

HALF YEARLY

ESCORTS

BANK

REPORT

31 December **2011**

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Corporate Information

BOARD OF DIRECTORS

Chairman

Bairam Qureishy

President & Chief Executive Officer

Shazia Bashir

Directors

Mutahir Ahmed

Tajamul Hussain Bokharee

Zulfiqar A. Khan

Amjad Mahmood Agha

Muhammad Sharif Baqir

Company Secretary / Chief Financial Officer

Kamran Hafeez

EXECUTIVE MANAGEMENT

President & Chief Executive Officer

Shazia Bashir

Head of Branch Network

Azmat Baig

Head of Proprietary Investments

Hassan Abid Zaidi

Head of MIS

Kamran Chughtai

AUDIT COMMITTEE

Chairman

Bairam Qureishy

Members

Tajamul Hussain Bokharee

Mutahir Ahmed

Secretary

Kamran Hafeez

Internal Auditors

Nasir Javaid Maqsood Imran Ashfaq

Chartered Accountants

External Auditors

Zahid Jamil & Company

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

Askari Bank Limited

NIB Bank Limited

NETWORK

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www.escortsbank.net

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Directors' Report

The Board of Directors of Escorts Investment Bank Limited (the "Bank") is pleased to present before you the un-audited financial statements for the half year ended 31 December 2011, duly reviewed by the External Auditors.

Your Bank posted a loss after tax of Rs. 7.57 million for the six months ended December 31, 2011 translating into negative EPS of Rs. (0.17) as compared to a loss of Rs. 22.26 million and negative EPS of Rs. (0.5). This represents a reduction of loss by Rs. 14.68 million resultantly an improvement of 65.96%. The initiatives of the new management are evident from the fact that the per month average loss of the bank has now reached at a minimal level and the management expects the Bank to display green numbers in the following periods.

The following table shows the average loss per quarter and per month compared with that of previous periods:

	2009	2010	2011	2012 (Six months)
	(All amounts in Rupees)			
Net Loss	(166,247,216)	(79,430,063)	(31,078,260)	(7,578,248)
Net loss per quarter	(41,561,804)	(19,857,516)	(7,769,565)	(3,789,124)
Net loss per month	(13,853,935)	(6,619,172)	(2,589,855)	(1,263,041)
Loss reduction (%age)		(52.22)	(60.87)	(51.23)

It can be seen that your Bank's loss per quarter has reduced from Rs. 41 million in 2009 to Rs. 3.7 million in the period under review. Also the average per month loss has reduced from a colossal amount of Rs. 13.8 million in the year 2009 to a mere Rs. 1.2 million during the period under review. The Bank's operations have become increasingly effective and efficient during the period under review as compared with the relevant period of the preceding year, which fact is evident by reviewing the administrative cost per Rupee of revenue earned. During the period under review the administrative cost to revenue ratio is 20.8%, which has decreased from approximately 30% in the relevant period of the preceding year.

Your bank has achieved cash profitability. After adding back the amortization of premium on held to maturity investment and depreciation, a cash profit of Rs. 5.6 million is earned during the period under review as against the cash loss of Rs. 9 million in the corresponding period of the preceding year.

The management of your Bank is confident that with the revival of increased activity in the country's capital markets, the traditional lines of business of your Bank including financing against shares, arbitrage, hedging and brokerage would revive and coupled with the fee based initiatives' income, your Bank would show healthy profitability in future periods.

During the period under review, two new directors are appointed on the Board who are Mr. M.S Baqir and Mr. Amjad Mahmood Agha. Mr. M.S Baqir who is a renowned lawyer and a senior member of Supreme Court Bar Association, is a Barrister at Law from Lincoln's Inn London and also holds a M.A degree from the University of Edinburgh. Mr. Baqir brings along with him a treasure of accumulated wisdom. Mr. Baqir has been Special assistant to Prime Minister of Pakistan, has been the Minister for State for Culture, power Projects, University Grants Commission, has been Pakistan's Ambassador to Switzerland and represented Pakistan in United Nations and other international forums.

Mr Amjad Mahmood Agha is a civil engineer by profession and has a masters degree from University of Columbia USA. Mr Agha brings with him experience with national and international high level projects. His work experience includes being Chief Executive Officer, Pakistan Hydro Consultants, President/Managing Director of National Engineering Services of Pakistan (NESPAK) and Member of Board of Directors of Industrial Corporation of Pakistan (ICP).

The auditors of the company have identified in their review report the shortage in minimum equity requirement. The management of your Bank is confident that this shortfall would be met by retained earnings and expected future profits of the Bank and equity injection, if required.

The Board wishes to place on record the gratitude to SECP 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 and hard work. The Bank recognizes and records its gratitude for their efforts.

For and on behalf of the Board

Shazia Bashir

President and Chief Executive Officer

Lahore: February 24, 2012

Director

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ESCORT INVESTMENT BANK LIMITED** as at **December 31, 2011** and the related condensed interim profit & loss account, condensed interim comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit & loss account for the quarters ended December 31, 2010 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

- a) Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our conclusion, we draw attention to:

- i. Note # 2.2 to the accompanying financial statements which indicate that the company's equity as at December 31, 2011 has fallen below the minimum equity requirement required under regulation 4 of NBFC and notified entities Regulation 2008.

LAHORE:

Date: February 24, 2012

CHARTERED ACCOUNTANTS

(Engagement Partner: Muhammad Amin)

Condensed Interim Balance Sheet

As at 31 December 2011

	Note	31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	5	73,291,699	79,157,239
Cards and rooms		33,450,000	33,450,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	101,015,914	157,234,280
Long term finances		181,980,489	118,675,095
Net investment in lease finance		-	1,087,592
Long term loans and advances		773,031	892,189
Long term deposits and prepayments		6,810,003	2,827,226
Deferred tax asset		82,481,269	82,481,269
		654,806,405	650,808,890
Current Assets			
Current maturities of non-current assets		271,603,382	462,878,570
Short term investments	7	29,450,852	32,850,804
Short term finances		67,914,026	117,525,245
Short term placements		162,042,660	796,533,715
Advances		8,097,708	2,628,480
Short term deposits and prepayments		30,607,561	17,379,404
Interest accrued		18,330,120	28,272,191
Other receivables		77,197,004	18,612,060
Tax refunds due from government		224,844,615	219,944,925
Cash and bank balances		17,077,654	17,441,234
		907,165,582	1,714,066,628
		1,561,971,987	2,364,875,518
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		38,316,640	45,894,888
		479,316,640	486,894,888
Deficit on revaluation of investments	8	(7,710,700)	(2,498,330)
Non-Current Liabilities			
Term finance certificates	9	99,919,200	-
Long term certificates of deposit		171,180,586	117,263,665
Long term security deposit		-	539,465
Current Liabilities			
Current maturities of non-current liabilities		117,424,723	315,694,798
Short term borrowings	10	48,000,000	809,820,762
Running finance - Secured		-	50,000,600
Short term certificates of deposit		373,506,802	431,960,826
Accrued markup		10,893,804	20,455,206
Trade and other payables	11	236,244,691	102,620,899
Provision for taxation		33,196,241	32,122,739
		819,266,261	1,762,675,830
Contingencies and Commitments	12	-	-
		1,561,971,987	2,364,875,518

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Condensed Interim Profit and Loss Account

For the Three Months and Six Months Ended 31 December 2011 (Un-audited)

	Note	Three months ended		Six months Ended	
		31-Dec-11 Rupees	31-Dec-10 Rupees	31-Dec-11 Rupees	31-Dec-10 Rupees
INCOME					
Profit on financing		15,625,067	19,502,195	28,564,391	29,202,420
Mark-up on lease finance		46,937	278,279	121,139	1,029,059
Return on placements		13,489,841	24,786,513	36,528,321	31,644,788
Return on investments	13	15,141,876	30,831,654	38,125,279	49,917,585
Fees and Commission		4,856,950	4,000,000	6,411,950	4,000,000
Profit on bank deposits		385,641	913,102	574,232	1,186,044
Other income		1,571,877	1,163,942	7,963,009	1,410,496
		51,118,189	81,475,685	118,288,321	118,390,392
EXPENSES					
Return on certificates of deposit		19,907,788	26,812,084	40,890,057	40,368,978
Return on term finance certificates		3,022,214	9,690,011	9,112,608	21,419,612
Mark-up on short term running finance		316,061	1,527,865	419,055	1,527,865
Mark-up on borrowings from financial institutions		17,482,655	22,390,998	43,264,927	33,877,029
Amortization of premium on held to maturity investments		3,462,735	3,547,625	6,925,470	6,602,174
Administrative and other operating expenses	14	11,877,802	16,058,131	24,604,833	34,775,637
Impairment on available for sale investments		-	412,303	-	412,303
Other financial charges		24,041	23,533	181,296	59,603
		56,093,296	80,462,550	125,398,246	139,043,201
Operating profit / (loss) before provision and taxation		(4,975,107)	1,013,135	(7,109,925)	(20,652,809)
Provision for doubtful financing - reversed		605,179	-	605,179	-
Operating profit / (loss) before taxation		(4,369,928)	1,013,135	(6,504,746)	(20,652,809)
Taxation		(505,722)	(1,607,485)	(1,073,502)	(1,607,485)
Loss after taxation		(4,875,650)	(594,350)	(7,578,248)	(22,260,294)
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive loss - net of tax		(4,875,650)	(594,350)	(7,578,248)	(22,260,294)
Loss per share-basic and diluted		(0.11)	(0.01)	(0.17)	(0.50)

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Condensed Interim Cash Flow Statement

For the Three Months and Six Months Ended 31 December 2011 (Un-audited)

Note	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-Audited)
Cash flow from operating activities		
Loss before taxation	(6,504,746)	(20,652,809)
Adjustment for non cash expenses and other items:		
Dividend income	(18,776,575)	(3,407,559)
Depreciation on property and equipments	5,107,202	5,852,566
Amortization on intangible assets	433,290	-
Provision for doubtful financing - reversed	(605,179)	-
Amortization of premium on held to maturity investments	6,925,470	6,602,174
Amortization of issuance cost of listed TFCs	786,648	786,648
Gain on sale of fixed assets	(295,068)	(1,330,323)
Impairment loss on portfolio shares	-	412,303
	(6,424,212)	8,915,809
	(12,928,958)	(11,737,000)
Decrease / (increase) in operating assets		
Disbursements of finances - net	14,324,668	(77,373,768)
Net investment in lease finance	1,427,830	3,065,946
Short term placements	634,491,055	(588,000,000)
Investments - net	208,296,417	28,019,844
Long term and short term advances	(5,168,704)	(427,015)
Interest Accrued	9,942,071	4,077,278
Other receivables	(58,584,944)	(1,791,103)
Deposits and prepayments	(15,214,026)	(45,074,287)
	789,514,367	(677,503,105)
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(761,820,762)	437,480,720
Certificates of deposit	(87,033,817)	71,852,120
Running finance facilities	(50,000,600)	65,134,671
Accrued markup	(9,561,402)	376,099
Trade and other payables	133,623,792	229,005,254
	(774,792,789)	803,848,864
Net changes in operating assets and liabilities	14,721,578	126,345,759
Net cash generated from operating activities	1,792,620	114,608,759
Tax (paid) / refund	(4,899,690)	113,551,589
Net cash (used in) / generated from operating activities	(3,107,070)	228,160,348
Cash flow from investing activities		
Fixed capital expenditure incurred	-	(407,500)
Dividend received	18,776,575	3,407,559
Proceeds from sale of fixed assets	620,115	1,984,326
Net cash generated from investing activities	19,396,690	4,984,385
Cash flow from financing activities		
Redemption of listed term finance certificates	(16,653,200)	(83,267,000)
Repayment of lease obligation	-	(4,980,797)
Net cash used in financing activities	(16,653,200)	(88,247,797)
Net (decrease) / increase in cash and cash equivalents	(363,580)	144,896,936
Cash and cash equivalents at the beginning of the period	17,441,234	9,493,983
Cash and cash equivalents at the end of the period	17,077,654	154,390,919

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Chief Executive Officer

Director

Condensed Interim Statement of Changes in Equity

For the Three Months and Six Months Ended 31 December 2011 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated loss Rupees	Total Rupees
Balance as at 01 July 2010	441,000,000	154,050,085	(77,076,939)	517,973,146
Net Loss for the period ended 31 December 2010	-	-	(22,260,294)	(22,260,294)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(22,260,294)	(22,260,294)
Balance as at 31 December 2010	441,000,000	154,050,085	(99,337,233)	495,712,852
Balance as at 01 July 2011	441,000,000	154,050,085	(108,155,197)	486,894,888
Net Loss for the period ended 31 December 2011	-	-	(7,578,248)	(7,578,248)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(7,578,248)	(7,578,248)
Balance as at 31 December 2011	441,000,000	154,050,085	(115,733,445)	479,316,640

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Chief Executive Officer

Director

Condensed Interim Notes to the Financial Statements

For the Three Months and Six Months Ended 31 December 2011 (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 operations 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 (NBFC) 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.

The Pakistan Credit Rating Agency (PACRA) has assigned the long-term credit rating of the Company as “BBB-” and the short-term rating as “A3” dated 22 September 2011.

2. BASIS OF PRESENTATION

- 2.1 This interim financial information is un-audited but subject to limited scope review by the auditors and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

The figures of the condensed interim profit and loss account for the three months ended December 2010 and 2011 have not been reviewed by the auditors of the company as they have reviewed the cumulative figure for six months ended 31 December, 2011. This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 30 June 2011.

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 for NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, ‘Financial Instruments: Disclosures’ through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

- 2.2 The financial statements of the Company reflect that the equity of the Company as at December 31, 2011 is Rs. 479.317 million which is below the minimum capital required under NBFC regulations 2008. The Company is taking steps to ensure its compliance; these include working on option of equity injection.

The Company is also taking various initiatives to increase its fee and spread based income. These initiatives have already started to materialize and are expected to substantially contribute to the retained earnings going forward. The Company’s cost rationalization plan is complete, and as a result of that the administrative and other operating expenses have significantly reduced during the period. The complete impact of this phased cost rationalization plan would be realized in the coming year. The management of the Company has prepared financial projections for a period of five years that envisage future profits.

Based on the above, the Company’s management and the Board are confident that this equity shortfall would be fulfilled by future profits and planned equity injection.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions 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 2011.

		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
5.	FIXED ASSETS		
	Property and equipments	71,413,849	76,846,099
	Intangible assets	1,877,850	2,311,140
		73,291,699	79,157,239
5.1	Property and equipments		
	Opening balance written down value.	76,846,099	88,557,797
	Additions:		
	Computer equipment	-	157,500
	Less: Disposals written down value		
	Office furniture and fixtures	(126,833)	(250,313)
	Vehicles	-	(403,690)
	Office equipments	(198,215)	-
		(325,048)	(654,003)
	Depreciation for the period / year	5,107,202	11,215,195
	Closing written down value	71,413,849	76,846,099
6.	LONG TERM INVESTMENTS		
	Held to maturity		
	Pakistan Investment Bonds (PIBs)	304,730,136	511,655,606
	Term Finance Certificates - Unlisted	-	10,108,833
		304,730,136	521,764,439
	Less: Current maturity of Term Finance Certificates	-	6,070,903
	Less: Current maturity of Pakistan Investment Bonds	203,714,222	358,459,256
		101,015,914	157,234,280
7.	SHORT TERM INVESTMENTS		
	Held for Trading		
	Listed Shares/units	1,341,000	569,500
	Available for sale		
	Term Finance Certificates - Listed	3,283,420	3,284,736
	Listed Shares/units	32,794,386	31,972,101
	Impairment Loss	-	(412,303)
		37,418,806	35,414,034
	Deficit on revaluation	(7,967,954)	(2,563,230)
		29,450,852	32,850,804

		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
8. DEFICIT ON REVALUATION OF INVESTMENTS			
Available for sale			
Listed term finance certificates		13,692	34,532
Listed shares / units		(7,724,392)	(2,532,862)
		(7,710,700)	(2,498,330)
9. TERM FINANCE CERTIFICATES			
Opening balance	9.1	166,532,000	333,066,000
Redeemed / amortized during the period / year		16,653,200	166,534,000
		149,878,800	166,532,000
Less: Current maturity		(49,959,600)	(166,532,000)
		99,919,200	-
9.1	These TFCs have been rescheduled for a period of three years. Principal redemption shall be made on half yearly basis starting from March 15, 2012 and carry return payable at rate of 8% per annum.		
		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
10. SHORT TERM BORROWINGS			
Financial institutions - Secured	10.1	48,000,000	809,820,762
10.1	These represents borrowings under repurchase agreements and carry mark-up at the rate of 12.50% per annum (2011: 13.4% to 14% per annum) and are for a period of 8 days (2011: 6 days to 1 month). These are secured against pledge of PIBs.		
		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
11. TRADE AND OTHER PAYABLES			
Customers' credit balances		4,780,285	7,221,277
Accrued expenses and other payables		228,008,875	91,802,124
Provision for compensated absences		1,068,527	1,210,494
Unclaimed dividend		2,387,004	2,387,004
		236,244,691	102,620,899
12. CONTINGENCIES AND COMMITMENTS			
Outstanding guarantees		24,064,420	1,500,000
Future purchase contracts - Shares		101,159,425	147,625,200
Future sale contracts - Shares		1,979,555	70,280,455

	Three months ended		Six months Ended	
	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)
13. RETURN ON INVESTMENTS				
Mark-up / return on investments	13,663,164	15,748,480	27,944,375	31,651,549
Dividend income	11,395,728	1,944,774	18,776,575	3,407,559
Fair value loss on held for trading investment	(287,456)	-	(257,254)	-
Capital gain/(loss) on investments	(9,629,560)	13,138,400	(8,338,417)	14,858,477
	15,141,876	30,831,654	38,125,279	49,917,585
14. ADMINISTRATIVE AND OTHER OPERATING EXPENSES				
Salaries, wages, other benefits and allowances	3,924,993	3,645,626	7,913,626	11,973,396
Staff Training and Welfare	20,242	19,110	22,290	24,005
Advertisement and business promotion	65,850	75,750	84,260	107,351
Donation	-	-	-	100,170
Rent, rates and taxes	865,098	2,359,522	2,538,868	4,632,504
Utilities	364,753	452,019	609,162	1,036,642
Communication charges	351,951	434,207	709,444	773,000
Traveling and vehicle maintenance	1,075,037	3,062,748	2,165,754	4,165,965
Repair and maintenance	362,961	1,103,984	674,038	1,485,431
Entertainment	249,975	325,877	483,289	642,960
Fee and subscriptions	258,204	139,260	433,437	858,688
Legal and professional charges	679,157	488,551	1,032,962	985,089
Printing and stationery	346,033	384,013	603,771	606,934
Fee, brokerage and commission	8,189	10,824	35,608	41,395
CDC and clearing charges	-	-	573,882	-
Insurance	115,784	268,503	266,075	499,595
Amortization of issuance cost of listed TFCs	393,324	393,324	786,648	786,648
Depreciation	2,557,046	2,716,869	5,107,202	5,852,566
Amortization on intangible assets	216,645	-	433,290	-
Penalty	-	60,000	-	60,000
Staff motor vehicle contribution and insurance	19,533	19,533	39,066	39,066
Miscellaneous expenses	3,027	98,411	92,161	104,232
	11,877,802	16,058,131	24,604,833	34,775,637

15. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, subsidiary company, local associated companies, staff retirement funds, directors and other key management personnel. Material transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	6,718,114	305,100
Return on finances received	18,000,000	-
Return on assets	2,971,726	2,971,726
Certificates of deposits issued	51,500,000	72,955,044

	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)
Associated companies:		
Return on finances received	6,130,816	228,956
Profit paid on certificates of deposit	320,862	320,862
Advisory fee	6,000,000	4,000,000
Fixed assets sold	600,115	-
Chairman's secretariat expenses	1,800,000	1,800,000
Guarantee commission earned	411,950	-
Directors:		
Return on finances received	293,694	-
Profit paid on certificates of deposit	3,404,310	7,809,226
Executives:		
Return on finances received	387,200	129,851
Profit paid on certificates of deposit	3,857,270	301,288
Fixed assets sold	-	1,434,326
Others:		
Contribution to staff retirement benefits plan	307,420	497,957
	31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
Balance at the end of the period		
Subsidiary Company:		
Certificates of deposit outstanding	51,500,000	72,955,044
Financing outstanding	100,000,000	100,000,000
Receivable from Subsidiary Company	91,402,970	27,901,842
Payable to against purchase of shares	202,963,986	70,818,296
Profit receivable on financing	3,154,891	16,654,891
Markup payable on COD	1,517,752	5,974,573
Associated companies:		
Financing outstanding	78,847,567	78,048,413
Letter of guarantee outstanding	24,064,420	1,500,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	10,072,017	4,000,000
Directors:		
Financing outstanding	19,901,571	20,137,497
Certificates of deposit outstanding	50,400,000	50,400,000
Executives:		
Financing outstanding	4,598,681	7,026,469
Certificates of deposit outstanding	58,768,776	58,568,784

16. SEGMENTAL ANALYSIS

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities within Pakistan:

Financing activities

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers.

Investment activities

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

Six Months ended 31 December 2011			
	Financing activities	Investing activities	Total
Profit on financing	28,564,391	-	28,564,391
Mark-up on lease finance	121,139	-	121,139
Return on placements	-	36,528,321	36,528,321
Return on investments	-	38,125,279	38,125,279
Fee and commission	-	6,411,950	6,411,950
Total income for reportable segments	28,685,530	81,065,550	109,751,080
Finance costs	26,344,274	74,449,139	100,793,413
Administrative and other operating expenses	6,430,941	18,173,892	24,604,833
Provision for doubtful financing - reversed	(605,179)	-	(605,179)
Segment result	(3,484,506)	(11,557,481)	(15,041,987)
Other operating income			8,537,241
Loss before taxation			(6,504,746)
Segment assets	323,852,393	714,809,743	1,038,662,136
Unallocated assets			523,309,851
			1,561,971,987
Segment liabilities	175,919,019	303,161,234	479,080,253
unallocated liabilities			603,575,094
Equity			479,316,640
			1,561,971,987

Six Months ended 31 December 2010

	Financing activities	Investing activities	Total
Profit on financing	29,202,420	-	29,202,420
Mark-up on lease finance	1,029,059	-	1,029,059
Return on placements		31,644,788	31,644,788
Return on investments		49,917,585	49,917,585
Total income for reportable segments	30,231,479	81,562,373	111,793,852
Finance costs	(28,196,208)	(76,071,356)	(104,267,564)
Administrative and other operating expenses	(9,404,085)	(25,371,552)	(34,775,637)
Segment result	(7,368,814)	(19,880,535)	(27,249,349)
Other operating income			6,596,540
Loss before taxation			<u>(20,652,809)</u>
Segment assets	346,523,422	1,558,609,338	1,905,132,760
Unallocated assets			609,476,497
			<u>2,514,609,257</u>
Segment liabilities	179,223,102	393,088,262	572,311,364
unallocated liabilities			1,446,585,041
Equity			495,712,852
			<u>2,514,609,257</u>

17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 24 February 2012.

18. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director

Consolidated Financial Statements

31 December 2011

Condensed Interim Consolidated Balance Sheet

As at 31 December 2011

	Note	31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
ASSETS			
Non-current Assets			
Fixed assets	6	76,660,207	82,738,987
Cards and rooms		84,955,000	84,955,000
Long term investments	7	101,015,914	157,234,280
Long term finances		81,980,489	18,675,095
Net investment in lease finance		-	1,087,592
Long term loans and advances		773,031	892,189
Long term deposits and prepayments		9,034,003	5,056,226
Deferred tax asset		82,481,269	82,481,269
		436,899,913	433,120,638
Current Assets			
Current maturity of non-current assets		271,603,382	462,878,570
Short term investments	8	29,450,852	32,850,804
Short term finances		67,914,026	117,525,246
Short term placements		162,042,660	796,533,715
Advances		8,262,657	2,996,240
Short term deposits and prepayments		31,713,453	22,762,668
Interest accrued		16,554,807	11,390,102
Other receivables		36,327,547	16,884,011
Tax refunds due from government		227,906,920	222,140,459
Cash and bank balances		19,101,843	26,434,601
		870,878,147	1,712,396,416
		1,307,778,060	2,145,517,054
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(153,016,334)	(136,892,948)
Deficit on Revaluation of Investments	9	287,983,666 (7,710,700)	304,107,052 (2,498,330)
Non-Current Liabilities			
Term finance certificates	10	99,919,200	-
Long term certificates of deposit		171,180,586	117,263,665
Long term security deposit		-	539,465
Current Liabilities			
Current maturity of non-current liabilities		117,424,723	315,694,798
Short term borrowings	11	48,000,000	809,820,762
Running finance - Secured		-	50,000,600
Short term certificates of deposit		322,006,802	359,005,782
Accrued markup		9,376,052	14,480,633
Trade and other payables	12	226,401,490	144,905,250
Provision for taxation		33,196,241	32,197,377
Contingencies and Commitments	13	756,405,308 -	1,726,105,202 -
		1,307,778,060	2,145,517,054

The annexed notes from 1 to 19 form an integral part of this interim financial information.

Condensed Interim Consolidated Profit and Loss Account For the Three Months and Six Months Ended 31 December 2011 (Un-audited)

	Note	Three months ended		Six months Ended	
		31-Dec-11 Rupees	31-Dec-10 Rupees	31-Dec-11 Rupees	31-Dec-10 Rupees
INCOME					
Profit on financing		14,139,204	11,118,140	21,092,665	20,818,365
Mark-up on lease finance		46,937	278,279	121,139	1,029,059
Return on placements		13,489,841	24,786,513	36,528,321	31,644,788
Return on investments	14	15,141,876	30,831,654	38,125,279	49,917,585
Fees and Commission		4,967,335	7,185,199	7,483,369	8,065,669
Profit on bank deposits		1,056,961	1,144,692	1,914,414	1,808,782
Other income		1,625,829	1,101,305	8,026,314	1,365,786
		50,467,983	76,445,782	113,291,501	114,650,034
EXPENSES					
Return on certificates of deposit		17,827,290	24,981,396	37,394,431	37,886,034
Return on term finance certificates		3,022,214	9,690,011	9,112,608	21,419,612
Mark-up on short term running finance		316,061	1,527,865	419,055	1,527,865
Mark-up on borrowings from financial institutions		17,482,655	22,390,998	43,264,927	33,877,029
Amortization of premium on held to maturity investments		3,462,735	3,547,625	6,925,470	6,602,174
Administrative and other operating expenses	15	15,123,198	23,003,680	30,804,773	45,156,450
Impairment on available for sale investment		-	412,303	-	412,303
Other financial charges		26,190	28,303	187,748	70,117
		57,260,343	85,582,181	128,109,012	146,951,584
Operating loss before Provision and taxation		(6,792,360)	(9,136,399)	(14,817,511)	(32,301,550)
Provision for doubtful financing - reversed		605,179	-	605,179	-
Operating loss before taxation		(6,187,181)	(9,136,399)	(14,212,332)	(32,301,550)
Taxation		(865,948)	(2,448,456)	(1,911,054)	(2,544,321)
Loss after taxation		(7,053,129)	(11,584,855)	(16,123,386)	(34,845,871)
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive loss - net of tax		(7,053,129)	(11,584,855)	(16,123,386)	(34,845,871)
Loss per share-basic and diluted		(0.16)	(0.26)	(0.37)	(0.79)

The annexed notes from 1 to 19 form an integral part of this interim financial information.

Condensed Interim Consolidated Cash Flow Statement

For the Three Months and Six Months Ended 31 December 2011 (Un-audited)

	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-Audited)
Cash flow from operating activities		
Loss before taxation	(14,212,332)	(32,301,550)
Adjustment for non cash expenses and other items:		
Dividend income	(18,776,575)	(3,407,559)
Depreciation on property and equipment	5,320,442	6,276,088
Amortization on intangible assets	433,290	-
Provision for doubtful financing - reversed	(605,179)	-
Amortization of premium on held to maturity investments	6,925,470	6,602,174
Amortization of issuance cost of listed TFCs	786,648	786,648
Loss /(Gain) on sale of fixed assets	(295,068)	(1,217,103)
Impairment loss on portfolio shares	-	412,303
	(6,210,972)	9,452,551
	(20,423,304)	(22,848,999)
Decrease/(increase) in operating assets		
Disbursements of finances - net	14,324,669	(27,373,769)
Net investment in lease finance	1,427,830	3,065,946
Placements	634,491,055	(588,000,000)
Investments - net	208,296,415	28,019,844
Long term and short term advances	(4,965,893)	(595,862)
Interest Accrued	(5,164,705)	5,990,845
Other receivables	(19,443,536)	(16,444,854)
Deposits and prepayments	(10,931,654)	(45,629,079)
	818,034,181	(640,966,929)
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(761,820,762)	437,480,720
Certificates of deposit	(65,578,773)	21,577,530
Running finance facility	(50,000,600)	65,134,671
Accrued markup	(5,104,581)	376,099
Trade and other payables	81,496,242	264,885,248
	(801,008,474)	789,454,268
Net changes in operating assets and liabilities	17,025,707	148,487,339
Net cash generated from operating activities	(3,397,597)	125,638,340
Taxes refund / paid	(6,678,651)	112,502,344
Net cash (used in) / generated from operating activities	(10,076,248)	238,140,684
Cash flow from investing activities		
Fixed capital expenditure incurred	-	(407,500)
Dividend received	18,776,575	3,407,559
Proceeds from sale of fixed assets	620,115	2,034,326
Investment in Cards and rooms	-	(52,892)
Net cash generated from investing activities	19,396,690	4,981,493
Cash flow from financing activities		
Redemption of listed term finance certificates	(16,653,200)	(83,267,000)
Repayment of lease obligation	-	(4,980,797)
Net cash used in financing activities	(16,653,200)	(88,247,797)
Net decrease in cash and cash equivalents	(7,332,758)	154,874,380
Cash and cash equivalents at the beginning of the period	26,434,601	19,507,754
Cash and cash equivalents at the end of the period	19,101,843	174,382,134

The annexed notes from 1 to 19 form an integral part of this interim financial information.

Chief Executive Officer

Director

Condensed Interim Consolidated Statement of Changes in Equity

For the Three Months and Six Months Ended 31 December 2011 (Un-audited)

	Share capital Rupees	Statutory reserve Rupees	Accumulated (loss) Rupees	Total Rupees
Balance as at 01 July 2010	441,000,000	154,050,085	(228,757,763)	366,292,322
Net Loss upto 31 December 2010	-	-	(34,845,871)	(34,845,871)
Other comprehensive income				
Total comprehensive loss	-	-	(34,845,871)	(34,845,871)
Balance as at 31 December 2010	441,000,000	154,050,085	(263,603,634)	331,446,451
Balance as at 01 July 2011	441,000,000	154,050,085	(290,943,033)	304,107,052
Net Loss upto 31 December 2011	-	-	(16,123,386)	(16,123,386)
Other comprehensive income				
Total comprehensive loss	-	-	(16,123,386)	(16,123,386)
Balance as at 31 December 2011	441,000,000	154,050,085	(307,066,419)	287,983,666

The annexed notes from 1 to 19 form an integral part of this interim financial information.

Chief Executive Officer

Director

Condensed Interim Consolidated Notes to the Financial Statements

For the Three Months and Six Months Ended 31 December 2011 (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, 2003. 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

- 2.1 This interim financial information is un-audited but subject to limited scope review by the auditors and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) -34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provision of or directives issued under Companies Ordinance, 1984 have been followed.

The figures of the condensed interim consolidated profit and loss account for the three months ended December 2010 and 2011 have not been reviewed by the auditors of the Group as they have reviewed the cumulative figure for six months ended 31 December, 2011. This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2011.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such NBFCs which are engaged in investment finance services, discounting services and housing finance services.

- 2.2 The separate financial statements of the Company reflect that the equity of the Company as at December 31, 2011 is Rs. 479.317 million which is below the minimum capital required under NBFC regulations 2008. The Company is taking steps to ensure its compliance; these include working on option of equity injection.

The Company is also taking various initiatives to increase its fee and spread based income. These initiatives have already started to materialize and are expected to substantially contribute to the retained earnings going forward. The Company's cost rationalization plan is complete, and as a result of that the administrative and other operating expenses have significantly reduced during the Period. The complete impact of this phased cost rationalization plan would be realized in the coming year. The management of the Company has prepared financial projections for a period of five years that envisage future profits.

Based on the above, the Company's management and the Board are confident that this equity shortfall would be fulfilled by future profits and planned equity injection.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group financial statements for the year ended 30 June 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 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 financial statements for the year ended 30 June 2011.

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 2011.

		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
6. FIXED ASSETS			
Property and equipments	6.1	74,782,356	80,427,846
Intangible assets		1,877,851	2,311,141
		76,660,207	82,738,987
6.1 Property and equipments			
Opening balance written down value		80,427,846	93,276,027
Additions:			
Computer equipment		-	157,500
Less: Disposals written down value			
Office furniture and fixtures		(126,833)	(250,313)
Vehicles		-	(403,690)
Office equipments		(198,215)	(163,220)
		(325,048)	(817,223)
Depreciation for the period / year		5,320,442	12,188,458
Closing written down value		74,782,356	80,427,846
7. LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds (PIBs)		304,730,136	511,655,606
Term Finance Certificates - Unlisted		-	10,108,833
		304,730,136	521,764,439
Less: Current maturity of Term Finance Certificates		-	6,070,903
Less: Current maturity of Pakistan Investment Bonds		203,714,222	358,459,256
		101,015,914	157,234,280

		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
8. SHORT TERM INVESTMENTS			
	Held for Trading		
	Listed Shares/units	1,341,000	569,500
	Available for sale		
	Term Finance Certificates - Listed	3,283,420	3,284,736
	Listed Shares/units	32,794,386	31,972,101
	Impairment Loss	-	(412,303)
		37,418,806	35,414,034
	Deficit on revaluation	(7,967,954)	(2,563,230)
		29,450,852	32,850,804
9. DEFICIT ON REVALUATION OF INVESTMENTS			
	Available for sale		
	Listed term finance certificates	13,692	34,532
	Listed shares / units	(7,724,392)	(2,532,862)
		(7,710,700)	(2,498,330)
10. TERM FINANCE CERTIFICATES			
	Opening balance	166,532,000	333,066,000
	Redeemed / amortized during the period / year	16,653,200	166,534,000
		149,878,800	166,532,000
	Less: Current maturity	(49,959,600)	(166,532,000)
		99,919,200	-
10.1	These TFCs have been rescheduled for a period of three years. Principal redemption shall be made on half yearly basis starting from March 15, 2012 and carry return payable at rate of 8% per annum.		
		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
11. SHORT TERM BORROWINGS			
	Financial institutions - Secured	48,000,000	809,820,762
11.1	These represents borrowings under repurchase agreements and carry mark-up at the rate of 12.50% per annum (2011: 13.45% to 14% per annum) and are for a period of 8 days (2011: 6 days to 1 month). These are secured against Pakistan Investment Bonds.		
12. TRADE AND OTHER PAYABLES			
	Customers' credit balances	95,848,939	45,813,809
	Accrued expenses and other payables	127,097,020	95,493,943
	Provision for compensated absences	1,068,527	1,210,494
	Unclaimed dividend	2,387,004	2,387,004
		226,401,490	144,905,250

		31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
13. CONTINGENCIES AND COMMITMENTS			
Outstanding guarantees		24,064,420	1,500,000
Future purchase contracts - Shares		101,159,425	147,625,200
Future sale contracts - Shares		1,979,555	70,280,455
	Three months ended	Six months Ended	
	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)	31-Dec-11 Rupees (Un-audited)
		31-Dec-10 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)
14. RETURN ON INVESTMENTS			
Mark-up / return on investments	13,663,164	15,748,480	27,944,375
Dividend income	11,395,728	1,944,774	18,776,575
Fair value loss on held for trading investment	(287,456)	-	(257,254)
Capital gain/(loss) on investments	(9,629,560)	13,138,400	(8,338,417)
	15,141,876	30,831,654	38,125,279
15. ADMINISTRATIVE AND OTHER OPERATING EXPENSES			
Salaries, wages, other benefits and allowances	5,393,156	7,341,757	11,359,162
Staff Training and Welfare	20,242	19,110	22,290
Advertisement and business promotion	65,850	75,750	84,260
Donation	-	-	-
Rent, rates and taxes	1,497,098	3,652,110	3,820,676
Utilities	521,210	573,038	840,304
Communication charges	494,084	749,963	1,053,901
Traveling and vehicle maintenance	1,141,760	3,111,252	2,298,355
Repair and maintenance	416,705	1,197,865	827,823
Entertainment	254,340	380,727	514,892
Fee and subscriptions	339,464	372,319	575,923
Legal and professional charges	758,157	729,051	1,186,962
Printing and stationery	354,613	408,758	624,711
Fee, brokerage and commission	8,189	10,824	35,608
CDC and clearing charges	437,279	532,342	608,620
Insurance	115,784	268,503	266,075
Amortization of issuance cost of listed TFCs	393,324	393,324	786,648
Depreciation	2,663,660	2,994,447	5,320,442
Amortization on intangible assets	216,645	60,000	433,290
Staff motor vehicle contribution and insurance	19,533	19,533	39,066
Miscellaneous expenses	12,105	113,007	105,765
	15,123,198	23,003,680	30,804,773
			45,156,450

16. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, subsidiary company, local associated companies, staff retirement funds, directors and other key management personnel. Material transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

	31-Dec-11 Rupees (Un-audited)	31-Dec-10 Rupees (Un-audited)
Transactions during the period		
Associated companies:		
Return on finances received	6,130,816	228,956
Profit paid on certificates of deposit	320,862	320,862
Advisory fee	10,072,017	4,000,000
Fixed assets sold	600,115	-
Chairman's secretariat expenses	1,800,000	1,800,000
Directors:		
Return on finances received	293,694	-
Profit paid on certificates of deposit	3,404,310	7,809,226
Executives:		
Return on finances received	387,200	129,851
Profit paid on certificates of deposit	3,857,270	301,288
Fixed assets sold	-	1,434,326
Others:		
Contribution to staff retirement benefits plan	394,900	648,980
	31-Dec-11 Rupees (Un-audited)	30-Jun-11 Rupees (Audited)
Balance at the end of the period		
Associated companies:		
Financing outstanding	78,847,567	78,048,413
Letter of guarantee outstanding	24,064,420	1,500,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	10,072,017	4,000,000
Directors:		
Financing outstanding	19,901,571	20,137,497
Certificates of deposit outstanding	50,400,000	50,400,000
Executives:		
Financing outstanding	4,598,681	7,026,469
Certificates of deposit outstanding	58,768,776	58,568,784

17. SEGMENTAL ANALYSIS

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities within Pakistan:

Financing activities

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers.

Investment activities

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

Six Months ended 31 December 2011			
	Financing activities	Investing activities	Total
Profit on financing	21,092,665		21,092,665
Mark-up on lease finance	121,139		121,139
Return on placements		36,528,321	36,528,321
Return on investments	-	38,125,279	38,125,279
Fee and commission		7,483,369	7,483,369
Total income for reportable segments	21,213,804	82,136,969	103,350,773
Finance costs	19,972,691	77,331,548	97,304,239
Administrative and other operating expenses	6,322,995	24,481,778	30,804,773
Provision for doubtful financing - reversed	(605,179)		(605,179)
Segment result	(4,476,703)	(19,676,357)	(24,153,060)
Other operating income			9,940,728
Loss before taxation			(14,212,332)
Segment assets	222,077,080	591,310,743	813,387,823
Unallocated assets			494,390,237
			1,307,778,060
Segment liabilities	97,523,392	190,223,887	287,747,279
Unallocated liabilities			732,047,115
Equity			287,983,666
			1,307,778,060

Six Months ended 31 December 2010

	Financing activities	Investing activities	Total
Profit on financing	20,818,365	-	20,818,365
Mark-up on lease finance	1,029,059	-	1,029,059
Return on placements		31,644,788	31,644,788
Return on investments		49,917,585	49,917,585
Total income for reportable segments	21,847,424	81,562,373	103,409,797
Finance costs	(21,506,294)	(80,288,840)	(101,795,134)
Administrative and other operating expenses	(9,540,219)	(35,616,231)	(45,156,450)
Segment result	(9,199,089)	(34,342,698)	(43,541,787)
Other operating income			11,240,237
Loss before taxation			(32,301,550)
Segment assets	246,523,422	1,438,707,771	1,685,231,193
Unallocated assets			640,366,708
			2,325,597,901
Segment liabilities	113,858,320	294,186,643	408,044,963
Unallocated liabilities			1,586,106,487
Equity			331,446,451
			2,325,597,901

18. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 24 February 2012.

19. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director



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