

The logo for Escorts Bank is centered at the top of the page. It consists of a grey square with a red horizontal bar across the middle. The word "ESCORTS" is written in white, uppercase letters above the red bar, and the word "BANK" is written in white, uppercase letters below the red bar.

ESCORTS
BANK

ESCORTS INVESTMENT BANK LIMITED

QUARTERLY REPORT

MARCH 31, 2005



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Bashir Ahmed
President & Chief Executive	Rashid Mansur
Directors	Abdul Latif Uqaili (nominee Investment Corporation of Pakistan)
	Bairam Qureshy
	Mutahir Ahmed
	Shazia Bashir
	Syed Asad Ali Shah
	Tajammal Hussain Bokharae (nominee National Bank of Pakistan)
Company Secretary	Farooq Hameed Khawaja

AUDIT COMMITTEE

Chairman	Bashir Ahmed
Members	Abdul Latif Uqaili
	Syed Asad Ali Shah
Secretary	Arsalan Baig

EXECUTIVE MANAGEMENT

President & Chief Executive	Rashid Mansur
Chief Operating Officer / Head of Marketing & Credits Division	Muhammad Naeem Khan
Executive Director	Shazia Bashir
Chief Financial Officer / Head of Structured Finance Division	Farooq Hameed Khawaja
Head of Capital Markets Division	Azhar A. Batla
Head of Treasury Division	Arshad I. Khan
Head of Internal Audit Division	Arsalan Baig

AUDITORS	KPMG Taseer Hadi Khalid & Co. Chartered Accountants
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LEGAL ADVISORS	Mandviwalla & Zafar Advocates and Legal Consultants
TAX CONSULTANTS	KPMG Taseer Hadi Khalid & Co. Chartered Accountants
SHARE REGISTRARS	Hameed Majeed Associates (Pvt) Ltd
BANKERS	PICIC Commercial Bank Limited Muslim Commercial Bank Limited The Bank of Khyber Limited Bank Alfalah Limited
HEAD OFFICE & LAHORE BRANCH	Escorts House 26 – Davis Road, Lahore Tel: (042) 637 1931-34 Fax: (042) 637 5950 Email: mailmanager@escortsbank.net Web site: www.escortsbank.net
BRANCH OFFICES	Karachi Office: Ground Floor, Bharia Complex I Moulvi Tamizzudin Khan Road Tel: (021) 561 0448, 561 1221 Fax: (021) 561 0538 Email: karachi@escortsbank.net Islamabad Office: 15 – E, Mezzanine Floor Rehmat Center, Blue Area Tel: (051) 287 4601- 03 Fax: (051) 287 4604 Email: islamabad@escortsbank.net
INVESTMENT SERVICES CENTERS (BROKERAGE)	Main - Lahore: Ground Floor State Life Building Davis Road, Lahore Tel: (042) 630 0757 - 630 0758 Fax: (042) 630 7168 LSE: Room No. M-3 & M-6, Lahore Stock Exchange Building, 19-Khayaeban-e-Iqbal, Lahore Tel: (042) 630 7163-68 Fax: (042) 630 7168 KSE:: Room No. 53 & 53-A, Karachi Stock Exchange Building, Stock Exchange Road, Karachi Tel: (021) 247 2370 - 73 Fax: (021) 247 2374 Islamabad: 15 - E, Mezzanine Floor Rehmat Center, Blue Area, Islamabad Tel: (051) 287 4601- 03 Fax: (051) 287 4604



CHIEF EXECUTIVE'S REVIEW

An Eye On The Future!

Our Strategy Moves On...

I am delighted to update you on the performance of Escorts Investment Bank Limited during the Quarter January ~ March 2005. It is a matter of great satisfaction that once again all our activities contributed substantially; either towards pure *Revenue Generation* or towards *Broad Policy Objectives* as laid down in our Five Year Business Plan - *Escorts Beyond 2001*.

I feel privileged to communicate to you, the reflection of this progress, in the Financial Highlights appended below:

Financial Highlights (As at 31 March 2005)

Rupees in Million

Sr. #	Description	Jul. – Mar. 2005	Jul. – Mar. 2004	Variance %
1	Profit Before Tax	108	68	59
2	Profit After Tax	96	61	57
3	Deposits	1,081	832	30
4	Financing	591	421	40
5	Placements	960	312	208
6	Investments	873	909	(4)
7	Total Assets	3,275	2,223	47
8	Earnings Per Share (9 months) Rs.	3.20	2.84	13
9	Return on Average Equity (% per annum)	29.54	28.71	3

Investment Banking ~ Our Preferred Profession

Investment Banking Sector – The Transformation

During the last few years, the Investment Banking sector has undergone transformation in respect of

- Changes in regulatory frame work
- Mergers and Acquisitions
- Shift in the interest rate scenario (fall and rise)
- Shrinking of spreads in conventional activities



During the process some of the Investment Banks were converted into small Commercial Banks while some others merged to comply with the increased minimum capital requirement.

The Board and Executive Management of the Escorts Bank remained committed to its core Business and boldly and proactively unfolded its Five Year Business Plan *Escorts Beyond 2001*. The Plan was based on a custom-tailored Investment Banking Model. This strategy included diversification of Revenue Streams within the NBFC Structure. The Business Model received appreciation from the Governor State Bank of Pakistan (SBP) and the Chairman of the Securities and Exchange Commission of Pakistan (SECP), and the Financial Sector in general.

- One of the major strategic decisions taken was the establishment of our Capital Markets Division, through acquisition of memberships at Lahore and Karachi Stock Exchanges and projected opening up of a number of Investment Services Centers with a view of *Taking Capital Markets to the People*. The aim is to promote awareness among the *Retail Investors* and help them make informed investment decisions, on the one hand and on the other hand, to promote a culture of *Good Corporate Governance* and *Best Business Practices* in the *Brokerage Business*.
- The start of financial year 2004 witnessed the beginning of the rise in the interest rates which resulted in drying-up of the lucrative returns in Treasury Operations and shrinking of spreads in conventional lending.
- With the benefit of hindsight, we can now say that the above results could not have been achieved had Escorts Bank stuck to its old line of limited *pseudo commercial banking activities*.

The following steps have also been taken to support the Business Plan:

- Enhancement of the Shareholders Equity through a forty(40) percent Right Issue (announced in the Board Meeting dated 21 February 2005)
- Procurement of a fully automated, real-time online software system. The new system is expected to be fully operational within one month's time. The new system provides Automated Locks necessary to confine trades within prescribed margins and approved parameters on a *real-time, pre-trade basis*, tools for better monitoring of clients, scripts and settlement exposures and strict controls through a well designed Authority Management System.
- Streamlining of System of Internal Controls
- Establishment of a specialized Compliance Department for our Capital Markets Division.
- Special Training and Awareness Sessions have been planned for our KATS/LOTS Operators and Traders so as to ensure that there is no gap between our "Corporate Commitment" pertaining to our Professional Moral and Ethical Imperative and the "Frontline Practice". We would also suggest and contribute toward any initiation of an ongoing Training and Certification Program for Traders that could be organized collectively by the Investment Banking / Brokerage Industry possibly under the patronage of SECP.



We feel that the above measures coupled with the new Exposure Management Measures being considered by the SECP and the country's Stock Exchanges shall go a long way in improving the image, performance and stability of our Capital Markets.

Future Outlook

Moving forward we shall continue to invest in new business activities. The benefit from cost efficiencies across the enlarged business portfolio have already started to accrue. The share of fee – based income in total revenues has already increased from 7.5% for the nine months ending March 2004 to 17.8% for the period under review and shall continue to rise, adding legitimacy to our claim of being a true Investment Bank. Our income statements for the forthcoming periods shall continue to reflect this diversification and qualitative improvement in our revenue streams.

There are two areas we shall continue to focus upon, namely, building quality Human Resource and a thorough review of major work processes, seeking to rationalize supporting Procedures, Internal Controls and Automation.

As I have mentioned in my earlier reviews, the clear sense of motivation, purpose, discipline and involvement shown by the bank's staff and executives, together with their pride in their work and loyalty to their profession and institution, remains our greatest asset. It gives me the confidence that Escorts Bank shall continue to sustain its pattern of growth along with commitment to *Best Business Practices*.

I take this opportunity to thank the Chairman and the Board of Directors of our Bank for their guidance and support, and the SBP and SECP for providing the enabling environment.

With warm regard,

Sincerely,

A handwritten signature in black ink, appearing to read "Rashid Mansur". The signature is stylized and includes a long horizontal stroke at the end.

Rashid Mansur
President & CEO

18 April 2005
Lahore.



**BALANCE SHEET
AS AT 31 MARCH 2005**

	<i>Note</i>	31 March 2005 Rupees (Un-audited)	30 June 2004 Rupees (Audited)
Assets			
Cash and bank balances		310,013,855	60,503,764
Placements	4	960,129,860	1,034,996,129
Investments	5	873,299,220	864,920,316
Financing		591,116,492	481,396,304
Advances, deposits, prepayments and other receivables	6	460,569,686	234,661,158
Membership cards & room rights		43,220,000	42,420,000
Deferred tax assets		518,667	-
Fixed assets	7	36,666,721	23,220,356
		3,275,534,501	2,742,118,027
Liabilities			
Redeemable capital – Term finance certificates	8	274,945,000	-
Borrowings from financial institutions		1,223,230,000	1,060,029,319
Certificates of investment / deposit		1,081,414,773	1,129,757,482
Liabilities against assets subject to finance lease		-	1,032,002
Creditors, accrued and other liabilities	9	202,106,668	89,218,606
Provision for taxation		40,935,925	38,762,083
Dividends		546,895	45,059,779
Deferred tax liability		-	4,982,521
		2,823,179,261	2,368,841,792
Contingencies and commitments	10	-	-
Net assets		452,355,240	373,276,235
Represented by			
Share capital		300,000,000	300,000,000
Reserves		56,595,633	37,363,397
Unappropriated profit		109,382,532	32,453,589
		465,978,165	369,816,986
(Deficit)/Surplus on revaluation of securities	11	(13,622,925)	3,459,249
		452,355,240	373,276,235

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

Rashid Mansur
Chief Executive

Shazia Bashir
Director



**PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005**

	Note	Quarter Ended		Nine Months Ended	
		31-Mar-05 Rupees	31-Mar-04 Rupees	31-Mar-05 Rupees	31-Mar-04 Rupees
Income					
Profit on financing		10,415,483	10,748,397	32,447,760	31,254,555
Profit on clean placements		2,603,441	3,365,404	7,628,147	12,257,800
Return on investments		17,738,025	14,463,295	74,707,044	65,066,533
Gain on repurchase transactions		83,157,583	8,052,048	123,327,863	18,190,303
Profit on sale of investments		53,436,004	14,496,766	56,394,207	37,873,222
Profit on bank deposits		260,097	378,336	1,253,338	1,368,477
Fees and commission		39,745,824	4,914,191	64,286,256	13,481,179
Other Income		1,185,736	450,264	1,499,456	518,933
		208,542,193	56,868,701	361,544,071	180,011,002
Expenditure					
Cost/return on deposits, borrowings etc.		45,881,048	19,088,334	105,158,211	62,573,120
Administrative and other operating expenses		53,076,880	18,388,773	99,630,795	48,694,216
Amortization of premium on held to maturity investments		2,786,897	-	5,571,550	-
Financial charges		67,684	95,027	205,008	342,216
		101,812,509	37,572,134	210,565,564	111,609,552
Operating Profit		106,729,684	19,296,567	150,978,507	68,401,450
Provision against doubtful advances & receivables		22,500,000	-	22,500,000	-
Impairment Loss-Investments		20,000,000	-	20,000,000	-
Operating profit before taxation		64,229,684	19,296,567	108,478,507	68,401,450
Provision for taxation		10,000,000	500,000	12,317,328	7,500,000
Profit after taxation		54,229,684	18,796,567	96,161,179	60,901,450
Unappropriated profit brought forward		65,998,785	52,239,549	32,453,589	18,555,643
Profit available for appropriation		120,228,469	71,036,116	128,614,768	79,457,093
Appropriations					
Transferred to statutory reserve		10,845,937	3,759,313	19,232,236	12,180,290
Unappropriated profit Carried forward		109,382,532	67,276,803	109,382,532	67,276,803
Basic earnings per share	12	1.808	0.877	3.205	2.842

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

Rashid Mansur
Chief Executive

Shazia Bashir
Director



**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005**

	Nine Months Ended	
	31 March 2005	31 March 2004
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	108,478,507	68,401,450
Adjustments for non cash charges		
Depreciation	3,811,553	3,660,669
Amortization of premium on held to maturity investments	5,571,550	-
Provision against doubtful advances / receivables	22,500,000	-
Impairment Loss – Investments	20,000,000	-
Dividend income	(14,194,484)	(8,591,551)
Unrealized gain on held for trading investments	9,734,470	-
Gain on sale of fixed assets	(202,034)	(303,599)
Fixed assets written off	-	45,815
	47,221,055	(5,188,666)
(Increase)/ Decrease in operating assets		
Advances, deposits, prepayments and other receivables	(225,654,131)	(60,790,081)
Investments (net)	(65,416,393)	277,226,979
Financing	(109,720,188)	(45,070,977)
Placements	74,866,269	(142,322,130)
	(325,924,443)	29,043,791
(Decrease)/Increase in operating liabilities		
Certificates of investment / deposit	(48,342,709)	139,708,036
Borrowings from financial institutions	163,200,681	(53,900,000)
Creditors, accrued and other liabilities	112,888,062	117,067,682
	227,746,034	202,875,718
	57,521,153	295,132,293
Dividend received	14,194,484	8,447,588
Income tax paid	(33,749,773)	(13,079,707)
Net cash generated from operating activities	37,965,864	290,500,174
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(19,461,945)	(12,237,869)
Proceeds from sale of fixed assets	2,406,058	420,000
Purchase of membership cards & room rights	(800,000)	(36,120,000)
Received against right shares	-	28,490,170
Net cash used in investing activities	(17,855,887)	(19,447,699)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligation under finance leases	(1,032,002)	(1,435,177)
Dividend paid	(44,512,884)	(29,974,498)
Proceeds from issuance of Redeemable Capital – TFCs	275,000,000	-
Repayment of Redeemable Capital – TFCs	(55,000)	-
Net cash generated from/(used in) financing activities	229,400,114	(31,409,675)
Net increase/(decrease) in cash and cash equivalents	249,510,091	239,642,800
Cash and cash equivalents at the beginning of the period	60,503,764	68,446,192
Cash and cash equivalents at the end of the period	310,013,855	308,088,992

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

Rashid Mansur
Chief Executive

Shazia Bashir
Director



**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2005**

	Share capital	Share deposit money	Statutory reserve	Un-appropriated profit	Total
Balance as on 01 July 2003	200,000,000	–	22,638,911	18,555,643	241,194,554
Profit from 01 July 2003 to 31 March 2004	–	–	–	60,901,450	60,901,450
Received against right shares		100,000,000	–	–	100,000,000
Transfer to statutory reserve	–		12,180,290	(12,180,290)	–
Balance as on 31 March 2004	200,000,000	100,000,000	34,819,201	67,276,803	402,096,004
Profit from 01 April 2004 to 30 June 2004	–	–	–	12,720,982	12,720,982
Right shares issued	100,000,000	(100,000,000)	–	–	–
Proposed dividend	–	–	–	(45,000,000)	(45,000,000)
Transferred to statutory reserve	–	–	2,544,196	(2,544,196)	–
Balance as on 30 June 2004	300,000,000		37,363,397	32,453,589	369,816,986
Profit from 01 July 2004 to 31 March 2005	–	–	–	96,161,179	96,161,179
Transferred to statutory reserve	–	–	19,232,236	(19,232,236)	–
Balance as on 31 March 2005	300,000,000	–	56,595,633	109,382,532	465,978,165

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

Rashid Mansur
Chief Executive

Shazia Bashir
Director



NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2005

1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company was incorporated in Pakistan on May 15, 1995 and started its commercial operation on October 16, 1996. Escorts Investment Bank Limited is licensed to carry out all investment finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (previously it was licensed to carry out all investment finance activities described under SRO 585(1)/(87) dated July 13, 1987, issued by the Ministry of Finance). The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore. The Company is a member of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited.

Based on the financial results for the year ended June 30, 2004, JCR-VIS Credit Rating Company Limited upgraded the medium to long-term credit rating of Escorts Investment Bank Limited to 'A-' (Single A minus) to 'A' (Single A) with stable outlook. Short-term rating has been maintained at 'A2' (A two).

2 STATEMENT OF COMPLIANCE

These un-audited financial statements are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984, and have been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.

3 ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended 30 June 2004 except for the change in accounting policy regarding valuation of Held to Maturity Investments.

In accordance with the BSD Circular No 10 of 2004 dated 13 July 2004 issued by State Bank of Pakistan, as clarified and amended vide Circulars 11 and 14 of 2004, investments classified as Held to Maturity have been stated at amortized cost with effect from 30 September 2004, previously these were being stated at fair values in accordance with the requirements of now superseded BSD Circular 20 dated 04 August 2000. The amortization for the period ended has been charged to the profit and loss account.

3.2 Provision for taxation is based on estimate and final liability will be determined on the basis of annual results.

3.3 Change in Accounting Estimate

During the period, the Company has changed its accounting estimate for charging depreciation on fixed assets from reducing balance method to straight line method. Full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Previously full year's depreciation was charged in the year of addition and no depreciation was charged in the year of disposal.



	<i>Note</i>	31 March 2005 Rupees	30 June 2004 Rupees
4 PLACEMENTS			
Considered good			
Unsecured	4.1	188,943,425	234,093,424
Secured under resale agreements	4.2	771,186,435	800,902,705
		<u>960,129,860</u>	<u>1,034,996,129</u>
4.1 These represent clean placements with financial institutions.			
4.2 Securities held as collateral			
Pakistan Investment Bonds		-	500,000,000
Quoted shares		852,090,335	300,902,705
		<u>852,090,335</u>	<u>800,902,705</u>

(Amounts in Rupees)

5 INVESTMENTS	31 March 2005				30 June 2004			
	Held by the Company	Repo	Reverse Repo	Total	Held by Company	Repo	Reverse Repo	Total
Held to maturity								
Pakistan Investment Bonds	-	580,649,750	-	580,649,750	-	-	-	-
Available for Sale								
Pakistan Investment Bonds	-	-	-	-	-	977,925,000	(500,000,000)	477,925,000
Term Finance Certificates	162,873,378	-	-	162,873,378	151,299,493	-	-	151,299,493
Listed shares/certificates/units	708,633,710	230,903,900	(852,090,335)	87,447,275	481,598,528	35,000,000	(300,902,705)	215,695,823
Unlisted Units	-	-	-	-	20,000,000	-	-	20,000,000
	871,507,088	230,903,900	(852,090,335)	250,320,653	652,898,021	1,012,925,000	(800,902,705)	864,920,316
Held for Trading								
Listed shares/certificates/units	42,328,817	-	-	42,328,817	-	-	-	-
	913,835,905	811,553,650	(852,090,335)	873,299,220	652,898,021	1,012,925,000	(800,902,705)	864,920,316

5.1 An amount of Rs. 265,902,705 representing quoted-equity securities held by the Company under reverse repurchase agreements as at 30 June 2004, previously included in available for sale investments, has been re-classified as Placements.



	31 March 2005 Rupees	30 June 2004 Rupees
6 ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advance - considered good	13,925,499	4,722,141
Staff	113,189,943	90,435,546
Income tax	10,000,000	-
For purchase of listed securities	700,254	250,000
Others	137,815,696	95,407,687
	21,781,158	18,719,850
Security deposits		
Prepayments	9,410,460	6,747,510
Office rent	1,719,807	792,914
Others	11,130,267	7,540,424
Other receivables - considered good	98,246,288	-
Receivable from stock exchanges	155,949,256	85,970,506
Receivable from clients	27,885,086	19,332,762
Accrued mark-up	5,808,854	5,808,854
Income tax refundable	1,953,081	1,881,075
Others	289,842,565	112,993,197
	460,569,686	234,661,158
	31 March 2005	
	Additions	Disposals
	Costs	Book Value
	Rupees	Rupees
7 FIXED ASSETS		
The following additions & disposals were made during the period		
Improvements on leasehold premises	1,171,441	-
Office furniture and fixture	1,323,234	-
Computer equipment	1,754,381	-
Office equipment	1,550,040	-
Vehicle	9,172,880	2,204,024
Capital Work in Progress-Improvements on leasehold premises	2,913,719	-
Capital Work in Progress-Intangible assets	1,576,250	-
	19,461,945	2,204,024
	31 March	30 June
	2004	2004
	Rupees	Rupees
8 REDEEMABLE CAPITAL-SECURED		
Term finance certificates	<i>8.1</i> 274,945,000	-
8.1 During the period, the Company issued unlisted Term Finance Certificates (TFCs) of Rs. 275 million to institutional investors carrying a profit rate of KIBOR plus 275 bps provided that the applicable rate shall not be less than 5% per annum and will not exceed 10% per annum, payable semi annually. These are redeemable in 6 equal semi annual installments commencing from 30th month and carry call option exercisable after three years of the issue date. These are secured against hypothecation of Rs. 367 million on all present and future current assets of the Company. Aggregate face value of each certificate is Rs. 5,000,000.		



	31 March 2005	30 June 2004
	Rupees	Rupees
9 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Customers' credit balances	148,299,380	53,704,986
Payable to Stock Exchanges / NCCPL	5,729,241	12,956,123
Accrued return on certificates of investments / deposits	20,515,724	12,244,101
Accrued return on redeemable capital	286,859	-
Accrued mark-up on unsecured borrowings	3,468,906	1,572,262
Accrued return on repurchase transactions	4,349,055	2,804,863
Accrued expenses	18,699,171	5,476,948
Unearned fee income	303,100	459,323
Others	455,232	-
	<u>202,106,668</u>	<u>89,218,606</u>
10 CONTINGENCIES AND COMMITMENTS		
10.1 CONTINGENCIES		
a) There is no material change in the status of outstanding litigations since the last audited published financial statements.		
b) Outstanding guarantees as on balance sheet date were 219.406 million. (June 2004: Rs. 203.767 million).		
10.2 COMMITMENTS		
	31 March 2005	30 June 2004
	Rupees	Rupees
Forward sale contract – Government securities	<u>-</u>	<u>50,000,000</u>
Forward purchase contracts – Government securities	<u>-</u>	<u>250,000,000</u>
Underwriting Commitment	<u>5,000,000</u>	<u>-</u>
Capital expenditure	<u>1,072,706</u>	<u>1,554,421</u>
11 (DEFICIT)/SURPLUS ON REVALUATION OF INVESTMENT		
Government securities	<u>-</u>	13,283,700
Other securities	<u>1,060,532</u>	3,585,919
Shares of listed companies	<u>(14,683,457)</u>	<u>(8,761,075)</u>
	<u>(13,622,925)</u>	8,108,544
Related deferred tax liability	<u>-</u>	<u>(4,649,295)</u>
	<u>(13,622,925)</u>	<u>3,459,249</u>



	01 Jul 04 to 31 Mar 05 Rupees	01 Jul 03 to 31 Mar 04 Rupees
12 EARNINGS PER SHARE		
Profit for the period after taxation (Rupees)	<u>96,161,179</u>	<u>60,901,450</u>
Weighted average number of ordinary shares	<u>30,000,000</u>	<u>21,428,571</u>
Earnings per share (Rupees)	<u>3.205</u>	<u>2.842</u>

10.1 Earnings per share for the comparative period has been adjusted for bonus element on right issue.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise, 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 terms of employment are as follows

	01 Jul 04 to 31 Mar 05 Rupees	01 Jul 03 to 31 Mar 04 Rupees
13.1 Transactions during the period		
Return on financing received	494,290	1,061,195
Guarantee commission earned	1,204,550	487,950
Profit paid on certificates of investment/deposit	7,065,995	5,559,520
Markup on subordinated debt	-	4,806,985
Contribution to staff retirement benefits plan	1,082,391	971,920
Club membership fee	1,350,000	-
Office rent	7,063,662	-
	31 March 2005 Rupees	31 March 2004 Rupees
13.2 Balance at period end		
Advances outstanding	29,579,718	9,863,276
Letters of guarantee outstanding	168,940,000	78,964,000
Certificates of investment outstanding	173,552,750	122,404,002
Subordinated debt outstanding at year end	-	12,520,341

14 INTERIM CASH DIVIDEND

The Board of Directors in a meeting held on 18 April 2005 declared interim cash dividend of Rs. 1.50 per share i.e. 15%.

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 18 April 2005 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

Rashid Mansur
Chief Executive

Shazia Bashir
Director



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