



ESCORTS INVESTMENT
BANK LIMITED

Consistently Good!



Quarterly September 30, 2008



ESCORTS INVESTMENT
BANK LIMITED

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September 30, 2008

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Corporate Information

Board of Directors

Chairman
Bashir Ahmed

President & Chief Executive Officer
Rashid Mansur

Directors

Zaigham Mahmood Rizvi
Bairam Qureshy
Mutahir Ahmed
Shazia Bashir
Qaim Mehdi
Tajamul Hussain Bokhari

Company Secretary
Muhammad Anum Saleem

Executive Management

President & Chief Executive Officer
Rashid Mansur

Executive Director / Head of HR & Administration
Shazia Bashir

Chief Financial Officer / Head of Advisory Services
Muhammad Kamran Nasir

Head of Treasury Division
Arshad I. Khan

Head of Capital Markets Division
Muhammad Jawad Akhtar

Head of MIS & Settlements
Azmat Baig

Head of Proprietary Investments (Equity & Equity related Products)
Hassan Abid Zaidi

Head of Branch Network
Amir Samad

Head of Information Technology
Sheharyar Mirza

Company Secretary / Head of Corporate & Legal Affairs
Muhammad Anum Saleem

Audit Committee

Chairman
Bashir Ahmed

Members
Tajamul Hussain Bokhari
Bairam Qureshy

Secretary
Muhammad Anum Saleem

Internal Auditors

A. F. Fergusons & Co.
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Lexium - Attorneys at Law
Advocates and Legal Consultants

Tax Consultants

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrars

Hameed Majeed Associates (Pvt.) Ltd.

Bankers

Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
MCB Bank Limited
The Hong Kong and Shanghai
Banking Corporation Ltd.
The Bank of Khyber Limited

Balance Sheet

As at 30 September 2008

ASSETS

	Note	30-Sep-08 Rupees (Un-audited)	30-Jun-08 Rupees (Audited)
Non-current Assets			
Fixed assets	5	131,623,140	135,382,584
Cards and rooms		32,700,000	67,950,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	553,110,528	556,374,351
Long term finances		30,075,162	21,436,448
Net investment in lease finance		47,747,544	55,931,406
Long term loans and advances		2,513,719	3,208,457
Long term deposits and prepayments		10,592,940	11,215,958
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturities of non-current assets		86,003,104	96,734,937
Short term investments	7	133,267,909	1,578,486,799
Short term finances		137,888,421	193,162,298
Short term placements	8	1,128,369,604	2,493,281,543
Advances, deposits, prepayments and other receivables		504,881,647	852,836,224
Cash and bank balances		700,177,960	179,941,667
		2,690,588,645	5,394,443,468
		3,749,918,656	6,496,909,650


EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		421,090,931	410,850,425
		862,090,931	851,850,425
Deficit on Revaluation of Investments	9	(20,037,895)	(3,533,300)
Non-Current Liabilities			
Term finance certificates	10	410,957,595	539,627,983
Liabilities against assets subject to finance lease		6,586,530	5,940,335
Long term certificates of deposit		399,913,701	340,178,159
Long term security deposit		21,498,363	25,789,464
Current Liabilities			
Current maturities of non-current liabilities		193,761,181	107,946,750
Short term borrowings		1,332,000,000	2,345,000,000
Running finance - Secured		5,638,525	1,088,962,624
Short term certificates of deposit		414,806,526	971,576,855
Trade and other payables		93,987,668	194,854,823
Provision for taxation		28,715,531	28,715,532
		2,068,909,431	4,737,056,584
Contingencies and Commitments	11	3,749,918,656	6,496,909,650

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



 Chief Executive



 Director

Profit and Loss Account (Un-Audited)

For the period ended 30 September 2008

INCOME

	Note	30-Sep-08 Rupees	30-Sep-07 Rupees
Profit on financing		8,129,752	10,915,516
Mark-up on lease finance		1,744,338	2,299,751
Return on placements		57,496,458	81,810,799
Return on investments	12	96,750,379	87,229,911
Fees and commission		4,288,469	32,506,758
Other income		1,419,008	2,084,395
		169,828,404	216,847,130

EXPENSES

Return on certificates of deposit		36,774,699	48,988,405
Return on term finance certificates		19,588,710	21,105,765
Mark-up on short term running finance		5,913,830	4,614,493
Mark-up on borrowings from financial institutions		41,564,632	43,368,225
Amortization of premium on held to maturity investments		2,842,005	2,637,009
Administrative and other operating expenses		52,542,908	60,776,521
Other financial charges		128,177	192,826
		159,354,961	181,683,244
Operating profit before taxation		10,473,443	35,163,886
Taxation		232,937	3,258,835
Profit after taxation		10,240,506	31,905,051
Earnings per share-basic and diluted		0.23	0.72

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



 Chief Executive



 Director

Cash Flow Statement (Un-Audited)

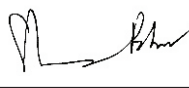
For the period ended 30 September 2008

	30-Sep-08 Rupees	30-Sep-07 Rupees
Cash flow from operating activities		
Profit before taxation	10,473,443	35,163,886
Adjustment for non cash expenses and other items:		
Dividend income	(10,633,776)	(20,003,994)
Depreciation on tangible assets	5,234,078	4,291,369
Amortization on intangible assets	250,087	249,975
Amortization of premium on held to maturity investments	2,842,005	2,637,009
Amortization of issuance cost of listed TFCs	393,324	393,324
Loss on sale of fixed assets	-	3,749
	(1,914,282)	(12,428,568)
Decrease/(increase) in operating assets	8,559,161	22,735,318
Repayment / (disbursements) of finances - net	56,452,615	106,794,298
Net investment in lease finance	4,176,379	(10,393,448)
Investment in placements - net	1,364,911,939	321,998,562
Investments - net	1,428,714,294	(365,978,426)
Loans and advances	352,117,565	(201,552,696)
Deposits and prepayments	2,116,664	(2,282,110)
Increase/ (decrease) in operating liabilities	3,208,489,456	(151,413,820)
Borrowings from financial institutions	(1,013,000,000)	270,000,000
(Repayments of) / receipts from certificates of deposit	(493,539,779)	(644,592,164)
Running finance facilities	(1,083,324,099)	17,214,626
Trade and other payables	(101,047,882)	485,829,558
	(2,690,911,760)	128,452,020
Net changes in operating assets and liabilities	517,577,696	(22,961,800)
Net cash generated from / (used in) operating activities before taxes	526,136,857	(226,482)
Taxes paid	(10,950,892)	(24,941,840)
Net cash generated from/ (used in) operating activities	515,185,965	(25,168,322)
Cash flow from investing activities		
Fixed capital expenditure incurred	(2,016,250)	(4,587,883)
Dividend received	17,623,146	21,221,503
Proceeds from sale of fixed assets	291,528	1,258,794
Investment in cards and rooms	35,250,000	(6,000,000)
Net cash generated from investing activities	51,148,424	11,892,414
Cash flow from financing activities		
Redemption of privately placed term finance certificates	(45,796,657)	(45,796,657)
Redemption of listed term finance certificates	(100,000)	(100,000)
Repayment of lease obligation	(201,439)	(117,436)
Net cash used in financing activities	(46,098,096)	(46,014,093)
Net increase / (decrease) in cash and cash equivalents	520,236,293	(59,290,001)
Cash and cash equivalents at the beginning of the period	179,941,667	133,428,181
Cash and cash equivalents at the end of the period	700,177,960	74,138,180

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



Chief Executive



Director

Statement of Changes in Equity (Un-Audited)

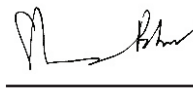
For the period ended 30 September 2008

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 2007	441,000,000	126,486,545	234,746,181	802,232,726
Net profit upto 30 September 2007	-	-	31,905,051	31,905,051
Transfer to statutory reserve	-	6,381,010	(6,381,010)	-
Balance as at 30 September 2007	441,000,000	132,867,555	260,270,222	834,137,777
Net profit upto 30 June 2008	-	-	105,912,648	105,912,648
Transfer to statutory reserve	-	21,182,530	(21,182,530)	-
Final dividend for 2007 paid @ 20% (Rs. 2 per share)	-	-	(88,200,000)	(88,200,000)
Balance as at 30 June 2008	441,000,000	154,050,085	256,800,340	851,850,425
Net profit upto 30 September 2008	-	-	10,240,506	10,240,506
Transfer to statutory reserve	-	2,048,101	(2,048,101)	-
Balance as at 30 September 2008	441,000,000	156,098,186	264,992,745	862,090,931

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



Chief Executive



Director

Notes to the Financial Statements

For the period ended 30 September 2008

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, 2003. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

JCR VIS Credit Rating Company Limited has reaffirmed the Short Term Credit Rating of the Company at "A-1" (Single A one) while Medium to Long Term Credit Rating has also been reaffirmed at "A" (Single A) with stable outlook.

Vide its Notifications dated November 21 2007, the Securities and Exchange Commission of Pakistan (SECP) has announced certain revisions in the NBFC Rules 2003 and has also promulgated the NBFC Regulations 2007. The existing NBFCs have been allowed different time limits for aligning themselves with different revised provisions. In accordance with these requirements, Escorts Investment Bank Limited has formed a wholly owned subsidiary to conduct the Brokerage Business. The membership of Lahore Stock Exchange (Gurantee) Limited (LSE) has already been transferred to the subsidiary Company and incorporated in the Audited Financial Statements for the year ended 30 June 2008. The agreement for transfer of the membership of Karachi Stock Exchange (Gurantee) Limited (KSE) from Escorts Investment Bank Limited to its subsidiary Company has been made but pending Operational formalities at the end of KSE.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and have been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to interim Financial Reporting. This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2008.

This condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2008.

4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements 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 2008.

5 FIXED ASSETS

	30 September 2008	
	Additions Cost Rupees Un-audited	Disposals Book Value Rupees Un-audited
The following additions and disposals were made during the quarter:		
Computer equipments	357,000	-
Vehicles - Owned	1,659,250	291,528
	2,016,250	291,528

6 LONG TERM INVESTMENTS

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	545,604,164	548,446,169
Term Finance Certificates - Unlisted	11,259,091	11,259,091
	556,863,255	559,705,260
Less: Current maturity of Term Finance Certificates	3,752,727	3,330,909
	553,110,528	556,374,351

7 SHORT TERM INVESTMENTS

	Note	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Held by bank			
Available for sale			
Listed Term Finance Certificates		13,319,154	17,316,843
Listed shares and units		30,443,515	46,903,897
		43,762,669	64,220,740
Financial assets at fair value through profit			
Listed shares	7.1	89,505,239	1,514,266,059
		133,267,909	1,578,486,799

7.1 These include Rs. Nil (30 June 2008 Rs. 1,401,417,949) investment in shares sold in future market with settlement dates subsequent to the period under review.

8 SHORT TERM PLACEMENTS

	Note	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Considered good			
Unsecured	8.1	923,000,000	318,000,000
Secured under reverse repurchase agreements	8.2	205,369,604	2,175,281,543
		1,128,369,604	2,493,281,543

8.1 This represents clean placement with financial institution and carry mark-up ranging from 11% to 24% per annum (2008: 11% per annum).

8.2 Securities held as collateral - Market Value

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Quoted shares	205,086,123	2,097,016,739

These represent secured placements for a maximum period of upto 30 days and carry mark-up ranging from 12.50% to 16.94 per annum (2008: 10.20% to 17.19%)

9 DEFICIT ON REVALUATION OF INVESTMENTS

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Available for sale		
Listed term finance certificates	114,966	159,179
listed shares / units	(20,152,861)	(3,692,479)
	(20,037,895)	(3,533,300)

10 TERM FINANCE CERTIFICATES

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Listed	410,957,595	493,831,270
Unlisted	-	45,796,713
	410,957,595	539,627,983

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no material change in the status since the last audited published financial statements.

11.2 Commitments

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Future sale contract - Shares	-	1,504,130,820
Future purchase contract - Shares	-	75,430,895
Capital expenditure	1,300,000	1,300,000

12 RETURN ON INVESTMENTS

	30-Sep-08 Rupees Un-audited	30-Sep-07 Rupees Un-audited
Mark-up / return on investments	14,947,814	15,251,262
Dividend income	10,633,776	20,003,994
Capital gain on investments	1,418,789	51,974,655
Gain on sale of Corporate Membership of KSE	69,750,000	-
	96,750,379	87,229,911

13 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, subsidiary company, 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-08 Rupees Un-audited	30-Sep-07 Rupees Un-audited
Transactions during the period		
Subsidiary Company:		
Receivable from subsidiary company	107,334,721	-
Associated companies:		
Return on finances received	-	222,294
Guarantee commission earned	434,170	197,350
Profit paid on certificates of deposit	161,308	260,007
Chairman's secretariat expenses	900,000	900,000
Directors:		
Return on finances received	-	-
Profit paid on certificates of deposit	6,961,142	7,078,599
Executives:		
Return on finances received	106,957	88,721
Profit paid on certificates of deposit	137,797	157,092
Fixed assets sold	291,528	-
Others:		
Contribution to staff retirement benefits plan	976,772	836,240

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Balance at the end of the period		
Subsidiary Company:		
Investment in Subsidiary Company	175,004,000	175,004,000
Certificates of deposit outstanding	5,000,000	-
Associated companies:		
Advances outstanding	41,348,875	3,589,346
Letter of guarantee outstanding	78,940,000	78,940,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	1,841,485	801,010
Directors:		
Certificates of deposit outstanding	205,650,000	205,650,000
Other receivable	149,320	162,980
Executives:		
Advances outstanding	11,594,582	11,038,194
Certificates of deposit outstanding	4,840,000	4,840,000
Other receivable	142,175	-

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31 October 2008 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



ESCORTS
CONSOLIDATED
BALANCE SHEET

Balance Sheet

As at 30 September 2008

ASSETS

	Note	30-Sep-08 Rupees (Un-audited)	30-Jun-08 Rupees (Audited)
Non-current Assets			
Fixed assets	6	131,623,140	135,382,584
Cards and rooms		84,105,000	84,105,000
Long term investments	7	553,110,528	556,374,351
Long term finances		30,075,162	21,436,448
Net investment in lease finance		47,747,544	55,931,406
Long term loans and advances		2,513,719	3,208,457
Long term deposits and prepayments		11,092,940	11,219,958
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturities of non-current assets		86,003,104	96,734,937
Short term investments	8	133,267,909	1,578,486,799
Short term finances		137,888,421	193,162,298
Short term placements	9	1,128,369,604	2,493,281,543
Advances, deposits, prepayments and other receivables		397,749,023	850,924,424
Cash and bank balances		805,116,380	306,541,667
		2,688,394,441	5,519,131,668
		3,624,625,452	6,462,752,850


EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		318,200,672	376,569,625
		759,200,672	817,569,625
Deficit on Revaluation of Investments	10	(20,037,895)	(3,533,300)
Non-Current Liabilities			
Term finance certificates	11	410,957,595	539,627,983
Liabilities against assets subject to finance lease		6,586,530	5,940,335
Long term certificates of deposit		399,913,701	340,178,159
Long term security deposit		21,498,363	25,789,464
Current Liabilities			
Current maturities of non-current liabilities		193,761,181	107,946,750
Short term borrowings		1,332,000,000	2,345,000,000
Running finance - Secured		5,638,525	1,088,962,624
Short term certificates of deposit		409,806,526	971,576,855
Trade and other payables		76,584,723	194,978,823
Provision for taxation		28,715,531	28,715,532
		2,046,506,486	4,737,180,584
Contingencies and Commitments	12	3,624,625,452	6,462,752,850

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



 Chief Executive



 Director

Profit and Loss Account (Un-Audited)

For the period ended 30 September 2008

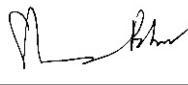
INCOME

	Note	30-Sep-08 Rupees	30-Sep-07 Rupees
Profit on financing		8,129,752	10,915,516
Mark-up on lease finance		1,744,338	2,299,751
Return on placements		57,496,458	81,810,799
Return on investments	13	27,000,379	87,229,911
Fees and commission		4,288,469	32,506,758
Other income		3,444,979	2,084,395
		102,104,375	216,847,130
EXPENSES			
Return on certificates of deposit		36,726,754	48,988,405
Return on term finance certificates		19,588,710	21,105,765
Mark-up on short term running finance		5,913,830	4,614,493
Mark-up on borrowings from financial institutions		41,564,632	43,368,225
Amortization of premium on held to maturity investments		2,842,005	2,637,009
Administrative and other operating expenses		53,476,283	60,776,521
Other financial charges		128,177	192,826
		160,240,391	181,683,244
Operating (loss)/profit before taxation		(58,136,016)	35,163,886
Taxation		232,937	3,258,835
(Loss)/ Profit after taxation		(58,368,953)	31,905,051
(Loss)/ Earnings per share-basic and diluted		(1.32)	0.72

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



 Chief Executive



 Director

Cash Flow Statement (Un-Audited)


For the period ended 30 September 2008

	30-Sep-08 Rupees	30-Sep-07 Rupees
Cash flow from operating activities		
(Loss)/Profit before taxation	(58,136,016)	35,163,886
Adjustment for non cash expenses and other items:		
Dividend income	(10,633,776)	(20,003,994)
Depreciation on tangible assets	5,234,078	4,291,369
Amortization on intangible assets	250,087	249,975
Amortization of premium on held to maturity investments	2,842,005	2,637,009
Amortization of issuance cost of listed TFCs	393,324	393,324
Loss on sale of fixed assets	-	3,749
	(1,914,282)	(12,428,568)
	(60,050,298)	22,735,318
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	56,452,615	106,794,298
Net investment in lease finance	4,176,379	(10,393,448)
Investment in placements - net	1,364,911,939	321,998,562
Investments - net	1,428,714,294	(365,978,426)
Loans and advances	457,540,486	(201,552,696)
Deposits and prepayments	1,620,664	(2,282,110)
	3,313,416,377	(151,413,820)
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(1,013,000,000)	270,000,000
(Repayments of) / receipts from certificates of deposit	(498,539,779)	(644,592,164)
Running finance facilities	(1,083,324,099)	17,214,626
Trade and other payables	(118,574,827)	485,829,558
	(2,713,438,705)	128,452,020
Net changes in operating assets and liabilities	599,977,672	(22,961,800)
Net cash generated from / (used in) operating activities before taxes	539,927,374	(226,482)
Taxes paid	(11,152,989)	(24,941,840)
Net cash generated from/ (used in) operating activities	528,774,385	(25,168,322)
Cash flow from investing activities		
Fixed capital expenditure incurred	(2,016,250)	(4,587,883)
Dividend received	17,623,146	21,221,503
Proceeds from sale of fixed assets	291,528	1,258,794
Investment in cards and rooms	-	(6,000,000)
Net cash generated from investing activities	15,898,424	11,892,414
Cash flow from financing activities		
Redemption of privately placed term finance certificates	(45,796,657)	(45,796,657)
Redemption of listed term finance certificates	(100,000)	(100,000)
Repayment of lease obligation	(201,439)	(117,436)
Net cash used in financing activities	(46,098,096)	(46,014,093)
Net increase / (decrease) in cash and cash equivalents	498,574,713	(59,290,001)
Cash and cash equivalents at the beginning of the period	306,541,667	133,428,181
Cash and cash equivalents at the end of the period	805,116,380	74,138,180

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



 Chief Executive



 Director

Statement of Changes in Equity (Un-Audited)

For the period ended 30 September 2008

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 2007	441,000,000	126,486,545	234,746,181	802,232,726
Net profit upto 30 September 2007	-	-	31,905,051	31,905,051
Transfer to statutory reserve	-	6,381,010	(6,381,010)	-
Balance as at 30 September 2007	441,000,000	132,867,555	260,270,222	834,137,777
Net profit upto 30 June 2008	-	-	71,631,848	71,631,848
Transfer to statutory reserve	-	14,326,370	(14,326,370)	-
Final dividend for 2007 paid @ 20% (Rs. 2 per share)	-	-	(88,200,000)	(88,200,000)
Balance as at 30 June 2008	441,000,000	147,193,925	229,375,700	817,569,625
Net loss upto 30 September 2008	-	-	(58,368,953)	(58,368,953)
Transfer to statutory reserve	-	2,048,101	(2,048,101)	-
Balance as at 30 September 2008	441,000,000	149,242,026	168,958,646	759,200,672

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



 Chief Executive



 Director

Notes to the Financial Statements

For the period ended 30 September 2008

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, 2003. The registered office of the Company is situated at Escort 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 PREPARATION

This condensed interim consolidated financial information of the Group ("financial statements") is un-audited and have been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to interim Financial Reporting. These financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 30 June 2008.

These financial statements are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

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 2008.

4. ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements 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 2008.

5. BASIS OF CONSOLIDATION

The basis of consolidation for the preparation of this financial statements are the same as those followed in preparation of the annual audited consolidated financial statements of the Group for the year ended 30 June 2008.

6 FIXED ASSETS

	30 September 2008	
	Additions Cost Rupees Un-audited	Disposals Book Value Rupees Un-audited
The following additions and disposals were made during the quarter:		
Computer equipments	357,000	-
Vehicles - Owned	1,659,250	291,528
	2,016,250	291,528

7 LONG TERM INVESTMENTS

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	545,604,164	548,446,169
Term Finance Certificates - Unlisted	11,259,091	11,259,091
	556,863,255	559,705,260
Less: Current maturity of Term Finance Certificates	3,752,727	3,330,909
	553,110,528	556,374,351

8 SHORT TERM INVESTMENTS

	Note	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Held by bank			
Available for sale			
Listed Term Finance Certificates		13,319,154	17,316,843
Listed shares and units		30,443,515	46,903,897
		43,762,669	64,220,740
Financial assets at fair value through			
Listed shares	8.1	89,505,239	1,514,266,059
		133,267,909	1,578,486,799

8.1 These include Rs. Nil (30 June 2008 Rs. 1,401,417,949) investment in shares sold in future market with settlement dates subsequent to the period under review.

9 SHORT TERM PLACEMENTS

	Note	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Considered good			
Unsecured	9.1	923,000,000	318,000,000
Secured under reverse repurchase agreements	9.2	205,369,604	2,175,281,543
		1,128,369,604	2,493,281,543

9.1 This represents clean placement with financial institution and carry mark-up ranging from 11% to 24% per annum (2008: 11% per annum).

9.2 Securities held as collateral - Market Value

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Quoted shares	205,086,123	2,097,016,739

These represent secured placements for a maximum period of upto 30 days and carry mark-up ranging from 12.50% to 16.94 per annum (2008: 10.20% to 17.19%)

10 DEFICIT ON REVALUATION OF INVESTMENTS

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Available for sale		
Listed term finance certificates	114,966	159,179
listed shares / units	(20,152,861)	(3,692,479)
	(20,037,895)	(3,533,300)

11 TERM FINANCE CERTIFICATES

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Listed	410,957,595	493,831,270
Unlisted	-	45,796,713
	410,957,595	539,627,983

12 CONTINGENCIES AND COMMITMENTS**12.1 Contingencies**

There is no material change in the status since the last audited published financial statements.

12.2 Commitments

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Future sale contract - Shares	-	1,504,130,820
Future purchase contract - Shares	-	75,430,895
Capital expenditure	1,300,000	1,300,000

13 RETURN ON INVESTMENTS

	30-Sep-08 Rupees Un-audited	30-Sep-07 Rupees Un-audited
Mark-up / return on investments	14,947,814	15,251,262
Dividend income	10,633,776	20,003,994
Capital gain/(loss) on investments	1,418,789	51,974,655
	27,000,379	87,229,911

14 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-08 Rupees Un-audited	30-Sep-07 Rupees Un-audited
Transactions during the period		
Associated companies:		
Return on finances received	-	222,294
Guarantee commission earned	434,170	197,350
Profit paid on certificates of deposit	161,308	260,007
Chairman's secretariat expenses	900,000	900,000
Directors:		
Profit paid on certificates of deposit	6,961,142	7,078,599
Executives:		
Return on finances received	106,957	88,721
Profit paid on certificates of deposit	137,797	157,092
Fixed assets sold	291,528	-
Others:		
Contribution to staff retirement benefits plan	976,772	836,240

	30-Sep-08 Rupees Un-audited	30-Jun-08 Rupees Audited
Balance at the end of the period		
Associated companies:		
Advances outstanding	41,348,875	3,589,346
Letter of guarantee outstanding	78,940,000	78,940,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	1,841,485	801,010
Directors:		
Certificates of deposit outstanding	205,650,000	205,650,000
Other receivable	149,320	162,980
Executives:		
Advances outstanding	11,594,582	11,038,194
Certificates of deposit outstanding	4,840,000	4,840,000
Other receivable	142,175	-

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31 October 2008 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



ESCORTS INVESTMENT
BANK LIMITED

ESCORTS INVESEMENT BANK LIMITED
Escorts House, 26-Davis Road, Lahore.