

ESCORTS INVESTMENT BANK LIMITED

Quarterly
September 30, 2009

Prudence Foremost!





ESCORTS INVESTMENT
BANK LIMITED

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Corporate Information

Board of Directors

Chairman
Bashir Ahmed

President & Chief Executive Officer
Rashid Mansur

Directors

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 Branch Network
Azmat Baig

Head of MIS & Settlements
Muhammad Irfan

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

Legal Advisors

Lexium - Attorneys at Law
Advocates and Legal Consultants

Audit Committee

Chairman
Bashir Ahmed

Members
Tajamul Hussain Bokhari
Bairam Qureshy

Secretary
Muhammad Anum Saleem

Internal Auditors

A. F. Ferguson & Co.
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

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 Bank of Khyber Limited
Allied Bank of Pakistan
NIB Bank Limited

Condensed Interim Balance Sheet

As at 30 September 2009

ASSETS

	Note	30-Sep-09 Rupees (Un-audited)	30-Jun-09 Rupees (Audited)
Non-current Assets			
Fixed assets	5	101,524,730	106,581,325
Cards and rooms		32,700,000	32,700,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	541,641,147	544,937,697
Long term finances		79,197,853	35,325,621
Net investment in lease finance		18,490,486	21,765,297
Long term loans and advances		1,038,007	1,082,328
Long term deposits and prepayments		5,698,432	6,041,357
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturities of non-current assets		82,471,641	82,871,661
Short term investments	7	110,397,686	168,579,417
Short term finances		119,814,747	62,212,073
Short term placements	8	153,990,000	380,000,000
Advances, deposits, prepayments and other receivables		423,952,399	395,101,204
Cash and bank balances		49,467,461	19,478,267
		940,093,934	1,108,242,621
		1,971,351,567	2,107,643,224

EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		170,776,484	156,403,209
		611,776,484	597,403,209
Surplus/ (Deficit) on Revaluation of Investments	9	11,527,179	7,269,191
Non-Current Liabilities			
Term finance certificates - Listed		245,996,891	328,870,566
Liabilities against assets subject to finance lease		4,711,722	4,981,582
Long term certificates of deposit		183,958,629	184,458,629
Long term security deposit		12,361,906	12,771,856
Current Liabilities			
Current maturities of non-current liabilities		209,176,894	257,133,160
Short term borrowings		433,047,740	438,563,476
Running finance - Secured		2,630,330	—
Short term certificates of deposit		157,695,387	185,448,651
Trade and other payables		69,752,874	62,027,372
Provision for taxation		28,715,531	28,715,532
		901,018,756	971,888,191
Contingencies and Commitments	10		
		1,971,351,567	2,107,643,224

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



Chief Executive

03 | ESCORTS INVESTMENT BANK LIMITED



Director

Condensed Interim Profit and Loss Account (Un-Audited)

For the period ended 30 September 2009

INCOME

	Note	30-Sep-09 Rupees	30-Sep-08 Rupees
Profit on financing		7,942,531	8,129,752
Mark-up on lease finance		1,183,602	1,744,338
Return on placements		3,823,167	57,496,458
Return on investments	11	60,205,978	96,750,379
Fees and commission		–	4,288,469
Other income		7,259,906	1,419,008
		80,415,184	169,828,404

EXPENSES

Return on certificates of deposit		13,382,311	36,774,699
Return on term finance certificates		18,823,286	19,588,710
Mark-up on short term running finance		89,090	5,913,830
Mark-up on borrowings from financial institutions		7,917,840	41,564,632
Amortization of premium on held to maturity investments		2,842,005	2,842,005
Administrative and other operating expenses		23,171,335	52,542,908
Other financial charges		66,225	128,177
		66,292,092	159,354,961
Operating profit before Provisions and taxation		14,123,092	10,473,443
Provision for doubtful financing - reversed		250,183	–
Operating profit before taxation		14,373,275	10,473,443
Taxation		–	232,937
Profit after taxation		14,373,275	10,240,506
Earnings per share-basic and diluted		0.33	0.23

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



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the period ended 30 September 2009

	30-Sep-09 Rupees	30-Sep-08 Rupees
Cash flow from operating activities		
Profit before taxation	14,373,275	10,473,443
Adjustment for non cash expenses and other items:		
Dividend income	(922,395)	(10,633,776)
Depreciation on tangible assets	3,922,133	5,234,078
Amortization on intangible assets	—	250,087
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	2,842,005	2,842,005
Amortization of issuance cost of listed TFCs	393,324	393,324
Gain on sale of fixed assets	(914,948)	—
	3,783,449	(1,914,282)
	18,156,724	8,559,161
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	(101,536,821)	56,452,615
Net investment in lease finance	3,228,501	4,176,379
Investment in placements - net	226,010,000	1,364,911,939
Investments - net	63,726,205	1,428,714,294
Loans and advances	(27,474,513)	352,117,565
Deposits and prepayments	814,414	2,116,664
	164,767,786	3,208,489,456
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(5,515,736)	(1,013,000,000)
(Repayments of) / receipts from certificates of deposit	(30,453,264)	(493,539,779)
Running finance facilities	2,630,330	(1,083,324,099)
Trade and other payables	7,725,509	(101,047,882)
	(25,613,161)	(2,690,911,760)
Net changes in operating assets and liabilities	139,154,625	517,577,696
Net cash generated from / (used in) operating activities before taxes	157,311,349	526,136,857
Taxes paid	(1,000,824)	(10,950,892)
Net cash generated from/ (used in) operating activities	156,310,525	515,185,965
Cash flow from investing activities		
Fixed capital expenditure incurred	—	(2,016,250)
Dividend received	922,395	17,623,146
Proceeds from sale of fixed assets	2,049,401	291,528
Investment in cards and rooms	—	35,250,000
Net cash generated from investing activities	2,971,796	51,148,424
Cash flow from financing activities		
Redemption of privately placed term finance certificates	(45,796,715)	(45,796,657)
Redemption of listed term finance certificates	(83,267,000)	(100,000)
Repayment of lease obligation	(229,412)	(201,439)
Net cash used in financing activities	(129,293,127)	(46,098,096)
Net increase / (decrease) in cash and cash equivalents	29,989,194	520,236,293
Cash and cash equivalents at the beginning of the period	19,478,267	179,941,667
Cash and cash equivalents at the end of the period	49,467,461	700,177,960

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



Chief Executive



Director

**Condensed Interim
Statement of Changes in Equity
(Un-Audited)**

For the period ended 30 September 2009

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 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
Net loss upto 30 June 2009	—	—	(176,487,722)	(176,487,722)
Transfer to statutory reserve	—	(2,048,101)	2,048,101	—
Final dividend for 2007 paid @ 20% (Rs. 2 per share)	—	—	(88,200,000)	(88,200,000)
Balance as at 30 June 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
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

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



Chief Executive



Director

Condensed Interim Notes to the Financial Statements (Un-Audited)

For the period ended 30 September 2009

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. The Company is licensed to carry out investment finance services as a Non-Banking Finance Company (NBFC) 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.

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.

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 2009.

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 2009.

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 2009.

5 FIXED ASSETS

	30 September 2009	
	Additions Cost Rupees Un-audited	Disposals Book Value Rupees Un-audited
The following additions and disposals were made during the quarter:		
Computer equipments	—	19,401
Vehicles - Owned	—	1,115,052
	—	1,134,453

6 LONG TERM INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	534,236,144	537,078,149
Term Finance Certificates - Unlisted	10,878,939	10,878,939
	545,115,083	547,957,088
Less: Current maturity of Term Finance Certificates	3,473,936	3,019,391
	541,641,147	544,937,697

7 SHORT TERM INVESTMENTS

	Note	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Held by bank			
Government treasury bills	7.1	47,551,799	46,265,312
Available for sale			
Listed Term Finance Certificates		7,999,578	8,008,185
Listed shares and units		54,846,309	114,305,920
		110,397,686	168,579,417

7.1 Government treasury bills of face value of Rs. 50 million have been purchased for Rs. 44,815,680 (2009: 44,815,680) at discount.

8 SHORT TERM PLACEMENTS

	Note	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Considered good			
Unsecured	8.1	—	380,000,000
Secured under reverse repurchase agreements	8.2	153,990,000	—
		153,990,000	380,000,000

8.1 These clean placement with financial institution have been matured during the year (2009: 13.5% to 14% per annum).

8.2 These represent secured placements for a maximum period of 1 day and carry mark-up at the rate of 12.90% per annum (2009: Nil)

9 SURPLUS/(DEFICIT) ON REVALUATION OF INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Available for sale		
Listed term finance certificates	(185,276)	(177,986)
listed shares / units	11,712,455	7,447,177
	11,527,179	7,269,191

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

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

10.2 CONTINGENCIES

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Future sale contract - Shares	—	—
Future purchase contract - Shares	—	—
Capital expenditure	1,300,000	1,300,000

11 RETURN ON INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Sep-08 Rupees Un-audited
Mark-up / return on investments	15,809,698	14,947,814
Dividend income	922,395	10,633,776
Capital gain on investments	43,473,885	1,418,789
Gain on sale of Corporate Membership of KSE	—	69,750,000
	60,205,978	96,750,379

12 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-09 Rupees Un-audited	30-Sep-08 Rupees Un-audited
Transactions during the period		
Subsidiary Company:		
Return on Subsidiary Company a/c	5,599,373	—
Associated companies:		
Return on finances received	136,846	—
Guarantee commission earned	—	434,170
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	3,891,654	6,961,142
Executives:		
Return on finances received	289,281	106,957
Profit paid on certificates of deposit	121,932	137,797
Fixed assets sold	—	291,528
Others:		
Contribution to staff retirement benefits plan	493,482	976,772

	30-Sep-09 Rupees Un-audited	30-Jun-09 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	24,580,017	22,346,233
Receivable from subsidiary company	29,417,464	23,410,259
Associated companies:		
Advances outstanding	76,775,851	24,624,931
Letter of guarantee outstanding	—	53,940,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	1,709,749	3,127,230
Directors:		
Certificates of deposit outstanding	115,650,000	115,650,000
Other receivable	6,736,410	6,668,430
Executives:		
Advances outstanding	12,199,769	12,319,787
Certificates of deposit outstanding	8,106,894	4,282,117
Other receivable	—	24,500

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27 October 2009 by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



ESCORTS
CONSOLIDATED
REPORT

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 30 September 2009

ASSETS

	Note	30-Sep-09 Rupees (Un-audited)	30-Jun-09 Rupees (Audited)
Non-current Assets			
Fixed assets	5	106,489,524	113,780,069
Cards and rooms		84,105,000	84,105,000
Long term investments	6	541,641,147	544,937,697
Long term finances		29,197,853	35,325,621
Net investment in lease finance		18,490,486	21,765,297
Long term loans and advances		1,038,007	1,082,328
Long term deposits and prepayments		9,939,909	9,265,357
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturities of non-current assets		82,471,641	82,871,661
Short term investments	7	110,397,686	168,579,417
Short term finances		119,814,747	62,212,073
Short term placements	8	153,990,000	380,000,000
Advances, deposits, prepayments and other receivables		430,125,409	373,120,833
Cash and bank balances		77,609,138	23,220,889
		974,408,621	1,090,004,873
		1,841,273,525	1,976,229,220


EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		44,513,312	40,590,738
		485,513,312	481,590,738
Surplus/ (Deficit) on Revaluation of Investments	9	11,527,179	7,269,191
Non-Current Liabilities			
Term finance certificates - Listed		245,996,891	328,870,566
Liabilities against assets subject to finance lease		4,711,722	4,981,582
Long term certificates of deposit		183,958,629	184,458,629
Long term security deposit		12,361,906	12,771,856
Current Liabilities			
Current maturities of non-current liabilities		209,176,894	257,133,160
Short term borrowings		433,047,740	438,563,476
Running finance - Secured		2,630,330	—
Short term certificates of deposit		133,115,370	163,102,418
Trade and other payables		90,518,021	68,772,072
Provision for taxation		28,715,531	28,715,532
		897,203,886	956,286,658
Contingencies and Commitments	10	1,841,273,525	1,976,229,220

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



 Chief Executive



 Director

Condensed Interim Consolidated Profit and Loss Account (Un-Audited)

For the period ended 30 September 2009

INCOME

	Note	30-Sep-09 Rupees	30-Sep-08 Rupees
Profit on financing		7,942,531	8,129,752
Mark-up on lease finance		1,183,602	1,744,338
Return on placements		3,823,167	57,496,458
Return on investments	11	62,345,999	27,000,379
Fees and commission		470,538	4,288,469
Other income		2,284,110	3,444,979
		78,049,947	102,104,375

EXPENSES

Return on certificates of deposit		12,933,507	36,726,754
Return on term finance certificates		18,823,286	19,588,710
Mark-up on short term running finance		89,090	5,913,830
Mark-up on borrowings from financial institutions		7,917,840	41,564,632
Amortization of premium on held to maturity investments		2,842,005	2,842,005
Administrative and other operating expenses		30,809,157	53,476,283
Other financial charges		68,606	128,177
		73,483,491	160,240,391
Operating profit/ (Loss) before Provisions and taxation		4,566,456	(58,136,016)
Provision for doubtful financing - reversed		250,183	—
		4,816,639	(58,136,016)
Operating profit/ (Loss) before taxation		4,816,639	(58,136,016)
Taxation		894,065	232,937
		3,922,574	(58,368,953)
Profit/(Loss) after taxation		3,922,574	(58,368,953)
Earnings per share-basic and diluted		0.09	(1.32)

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



 Chief Executive



 Director

Condensed Interim Consolidated Cash flow statement (Un-Audited)

For the period ended 30 September 2009

	30-Sep-09 Rupees	30-Sep-08 Rupees
Cash flow from operating activities		
Profit/(Loss) before taxation	4,816,639	(58,136,016)
Adjustment for non cash expenses and other items:		
Dividend income	(922,395)	(10,633,776)
Depreciation on tangible assets	4,770,595	5,234,078
Amortization on intangible assets	—	250,087
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	2,842,005	2,842,005
Amortization of issuance cost of listed TFCs	393,324	393,324
Gain on sale of fixed assets	(1,465,452)	—
	4,081,407	(1,914,282)
	8,898,046	(60,050,298)
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	(51,536,821)	56,452,615
Net investment in lease finance	3,228,501	4,176,379
Investment in placements - net	226,010,000	1,364,911,939
Investments - net	63,726,205	1,428,714,294
Loans and advances	(55,221,923)	457,540,486
Deposits and prepayments	(203,063)	1,620,664
	186,002,899	3,313,416,377
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(5,515,736)	(1,013,000,000)
(Repayments of) / receipts from certificates of deposit	(32,687,048)	(498,539,779)
Running finance facilities	2,630,330	(1,083,324,099)
Trade and other payables	21,745,949	(118,574,827)
	(13,826,505)	(2,713,438,705)
Net changes in operating assets and liabilities	172,176,394	599,977,672
Net cash generated from / (used in) operating activities before taxes	181,074,440	539,927,374
Taxes paid	(2,300,860)	(11,152,989)
Net cash generated from/ (used in) operating activities	178,773,580	528,774,385
Cash flow from investing activities		
Fixed capital expenditure incurred	—	(2,016,250)
Dividend received	922,395	17,623,146
Proceeds from sale of fixed assets	3,985,401	291,528
Net cash generated from investing activities	4,907,796	15,898,424
Cash flow from financing activities		
Redemption of privately placed term finance certificates	(45,796,715)	(45,796,657)
Redemption of listed term finance certificates	(83,267,000)	(100,000)
Repayment of lease obligation	(229,412)	(201,439)
Net cash used in financing activities	(129,293,127)	(46,098,096)
Net increase / (decrease) in cash and cash equivalents	54,388,249	498,574,713
Cash and cash equivalents at the beginning of the period	23,220,889	306,541,667
Cash and cash equivalents at the end of the period	77,609,138	805,116,380

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



 Chief Executive



 Director

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)

For the period ended 30 September 2009

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 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
Net loss upto 30 June 2009	–	–	(189,409,934)	(189,409,934)
Transfer to statutory reserve	–	(2,048,101)	2,048,101	–
Final dividend for 2007 paid @ 20% (Rs. 2 per share)	–	–	(88,200,000)	(88,200,000)
Balance as at 30 June 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
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

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



 Chief Executive



 Director

Condensed Interim Consolidated Notes to the Financial Statements (Un-audited)

For the period ended 30 September 2009

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 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 2009.

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 Group for the year ended 30 June 2009.

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 2009.

5 FIXED ASSETS

	30 September 2009	
	Additions Cost Rupees Un-audited	Disposals Book Value Rupees Un-audited
The following additions and disposals were made during the quarter:		
Computer equipments	—	19,401
Vehicles - Owned	—	2,500,548
	—	2,519,949

6 LONG TERM INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	534,236,144	537,078,149
Term Finance Certificates - Unlisted	10,878,939	10,878,939
	545,115,083	547,957,088
Less: Current maturity of Term Finance Certificates	3,473,936	3,019,391
	541,641,147	544,937,697

7 SHORT TERM INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Held by bank		
Government treasury bills	47,551,799	46,265,312
Available for sale		
Listed Term Finance Certificates	7,999,578	8,008,185
Listed shares and units	54,846,309	114,305,920
	110,397,686	168,579,417

7.1 Government treasury bills of face value of Rs. 50 million have been purchased for Rs. 44,815,680 (2009: 44,815,680) at discount.

8 SHORT TERM PLACEMENTS

	Note	30-Sep-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Considered good			
Unsecured	8.1	—	380,000,000
Secured under reverse repurchase agreements	8.2	153,990,000	—
		153,990,000	380,000,000

8.1 These clean placement with financial institution have been matured during the year (2009: 13.5% to 14% per annum).

8.2 These represent secured placements for a maximum period of 1 day and carry mark-up at the rate of 12.90% per annum (2009: Nil)

9 SURPLUS/(DEFICIT) ON REVALUATION OF INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Available for sale		
Listed term finance certificates	(185,276)	(177,986)
listed shares / units	11,712,455	7,447,177
	11,527,179	7,269,191

10 CONTINGENCIES AND COMMITMENTS**10.1 CONTINGENCIES**

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

10.2 CONTINGENCIES

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Future sale contract - Shares	–	–
Future purchase contract - Shares	–	–
Capital expenditure	1,300,000	1,300,000

11 RETURN ON INVESTMENTS

	30-Sep-09 Rupees Un-audited	30-Sep-08 Rupees Un-audited
Mark-up / return on investments	15,809,698	14,947,814
Dividend income	922,395	10,633,776
Capital gain on investments	45,613,906	1,418,789
	62,345,999	27,000,379

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-09 Rupees Un-audited	30-Sep-08 Rupees Un-audited
Transactions during the period		
Associated companies:		
Return on finances received	136,846	-
Guarantee commission earned	-	434,170
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	3,891,654	6,961,142
Executives:		
Return on finances received	223,615	106,957
Profit paid on certificates of deposit	121,932	137,797
Fixed assets sold	-	291,528
Others:		
Contribution to staff retirement benefits plan	580,221	976,772

	30-Sep-09 Rupees Un-audited	30-Jun-09 Rupees Audited
Balance at the end of the period		
Associated companies:		
Advances outstanding	76,775,851	24,624,931
Letter of guarantee outstanding	-	53,940,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	1,709,749	3,127,230
Directors:		
Certificates of deposit outstanding	115,650,000	115,650,000
Other receivable	6,736,410	6,668,430
Executives:		
Advances outstanding	12,260,994	12,319,787
Certificates of deposit outstanding	8,106,894	4,282,117
Other receivable	-	24,500

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27 October 2009 by the Board of Directors of the Company.

13 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director

Network



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