamed significantly in the later half of FY 2009-10 but the impact of flood is translating into an increase in cost of living. Resultantly another hike in inflationary pressures has been witnessed during the period under review. In response a tight monetary policy has been adopted, preventing the economy to unleash its true growth potential. In addition to that, prevalent energy crisis, swollen fiscal deficit, precipitous rise of public sector borrowings, worsening law and order situation, lackluster capital markets and deteriorated rupee-dollar parity also contributed negatively to the country's business and economic environment.

During the period under review your Bank posted a loss of Rs 21.8 million translating into a negative EPS of Rs (0.50) as compared to a profit of Rs 14.3 million and a positive EPS of Rs 0.33 in the corresponding period. This decrease is principally attributable to capital gain on stock market investments of Rs 43.4 million in the corresponding period. However, during the outgoing period Karachi Stock Exchange did not impersonate the same performance as demonstrated last year, consequently such a windfall return was not available to the Bank during the current period under review. In response to tough economic conditions Bank has further rationalized its costs, reducing from Rs 66.3 million to Rs 58.6 million representing a decrease of Rs 7.7 million (13%).

In the last couple of years Pakistan's economic paradigm has exhibited a structural shift. Bank's new management has developed and implemented a new multi-pronged business strategy. This business strategy has already started to display notable improvement in the financial health of the Bank, evident from quarterly analysis of EPS. The EPS of the preceding four quarters for the periods ended December 2009, March 2010, June 2010 and September 2010 have been Rs (0.59), Rs (0.67), Rs (0.87) and Rs (0.50) respectively, demonstrating a turnaround since the inception of the current financial year. In the succeeding quarters this trend is expected to continue and consequently shall lead to a positive EPS in the short to medium term.

As mentioned earlier in our previous report, this new business strategy principally focuses on revenue diversification by way of commencing core investment banking activities including fee based income, corporate and REITs advisory, technical and fundamental equities and commodities research, mutual funds distribution arrangement, legal advisory, incoming home remittances and efficient treasury function. Further, the operational cost structure of the Bank has also been rationalized deciphering into an increase in organizational efficiencies. Management is confident that the true reflection of new business strategy shall be evident from 2nd Quarter FY 2011.

Acknowledgement

The Board wishes to place on record the gratitude to Securities and Exchange Commission of Pakistan for their valued support, assistance and guidance. The Board would also like to take this opportunity to express their admiration to the employees of the Bank for their commitment, hard work and cooperation. The Bank recognizes and records its gratitude for all their efforts.

For and on behalf of the Board



President and Chief Executive Officer
Lahore: October 28, 2010



Director

Condensed Interim Balance Sheet


As at 30 September 2010 (Un-audited)

	Note	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets		87,381,748	90,657,797
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	5	527,397,876	530,943,335
Long term finances		24,254,870	61,397,756
Net investment in lease finance		4,727,943	5,777,635
Long term loans and advances		1,311,189	703,438
Long term deposits and prepayments		5,725,577	711,200
Deferred tax asset		76,342,474	76,475,390
Current Assets			
Current maturity of non-current assets		140,633,409	89,738,002
Short term investments	6	147,032,561	54,876,119
Short term finances		110,769,122	125,771,994
Short term placements		790,000,000	200,000,000
Advances, deposits, prepayments and other receivables		381,528,581	370,017,202
Cash and bank balances		8,790,596	9,493,983
		1,578,754,269	849,897,300
		2,514,349,946	1,825,017,851
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		55,131,229	76,973,146
		496,131,229	517,973,146
Surplus on Revaluation of Investments	7	5,618,995	6,823,878
Non-Current Liabilities			
Term finance certificates		81,036,187	163,909,862
Long term certificates of deposit		250,168,304	255,913,312
Long term security deposit		3,198,850	3,917,900
Current Liabilities			
Current maturity of non-current liabilities		192,400,876	189,860,548
Short term borrowings		840,036,150	304,763,104
Running finance - Secured		196,000,336	-
Short term certificates of deposit		352,361,567	313,469,222
Trade and other payables		67,805,948	38,971,350
Provision for taxation		29,591,504	29,415,529
		1,678,196,381	876,479,753
Contingencies and Commitments	8		
		2,514,349,946	1,825,017,851

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Profit and Loss Account

For the period ended 30 September 2010 (Un-audited)

	Note	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
INCOME			
Profit on financing		9,700,225	13,541,904
Mark-up on lease finance		750,780	1,183,602
Return on placements		6,858,275	3,823,167
Return on investments	9	19,085,931	60,205,978
Profit on bank deposits		272,942	532,502
Other income		246,554	1,128,031
		36,914,707	80,415,184
EXPENSES			
Return on certificates of deposit		13,556,894	13,382,311
Return on term finance certificates		11,729,601	18,823,286
Mark-up on short term running finance		-	89,090
Mark-up on borrowings from financial institutions		11,486,031	7,917,840
Amortization of premium on held to maturity investments		3,054,549	2,842,005
Administrative and other operating expenses	10	18,717,506	23,171,335
Other financial charges		36,070	66,225
		58,580,651	66,292,092
Operating (loss) / profit before provisions and taxation		(21,665,944)	14,123,092
Provision for doubtful financing - reversed		-	250,183
Operating (loss) / profit before taxation		(21,665,944)	14,373,275
Taxation		(175,973)	-
(Loss) / profit after taxation		(21,841,917)	14,373,275
Other comprehensive income - net of tax		-	-
Total comprehensive (loss) / profit - net of tax		(21,841,917)	14,373,275
(Loss)/Earnings per share-basic and diluted		(0.50)	0.33

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement


For the period ended 30 September 2010 (Un-audited)

	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
Cash flow from operating activities		
(Loss) / profit before taxation	(21,665,944)	14,373,275
Adjustment for non cash expenses and other items:		
Dividend income	(1,462,785)	(922,395)
Depreciation on tangible assets	3,135,710	3,922,133
Provision for doubtful financing - reversed	-	(250,183)
Amortization of discount on Government Treasury Bills	-	(1,286,487)
Amortization of premium on held to maturity investments	3,054,549	2,842,005
Amortization of issuance cost of listed TFCs	393,324	393,324
Gain on sale of fixed assets	(196,473)	(914,948)
	4,924,325	3,783,449
	(16,741,619)	18,156,724
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	5,195,972	(101,536,821)
Net investment in lease finance	1,149,878	3,228,501
Placements	(590,000,000)	226,010,000
Investments - net	(93,361,325)	63,726,205
Loans and advances	(11,858,778)	(27,474,513)
Deposits and prepayments	(8,640,308)	814,414
	(697,514,561)	164,767,786
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	535,273,046	(5,515,736)
Certificates of deposit	35,584,813	(30,453,264)
Running finance facilities	196,000,336	2,630,330
Trade and other payables	28,834,596	7,725,509
	795,692,791	(25,613,161)
Net changes in operating assets and liabilities	98,178,230	139,154,625
Net cash generated from operating activities before taxes	81,436,611	157,311,349
Taxes paid	(403,195)	(1,000,824)
Net cash generated from operating activities	81,033,416	156,310,525
Cash flow from investing activities		
Dividend received	1,462,785	922,395
Proceeds from sale of fixed assets	336,811	2,049,401
Net cash generated from investing activities	1,799,596	2,971,796
Cash flow from financing activities		
Redemption of term finance certificates	-	(45,796,715)
Redemption of listed term finance certificates	(83,267,000)	(83,267,000)
Repayment of lease obligation	(269,399)	(229,412)
Net cash used in financing activities	(83,536,399)	(129,293,127)
Net (decrease) / increase in cash and cash equivalents	(703,387)	29,989,194
Cash and cash equivalents at the beginning of the period	9,493,983	19,478,267
Cash and cash equivalents at the end of the period	8,790,596	49,467,461

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Statement of Changes in Equity

For the period ended 30 September 2010 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 2009	441,000,000	154,050,085	2,353,124	597,403,209
Net Profit upto 30 September 2009	-	-	14,373,275	14,373,275
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	14,373,275	14,373,275
Transfer to statutory reserve	-	2,874,655	(2,874,655)	-
Balance as at 30 September 2009	441,000,000	156,924,740	13,851,744	611,776,484
Net loss upto 30 June 2010	-	-	(93,803,338)	(93,803,338)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(93,803,338)	(93,803,338)
Transfer to statutory reserve	-	(2,874,655)	2,874,655	-
Balance as at 30 June 2010	441,000,000	154,050,085	(77,076,939)	517,973,146
Net loss upto 30 September 2010	-	-	(21,841,917)	(21,841,917)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(21,841,917)	(21,841,917)
Balance as at 30 September 2010	441,000,000	154,050,085	(98,918,856)	496,131,229

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Notes to the Financial Statements

For the period ended 30 September 2010 (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 operation 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, 2008. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

2. BASIS OF PRESENTATION AND MEASUREMENT

- 2.1 These condensed interim financial statements is un-audited and has been prepared in accordance with International Accounting Standards (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 These condensed interim financial statements do not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended 30 June 2010.
- 2.3 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 Non-Banking Finance Companies (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 Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.

3. ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2010.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require 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 2010.

	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
5. LONG TERM INVESTMENTS		
Held to maturity		
Pakistan Investment Bonds	521,805,403	524,859,952
Term Finance Certificates - Unlisted	10,108,833	10,108,833
	531,914,236	534,968,785
Less: Current maturity of Term Finance Certificates	4,516,360	4,025,450
	527,397,876	530,943,335

	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
6. SHORT TERM INVESTMENTS		
Available for sale		
Listed Term Finance Certificates	104,868,219	4,889,673
Listed shares and units	42,164,342	49,986,446
	147,032,561	54,876,119
7. SURPLUS ON REVALUATION OF INVESTMENTS		
Available for sale		
Term finance certificates - Listed	(37,569)	(37,431)
Shares / units - Listed	6,145,172	7,217,002
	6,107,603	7,179,571
Less: Deferred tax	(488,608)	(355,693)
	5,618,995	6,823,878
8. CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
There is no material change in the status since the last audited published financial statements for the year ended 30 June 2010.		
	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
8.2 Commitments		
Capital expenditure - Intangible	500,000	500,000
	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
9. RETURN ON INVESTMENTS		
Mark-up / return on investments	15,903,069	15,809,698
Dividend income	1,462,785	922,395
Capital gain on investments	1,720,077	43,473,885
	19,085,931	60,205,978

	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
10. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	8,327,770	9,353,493
Staff training and welfare	4,895	34,608
Advertisement and business promotion	31,601	128,580
Donation	100,170	-
Rent, rates and taxes	2,272,982	2,242,827
Utilities	584,623	949,468
Communication charges	338,793	532,237
Traveling and vehicle maintenance	1,103,217	1,622,492
Repair and maintenance	381,447	543,381
Entertainment	317,083	358,291
Fee and subscriptions	719,428	410,949
Legal and professional charges	496,538	953,707
Printing and stationery	222,921	174,616
Fee, brokerage and commission	30,571	31,387
Insurance	231,092	854,349
Amortization of issuance cost of listed TFCs	393,324	393,324
Depreciation	3,135,697	3,922,133
Staff motor vehicle contribution and insurance	19,533	44,166
Miscellaneous expenses	5,821	621,327
	18,717,506	23,171,335

11. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, local associated companies, staff retirement funds, directors and key management personnel. 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-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	305,100	-
Associated companies:		
Return on finances received	134,431	136,846
Profit paid on certificates of deposit	161,308	161,308
Chairman's secretariat expenses	900,000	900,000
Directors:		
Profit paid on certificates of deposit	3,925,890	3,891,654
Executives:		
Return on finances received	53,228	289,281
Profit paid on certificates of deposit	144,423	121,932
Fixed assets sold	336,811	-
Others:		
Contribution to staff retirement benefits plan	268,780	493,482

	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
Balance at the end of the period		
Subsidiary Company:		
Certificates of deposit outstanding	22,955,044	22,680,454
Advances outstanding	50,000,000	50,000,000
Receivable from Subsidiary Company	14,249,764	9,139,698
Associated companies:		
Advances outstanding	75,634,013	76,456,349
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	1,914,882	1,871,656
Directors:		
Advances outstanding	653,835	-
Certificates of deposit outstanding	116,050,000	116,050,000
Other receivable	6,653,021	6,653,021
Executives:		
Advances outstanding	3,560,598	1,954,046
Certificates of deposit outstanding	7,500,000	2,560,000
Other receivable	-	78,569

12. SEGMENTAL ANALYSIS

The Bank'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 including lease financing.

Investment activities

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

30 September 2010

	Financing activities	Investing activities	Total
Profit on financing	9,700,225	-	9,700,225
Mark-up on lease finance	750,780	-	750,780
Return on placements	-	6,858,275	6,858,275
Return on investments	-	19,085,931	19,085,931
Total income for reportable segments	10,451,005	25,944,206	36,395,211
Finance costs	11,446,834	28,416,311	39,863,145
Administrative and other operating expenses	5,374,794	13,342,712	18,717,506
Segment result	(6,370,623)	(15,814,817)	(22,185,440)
Other operating income			519,496
Loss before taxation			(21,665,944)
Segment assets	266,584,051	1,699,927,913	1,966,511,964
Unallocated assets			547,837,982
			2,514,349,946
Segment liabilities	162,980,085	545,207,138	708,187,223
Unallocated liabilities			1,310,031,494
Equity			496,131,229
			2,514,349,946

30 September 2009			
	Financing activities	Investing activities	Total
Profit on financing	13,541,904	-	13,541,904
Mark-up on lease finance	1,183,602	-	1,183,602
Return on placements	-	3,823,167	3,823,167
Return on investments	-	60,205,978	60,205,978
Total income for reportable segments	14,725,506	64,029,145	78,754,651
Finance costs	8,062,698	35,058,059	43,120,757
Administrative and other operating expenses	4,332,565	18,838,770	23,171,335
Provision for doubtful financing - reversed	(250,183)	-	(250,183)
Segment result	2,580,426	10,132,316	12,712,742
Other operating income			1,660,533
Profit before taxation			14,373,275
Segment assets	299,612,345	1,034,116,230	1,333,728,575
Unallocated assets			637,622,992
			1,971,351,567
Segment liabilities	160,886,866	474,778,703	635,665,569
Unallocated liabilities			723,909,514
Equity			611,776,484
			1,971,351,567

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 28 October 2010.

14. GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

Consolidated Financial Statements

30 September 2010



Condensed Interim Consolidated Balance Sheet

As at 30 September 2010 (Un-audited)

	Note	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets		91,954,040	95,376,028
Cards and rooms		85,007,892	84,955,000
Long term investment	6	527,397,876	530,943,335
Long term finances		242,548,700	113,977,570
Net investment in lease finance		4,727,943	5,777,635
Long term loans and advances		1,311,189	759,438
Long term deposits and prepayments		19,129,577	5,515,200
Deferred tax asset		76,342,475	76,475,390
Current Assets			
Current maturity of non-current assets		80,633,409	89,916,928
Short term investments	7	147,032,561	54,876,119
Short term finances		110,769,122	125,771,994
Short term placements		790,000,000	200,000,000
Advances, deposits, prepayments and other receivables		407,052,189	361,714,093
Cash and bank balances		16,983,891	19,507,754
		1,552,471,172	851,786,888
		2,382,597,034	1,662,986,671
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(98,144,667)	(74,707,678)
		342,855,333	366,292,322
Surplus on Revaluation of Investments	8	5,618,995	6,823,878
Non-Current Liabilities			
Term finance certificates		81,036,187	163,909,862
Long term certificates of deposit		250,168,304	255,913,312
Long term security deposit		3,198,850	3,917,900
Current Liabilities			
Current maturity of non-current liabilities		192,400,876	189,860,548
Short term borrowings		840,036,150	304,763,104
Running finance - Secured		196,000,336	-
Short term certificates of deposit		329,406,523	290,788,768
Trade and other payables		112,283,976	51,301,448
Provision for taxation		29,591,504	29,415,529
		1,699,719,365	866,129,397
Contingencies and Commitments	9		
		2,382,597,034	1,662,986,671

The annexed notes 1 to 15 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Consolidated Profit and Loss Account For the period ended 30 September 2010 (Un-audited)

	Note	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
IINCOME			
Profit on financing		9,700,225	7,942,531
Mark-up on lease finance		750,780	1,183,602
Return on placements		6,858,275	3,823,167
Return on investments	10	19,085,931	62,345,999
Fees and commission		880,470	470,538
Profit on bank deposits		664,090	588,289
Other income		264,481	1,695,821
		38,204,252	78,049,947
EXPENSES			
Return on certificates of deposit		12,904,638	12,933,507
Return on term finance certificates		11,729,601	18,823,286
Mark-up on short term running finance		-	89,090
Mark-up on borrowings from financial institutions		11,486,031	7,917,840
Amortization of premium on held to maturity investments		3,054,549	2,842,005
Administrative and other operating expenses	11	22,152,770	30,809,157
Other financial charges		41,814	68,606
		61,369,403	73,483,491
Operating (loss) / profit before provisions and taxation		(23,165,151)	4,566,456
Provision for doubtful financing - reversed		-	250,183
Operating (loss) / profit before taxation		(23,165,151)	4,816,639
Taxation		(271,838)	(894,065)
(Loss) / profit after taxation		(23,436,989)	3,922,574
Other comprehensive income - net of tax		-	-
Total comprehensive (loss) / profit - net of tax		(23,436,989)	3,922,574
(Loss)/Earnings per share-basic and diluted		(0.53)	0.09

The annexed notes 1 to 15 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Consolidated Cash Flow Statement


For the period ended 30 September 2010 (Un-audited)

	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
Cash flow from operating activities		
(Loss) / profit before taxation	(23,165,151)	4,816,639
Adjustment for non cash expenses and other items:		
Dividend income	(1,462,785)	(922,395)
Depreciation on tangible assets	3,281,649	4,770,595
Provision for doubtful financing - reversed	-	(250,183)
Amortization of discount on Government Treasury Bills	-	(1,286,487)
Amortization of premium on held to maturity investments	3,054,549	2,842,005
Amortization of issuance cost of listed TFCs	393,324	393,324
Gain on sale of fixed assets	(196,473)	(1,465,452)
	5,070,264	4,081,407
	(18,094,887)	8,898,046
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	15,195,971	(51,536,821)
Net investment in lease finance	1,149,878	3,228,501
Placements	(590,000,000)	226,010,000
Investments - net	(93,361,325)	63,726,205
Loans and advances	(45,366,625)	(55,221,923)
Deposits and prepayments	(17,240,308)	(203,063)
	(729,622,409)	186,002,899
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	535,273,046	(5,515,736)
Certificates of deposit	35,310,223	(32,687,048)
Running finance facilities	196,000,336	2,630,330
Trade and other payables	60,982,528	21,745,949
	827,566,133	(13,826,505)
Net changes in operating assets and liabilities	97,943,724	172,176,394
Net cash generated from operating activities before taxes	79,848,837	181,074,440
Taxes paid	(583,005)	(2,300,860)
Net cash generated from operating activities	79,265,832	178,773,580
Dividend received	1,462,785	922,395
Proceeds from sale of fixed assets	336,811	3,985,401
Investment in Cards and rooms	(52,892)	-
Net cash generated from investing activities	1,746,704	4,907,796
Cash flow from financing activities		
Redemption of privately placed term finance certificates	-	(45,796,715)
Redemption of listed term finance certificates	(83,267,000)	(83,267,000)
Repayment of lease obligation	(269,399)	(229,412)
Net cash used in financing activities	(83,536,399)	(129,293,127)
Net (decrease) / increase in cash and cash equivalents	(2,523,863)	54,388,249
Cash and cash equivalents at the beginning of the period	19,507,754	23,220,889
Cash and cash equivalents at the end of the period	16,983,891	77,609,138

The annexed notes 1 to 15 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Statement of Changes in Equity

For the period ended 30 September 2010 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 2009	441,000,000	147,193,925	(106,603,187)	481,590,738
Net Profit upto 30 September 2009	-	-	3,922,574	3,922,574
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	3,922,574	3,922,574
Transfer to statutory reserve	-	2,874,655	(2,874,655)	-
Balance as at 30 September 2009	441,000,000	150,068,580	(105,555,268)	485,513,312
Net loss upto 30 June 2010	-	-	(119,220,990)	(119,220,990)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(119,220,990)	(119,220,990)
Transfer to statutory reserve	-	(2,874,655)	2,874,655	-
Balance as at 30 June 2010	441,000,000	147,193,925	(221,901,603)	366,292,322
Net loss upto 30 September 2010	-	-	(23,436,989)	(23,436,989)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(23,436,989)	(23,436,989)
Balance as at 30 September 2010	441,000,000	147,193,925	(245,338,592)	342,855,333

The annexed notes 1 to 15 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Interim Consolidated Notes to the Financial Statements For the period ended 30 September 2010 (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") EIBL ("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 operation 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, 2008. 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 AND MEASUREMENT

2.1 These condensed interim consolidated financial statements of the Group ("financial statements") is un-audited and has been prepared in accordance with International Accounting Standards (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.

2.2 These financial statements do not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with financial statements of the Group for the year ended 30 June 2010.

2.3 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 Non-Banking Finance Companies (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 Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.

3. ACCOUNTING POLICIES

The accounting policies applied for the preparation of these financial statements are the same as those applied in preparation of the annual audited consolidated financial statements of the Group for the year ended 30 June 2010.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements require management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 30 June 2010.

5. BASIS OF CONSOLIDATION

The basis of consolidation for the preparation of these 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 2010.

	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
6. LONG TERM INVESTMENTS		
Held to maturity		
Pakistan Investment Bonds	521,805,403	524,859,952
Term Finance Certificates - Unlisted	10,108,833	10,108,833
	531,914,236	534,968,785
Less: Current maturity of Term Finance Certificates	4,516,360	4,025,450
	527,397,876	530,943,335
7. SHORT TERM INVESTMENTS		
Available for sale		
Listed Term Finance Certificates	104,868,219	4,889,673
Listed shares and units	42,164,342	49,986,446
	147,032,561	54,876,119
8. SURPLUS ON REVALUATION OF INVESTMENTS		
Available for sale		
Term finance certificates - Listed	(37,569)	(37,431)
Shares / units - Listed	6,145,172	7,217,002
	6,107,603	7,179,571
Less: Deferred tax	(488,608)	(355,693)
	5,618,995	6,823,878
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There is no material change in the status since the last audited published financial statements for the year ended 30 June 2010.		
	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
9.2 Commitments		
Capital expenditure - Intangible	500,000	500,000
	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
10. RETURN ON INVESTMENTS		
Mark-up / return on investments	15,903,069	15,809,698
Dividend income	1,462,785	922,395
Capital gain on investments	1,720,077	45,613,906
	19,085,931	62,345,999

	30-Sep-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, wages, other benefits and allowances	10,181,320	13,130,915
Staff training and welfare	4,895	34,608
Advertisement and business promotion	31,601	128,580
Donation	100,170	-
Rent, rates and taxes	2,580,083	3,048,747
Utilities	814,379	1,164,667
Communication charges	650,056	1,046,705
Traveling and vehicle maintenance	1,202,954	1,777,203
Repair and maintenance	455,871	654,704
Entertainment	346,204	412,501
Fee and subscriptions	778,001	448,474
Legal and professional charges	571,538	1,024,407
Printing and stationery	250,458	218,633
Fee, brokerage and commission	30,571	262,715
CDC and clearing charges	171,726	454,479
Insurance	236,306	856,138
Amortization of issuance cost of listed TFCs	393,324	393,324
Depreciation	3,281,637	4,770,587
Staff motor vehicle contribution and insurance	19,533	44,166
Miscellaneous expenses	52,143	937,604
	22,152,770	30,809,157

12. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, local associated companies, staff retirement funds, directors and key management personnel. 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-10 Rupees (Un-audited)	30-Sep-09 Rupees (Un-audited)
Transactions during the period		
Associated Company:		
Return on finances received	134,431	136,846
Profit paid on certificates of deposit	161,308	161,308
Chairman's secretariat expenses	900,000	900,000
Directors:		
Profit paid on certificates of deposit	3,925,890	3,891,654
Executives:		
Return on finances received	53,228	223,615
Profit paid on certificates of deposit	144,423	121,932
Fixed assets sold	336,811	-
Others:		
Contribution to staff retirement benefits plan	352,426	580,221

	30-Sep-10 Rupees (Un-audited)	30-Jun-10 Rupees (Audited)
Balance at the end of the period		
Associated Companies:		
Advances outstanding	75,634,013	76,456,349
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	1,914,882	1,871,656
Directors:		
Advances outstanding	653,835	-
Certificates of deposit outstanding	116,050,000	116,050,000
Other receivable	6,653,021	6,653,021
Executives:		
Advances outstanding	3,560,598	1,954,046
Certificates of deposit outstanding	7,500,000	2,560,000
Other receivable	-	78,569

13. SEGMENTAL ANALYSIS

The Bank'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 including lease financing.

Investment activities

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

30 September 2010

	Financing activities	Investing activities	Total
Profit on financing	9,700,225	-	9,700,225
Mark-up on lease finance	750,780	-	750,780
Return on placements	-	6,858,275	6,858,275
Return on investments	-	19,085,931	19,085,931
Fee and commission	-	880,470	880,470
Total income for reportable segments	10,451,005	26,824,676	37,275,681
Finance costs	10,995,191	28,221,442	39,216,633
Administrative and other operating expenses	6,210,985	15,941,785	22,152,770
Segment result	(6,755,171)	(17,338,551)	(24,093,722)
Other operating income			928,571
Loss before taxation			(23,165,151)
Segment assets	206,584,051	1,576,927,510	1,783,511,561
Unallocated assets			599,085,473
			2,382,597,034
Segment liabilities	117,524,761	437,386,566	554,911,327
Unallocated liabilities			1,484,830,374
Equity			342,855,333
			2,382,597,034

30 September 2009

	Financing activities	Investing activities	Total
Profit on financing	7,942,531	-	7,942,531
Mark-up on lease finance	1,183,602	-	1,183,602
Return on placements	-	3,823,167	3,823,167
Return on investments	-	62,345,999	62,345,999
Fee and commission	-	470,538	470,538
Total income for reportable segments	9,126,133	66,639,704	75,765,837
Finance costs	5,140,201	37,534,133	42,674,334
Administrative and other operating expenses	3,711,019	27,098,138	30,809,157
Provision for doubtful financing - reversed	(250,183)	-	(250,183)
Segment result	525,096	2,007,433	2,532,529
Other operating income			2,284,110
Loss before taxation			4,816,639
Segment assets	249,612,345	910,517,230	1,160,129,575
Unallocated assets			681,143,950
Loss before taxation			1,841,273,525
Segment liabilities	125,785,441	383,616,956	509,402,397
Unallocated liabilities			846,357,816
Equity			485,513,312
			1,841,273,525

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 28 October 2010.

15. GENERAL

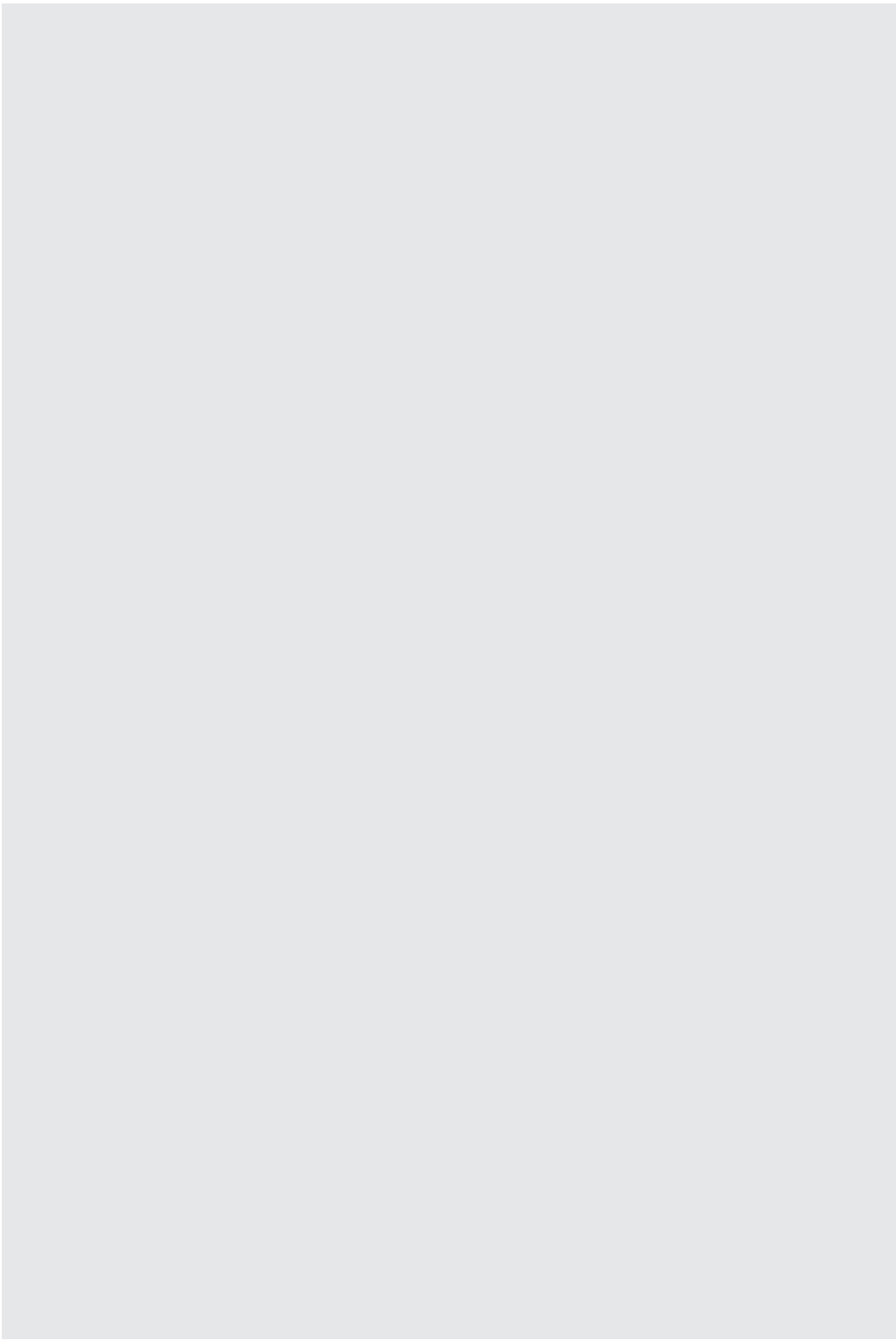
Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director





ESCORTS INVESTMENT BANK LIMITED
Escorts House, 26-Davis Road, Lahore