

ESCORTS INVESTMENT BANK LIMITED

Quarterly Report
March 31, 2010

Prudence Foremost!



26

Davis Road Lahore

ESCORTS
BANK

ESCORTS INVESTMENT
BANK LIMITED

Corporate Information

Board of Directors

Chairman
Bashir Ahmed

President & Chief Executive Officer
Shazia Bashir

Directors

Bairam Qureshy
Mutahir Ahmed
Zulfiqar Ali Khan
Qaim Mehdi
Tajamul Hussain Bokhari

Company Secretary
Muhammad Anum Saleem

Executive Management

President & Chief Executive Officer
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

KPMG Taseer Hadi & Co.
Chartered Accountants

External Auditors

Ernst & Young Ford Rhodes Sidat Hyder
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 31 March 2010

ASSETS

	Note	31-Mar-10 Rupees (Un-audited)	30-Jun-09 Rupees (Audited)
Non-current Assets			
Fixed assets		94,505,032	106,581,325
Cards and rooms		33,450,000	32,700,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	5	534,470,610	544,937,697
Long term finances		73,552,321	35,325,621
Net investment in lease finance		11,156,013	21,765,297
Long term loans and advances		599,704	1,082,328
Long term deposits and prepayments		711,200	6,041,357
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturity of non-current assets		86,494,109	82,871,661
Short term investments	6	190,403,480	168,579,417
Short term finances		82,882,804	62,212,073
Short term placements		-	380,000,000
Advances, deposits, prepayments and other receivables		412,424,663	395,101,204
Cash and bank balances		40,947,159	19,478,267
		813,152,215	1,108,242,621
		1,812,564,073	2,107,643,224

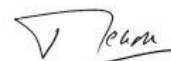
EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		115,254,367	156,403,209
		556,254,367	597,403,209
Surplus on Revaluation of Investments	7	6,283,494	7,269,191
Non-Current Liabilities			
Term finance certificates		163,516,539	328,870,566
Liabilities against assets subject to finance lease		-	4,981,582
Long term certificates of deposit		252,944,590	184,458,629
Long term security deposit		6,846,638	12,771,856
Current Liabilities			
Current maturity of non-current liabilities		194,485,284	257,133,160
Short term borrowings		303,000,000	438,563,476
Short term certificates of deposit		272,561,437	185,448,651
Trade and other payables		27,956,193	62,027,372
Provision for taxation		28,715,531	28,715,532
		826,718,445	971,888,191
Contingencies and Commitments	8	-	-
		1,812,564,073	2,107,643,224

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Profit and Loss Account (Un-Audited)

For the period ended 31 March 2010

INCOME	Note	Quarter ended		Nine months ended	
		31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
Profit on financing		11,209,749	3,850,123	39,065,240	16,819,295
Mark-up on lease finance		601,572	3,845,006	2,006,107	6,911,567
Return on placements		-	9,379,243	4,222,927	87,703,135
Return on investments	9	22,469,104	14,777,444	105,128,454	168,794,555
Fees and commission		-	686,076	-	6,353,630
Other income		2,096,161	21,526,091	5,027,725	40,672,691
		36,376,586	54,063,983	155,450,453	327,254,873

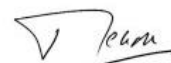
EXPENSES

Return on certificates of deposit		16,642,979	16,834,325	46,756,276	72,764,880
Return on term finance certificates		15,269,621	22,457,997	50,086,613	65,115,215
Mark-up on short term running finance		2,155	-	91,245	6,309,662
Mark-up on borrowings from financial institutions		8,356,668	18,130,506	23,542,419	82,985,820
Amortization of premium on held to maturity investments		3,054,549	2,842,005	9,163,648	8,526,015
Administrative and other operating expenses	10	22,607,491	26,395,499	70,097,881	118,815,624
Other financial charges		60,733	107,181	217,759	349,021
		65,994,196	86,767,513	199,955,841	354,866,237
Operating loss before Provisions and taxation		(29,617,610)	(32,703,530)	(44,505,388)	(27,611,364)
Impairment under SECP's SRO 150(1)/2009 of 13 Feb 2009					
Impairment against Investment in Equity Securities		-	28,810,654	-	28,810,654
Adjustment for Price movement during the current quarter		-	18,002,653	-	18,002,653
		-	10,808,001	-	10,808,001
Provision for doubtful financing-reversed		-	-	3,356,546	-
Operating loss before taxation		(29,617,610)	(43,511,531)	(41,148,842)	(38,419,365)
Taxation		-	(9,045)	-	(244,634)
Loss after taxation		(29,617,610)	(43,520,576)	(41,148,842)	(38,663,999)
(Loss)/Earnings per share-basic and diluted		(0.67)	(0.99)	(0.93)	(0.88)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un-Audited)

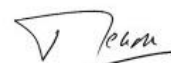
For the period ended 31 March 2010

	31-Mar-10 Rupees	31-Mar-09 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(41,148,842)	(38,419,365)
Adjustment for non cash expenses and other items:		
Dividend income	(4,548,753)	(13,427,346)
Depreciation on tangible assets	11,508,166	17,479,837
Amortization on intangible assets	-	(2,333,100)
Provision for doubtful financing - reversed	(3,356,546)	-
Amortization of discount on Government Treasury Bills	1,449,662	-
Amortization of premium on held to maturity investments	9,163,648	8,526,015
Amortization of issuance cost of listed TFCs	1,179,972	1,179,972
(Gain)/Loss on sale of fixed assets	(2,266,395)	(1,502,269)
Gain on sale of cards and rooms	-	(69,750,000)
	13,129,754	(59,826,891)
	(28,019,088)	(98,246,256)
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	(54,805,303)	131,871,292
Net investment in lease finance	8,727,234	16,029,130
Investment in placements - net	380,000,000	2,084,964,154
Investments - net	(23,489,317)	1,336,130,025
Loans and advances	(40,674,094)	440,288,520
Deposits and prepayments	2,285,998	6,469,193
	272,044,518	4,015,752,314
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(135,563,476)	(1,887,201,950)
(Repayments of) / receipts from certificates of deposit	129,821,484	(877,325,853)
Running finance facilities	-	(1,088,962,624)
Trade and other payables	(34,071,173)	(150,176,020)
	(39,813,165)	(4,003,666,447)
Net changes in operating assets and liabilities	232,231,353	12,085,867
Net cash generated from / (used in) operating activities before taxes	204,212,265	(86,160,389)
Taxes paid	23,671,897	(19,483,703)
Net cash generated from/ (used in) operating activities	227,884,162	(105,644,092)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(1,395,132)	(2,333,850)
Dividend received	4,548,753	26,392,826
Proceeds from sale of fixed assets	4,229,645	13,360,912
Investment in Cards and rooms	(750,000)	105,000,000
Net cash generated from investing activities	6,633,266	142,419,888
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of privately placed term finance certificates	(45,796,715)	(91,593,314)
Redemption of listed term finance certificates	(166,534,000)	(200,000)
Dividend paid	-	(87,266,706)
Repayment of lease obligation	(717,821)	(610,949)
Net cash used in financing activities	(213,048,536)	(179,670,969)
Net increase / (decrease) in cash and cash equivalents	21,468,892	(142,895,173)
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	40,947,159	37,046,494

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive



Director

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

For the period ended 31 March 2010

	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 loss upto 31 March 2009	-	-	(38,663,999)	(38,663,999)
Transfer to statutory reserve	-	-	-	-
Final dividend for 2008 paid @ 20% (Rs. 2 per share)	-	-	(88,200,000)	(88,200,000)
Balance as at 31 March 2009	441,000,000	154,050,085	129,936,341	724,986,426
Net loss upto 30 June 2009	-	-	(127,583,217)	(127,583,217)
Transfer to statutory reserve	-	-	-	-
Balance as at 30 June 2009	441,000,000	154,050,085	2,353,124	597,403,209
Net loss upto 31 March 2010	-	-	(41,148,842)	(41,148,842)
Transfer to statutory reserve	-	-	-	-
Balance as at 31 March 2010	441,000,000	154,050,085	(38,795,718)	556,254,367

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive



Director

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

For the period ended 31 March 2010

1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operation on 16 October 1996. The Company is listed on the Karachi and Lahore stock exchanges. Escorts Investment Bank Limited is licensed to carry out investment finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2008. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

2 BASIS OF PREPARATION AND MEASUREMENT

2.1 This condensed interim financial information is un-audited and has been prepared in accordance with International Accounting Standards (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.

2.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial information and should be read with in conjunction with financial statements of the Company for the year ended 30 June 2009.

2.3 The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.

2.4 International Accounting Standards (IAS 1) (Revised), "Presentation of Financial Statements" (effective from 01 January 2009), was issued in September 2007. According to revised standard, those items of income and expense that are not recognized in the profit or loss, and non-owner changes in equity should be recognized through Statement of comprehensive income. The revised standard requires an entity to opt for presenting such items of income and expense in (a) single statement of comprehensive income' or (b) two statements (a separate 'income statement') and a ('statement of comprehensive income'). The Company has adopted the single statement approach. It has no further effect on presentation.

2.5 International Financial Reporting Standards (IFRS-8) " Operating Segment " (effective from 01 January 2009). This standard requires disclosure of information about the company's operating segment and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the company. Adoption of this standard did not have any effect on the financial position or performance of the company except for the additional disclosure.

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 except for IAS - 1 and IFRS - 8.

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 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 LONG TERM INVESTMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	527,914,501	537,078,149
Term Finance Certificates - Unlisted	10,108,833	10,878,939
	538,023,334	547,957,088
Less: Current maturity of Term Finance Certificates	3,552,724	3,019,391
	534,470,610	544,937,697

6 SHORT TERM INVESTMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Held to maturity		
Government treasury bills	-	46,265,312
Available for sale		
Listed Term Finance Certificates	6,444,097	8,008,185
Listed shares and units	183,959,383	114,305,920
	190,403,480	168,579,417

7 SURPLUS ON REVALUATION OF INVESTMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Available for sale		
Term finance certificates - Listed	(99,707)	(177,986)
Shares and units – Listed	6,383,201	7,447,177
	6,283,494	7,269,191

8 CONTINGENCIES AND COMMITMENTS

8.1 CONTINGENCIES

There is no material change in the status since the last audited published financial statements for the year ended 30 June 2009.

8.2 COMMITMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Future sale contract - Shares	183,471,367	-
Capital expenditure	650,000	1,300,000

9 RETURN ON INVESTMENTS

	Quarter ended		Nine months ended	
	31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
Mark-up / return on investments	15,778,876	14,406,818	47,412,348	43,679,644
Dividend income	856,425	334,326	4,548,753	13,427,346
Capital gain on investments	5,833,803	36,300	53,167,353	41,937,565
Gain on sale of Corporate Membership of KSE	-	-	-	69,750,000
	22,469,104	14,777,444	105,128,454	168,794,555

10 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Quarter ended		Nine months ended	
	31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
Salaries, wages, other benefits and allowances	7,882,184	10,624,283	27,426,148	49,964,768
Staff Training and Welfare	72,313	20,498	125,729	331,839
Advertisement and business promotion	660	185,051	265,747	726,730
Rent, rates and taxes	2,841,174	2,432,110	7,761,073	9,879,665
Utilities	504,230	793,719	2,136,930	3,180,569
Communication charges	501,492	711,097	1,445,758	3,939,373
Traveling and vehicle maintenance	1,656,298	1,602,122	4,640,568	6,277,398
Repair and maintenance	695,413	635,141	1,665,561	2,743,621
Entertainment	500,945	506,901	1,209,224	1,818,831
Fee and subscriptions	963,469	1,041,206	1,762,342	2,282,520
Legal and professional charges	1,607,735	1,314,168	4,454,730	5,640,624
Printing and stationery	416,779	360,373	1,143,103	1,534,221
Fee, brokerage and commission	26,347	100,209	84,401	4,563,843
CDC and clearing charges	-	774,430	-	6,823,134
Insurance	487,821	612,316	1,848,071	2,210,797
Amortization of issuance cost of listed TFCs	393,324	393,324	1,179,972	1,179,972
Depreciation	3,751,143	4,163,404	11,508,166	15,146,753
Penalty	-	-	88,000	-
Staff motor vehicle contribution and insurance	19,533	67,689	83,232	508,666
Miscellaneous expenses	286,631	57,458	1,269,126	62,300
	22,607,491	26,395,499	70,097,881	118,815,624

11 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. Transactions with related parties and associated undertakings other than remuneration. The Company in the normal course of business carries out transactions with various related parties. Material transactions with the related parties during the period are given below:

	31-Mar-10 Rupees Un-audited	31-Mar-09 Rupees Un-audited	
Transactions during the period			
Subsidiary Company:			
Profit paid on certificates of deposit	5,251,670	51,370	
Sale of KSE membership	-	105,000,000	
Sale of Fixed Assets	-	10,397,384	
Return on running A/C	7,486,341	-	
Financing facility availed	50,000,000	-	
Certificate of Deposit issued	74,580,017	149,646,233	
Certificate of Deposit matured	70,926,250	127,300,000	
Associated companies:			
Return on finances received	340,468	915,803	
Guarantee commission earned	-	1,065,690	
Profit paid on certificates of deposit	478,664	478,664	
Chairman's secretariat expenses	2,700,000	2,700,000	
Financing facility availed	53,073,931	40,633,600	
Financing facility repaid	828,200	40,735,873	
Letter of guarantee called	53,940,000	-	
Directors:			
Profit paid on certificates of deposit	11,595,480	20,057,118	
Certificates of deposit issued	400,000	-	
Certificate of Deposit matured	-	90,000,000	
Executives:			
Return on finances received	616,334	380,367	
Profit paid on certificates of deposit	323,966	924,106	
Fixed assets sold	1,390,244	291,528	
Certificate of Deposit issued	16,559,362	71,818,168	
Certificate of Deposit matured	17,978,702	56,013,611	
Financing facility availed	2,536,357	1,911,000	
Financing facility repaid	9,475,504	1,344,356	
Others:			
Contribution to staff retirement benefits plan	1,112,146	2,394,120	
	Note	31-Mar-10 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		26,000,000	22,346,233
Advances outstanding		50,000,000	-
Receivable from Subsidiary Company		833,822	23,410,259
Associated companies:			
Advances outstanding		76,886,080	24,624,931
Letter of guarantee outstanding		-	53,940,000
Certificates of deposit outstanding		6,095,003	6,095,003
Other receivable		1,834,159	3,127,230
Directors:			
Certificates of deposit outstanding		116,050,000	115,650,000
Other receivable	11.1	6,653,021	6,668,430
Executives:			
Advances outstanding		5,841,974	12,319,787
Certificates of deposit outstanding		2,862,777	4,282,117
Other receivable		-	24,500

11.1 This includes the payment made on behalf of Mr. Bashir Ahmed (Chairman) to The Bank of Punjab.

12 SEGMENT

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

Financing activities

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

Investing activities

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

	Nine months ended 31 March 2010		
	Financing activities	Investing activities	Total
Profit on financing	39,065,240	-	39,065,240
Mark-up on lease finance	2,006,107	-	2,006,107
Return on placements	-	4,222,927	4,222,927
Return on investments	-	105,128,454	105,128,454
Total income for reportable segments	41,071,347	109,351,381	150,422,728
Finance costs	35,456,353	94,401,607	129,857,960
Administrative and other operating expenses	19,139,491	50,958,390	70,097,881
Provision for doubtful financing - reversed	(3,356,546)	-	(3,356,546)
Segment result	(10,167,951)	(36,008,616)	(46,176,567)
Other operating income			5,027,725
Loss before taxation			(41,148,842)
Segment assets	244,960,513	960,798,438	1,205,758,951
Unallocated assets			606,805,122
			1,812,564,073
Segment liabilities	365,722,385	1,412,714,665	1,778,437,050
unallocated liabilities			34,127,023
			1,812,564,073

	Nine months ended 31 March 2009		
	Financing activities	Investing activities	Total
Profit on financing	16,819,295	-	16,819,295
Mark-up on lease finance	6,911,567	-	6,911,567
Return on placements	-	87,703,135	87,703,135
Return on investments	-	168,794,555	168,794,555
Fee and commission	-	6,353,630	6,353,630
Total income for reportable segments	23,730,862	262,851,320	286,582,182
Finance costs	19,883,182	216,167,431	236,050,613
Administrative and other operating expenses	9,838,704	108,976,920	118,815,624
Impairment against Investment in Equity Securities		10,808,001	10,808,001
Segment result	(5,991,023)	(62,293,032)	(79,092,056)
Other operating income			40,672,691
Loss before taxation			(38,419,365)
Segment assets	203,325,022	1,343,227,765	1,546,552,787
Unallocated assets			637,461,216
			2,184,014,003
Segment liabilities	379,611,975	1,769,729,308	2,149,341,283
unallocated liabilities			34,672,720
			2,184,014,003

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 26th April 2010.

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 31 March 2010

ASSETS

	Note	31-Mar-10 Rupees (Un-audited)	30-Jun-09 Rupees (Audited)
Non-current Assets			
Fixed assets		98,126,568	113,780,069
Cards and rooms		84,855,000	84,105,000
Long term investments	6	534,470,610	544,937,697
Long term finances		23,552,321	35,325,621
Net investment in lease finance		11,156,013	21,765,297
Long term loans and advances		626,380	1,082,328
Long term deposits and prepayments		17,609,341	9,265,357
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturity of non-current assets		86,641,109	82,871,661
Short term investments	7	190,403,480	168,579,417
Short term finances		82,882,804	62,212,073
Short term placements		-	380,000,000
Advances, deposits, prepayments and other receivables		444,354,781	373,120,833
Cash and bank balances		60,951,844	23,220,889
		865,234,018	1,090,004,873
		1,711,593,229	1,976,229,220

EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		(28,867,054)	40,590,738
		412,132,946	481,590,738
Surplus on revaluation of investments	8	6,283,494	7,269,191
Non-Current Liabilities			
Term finance certificates		163,516,539	328,870,566
Liabilities against assets subject to finance lease		-	4,981,582
Long term certificates of deposit		252,944,590	184,458,629
Long term security deposit		6,846,638	12,771,856
Current Liabilities			
Current maturity of non-current liabilities		194,485,284	257,133,160
Short term borrowings		303,000,000	438,563,476
Short term certificates of deposit		246,561,437	163,102,418
Trade and other payables		97,106,770	68,772,072
Provision for taxation		28,715,531	28,715,532
		869,869,022	956,286,658
Contingencies and Commitments	9	-	-
		1,711,593,229	1,976,229,220

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



Chief Executive



Director

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

for the period ended 31 March 2010

INCOME		Quarter ended		Nine months ended	
	Note	31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
Profit on financing		7,508,407	3,850,123	25,627,557	16,819,295
Mark-up on lease finance		601,572	3,845,006	2,006,107	6,911,567
Return on placements		-	9,379,243	4,222,927	87,703,135
Return on investments	10	22,925,780	15,438,940	109,693,304	99,706,051
Fees and commission		367,674	1,162,939	1,193,634	6,830,493
Other income		2,153,468	21,535,944	6,034,289	42,809,781
		33,556,901	55,212,195	148,777,818	260,780,322

EXPENSES					
Return on certificates of deposit		15,649,753	16,145,572	43,176,403	71,318,229
Return on term finance certificates		15,269,621	22,457,997	50,086,613	65,115,215
Mark-up on short term running finance		2,155	-	91,245	6,309,662
Mark-up on borrowings from financial institutions		8,356,668	18,130,506	23,542,419	82,985,820
Amortization of premium on held to maturity investments		3,054,549	2,842,005	9,163,648	8,526,015
Administrative and other operating expenses	11	31,645,177	34,886,352	92,315,288	128,357,298
Other financial charges		62,715	108,561	228,247	350,401
		74,040,638	94,570,993	218,603,863	362,962,640
Operating loss before Provisions and taxation		(40,483,737)	(39,358,798)	(69,826,045)	(102,182,318)
Impairment under SECP's SRO 150(1)/2009 of 13 Feb 2009					
Impairment against Investment in Equity Securities		-	28,810,654	-	28,810,654
Adjustment for Price movement during the current quarter		-	18,002,653	-	18,002,653
		-	10,808,001	-	10,808,001
Provision for doubtful financing - reversed		-	-	3,356,546	-
Operating loss before taxation		(40,483,737)	(50,166,799)	(66,469,499)	(112,990,319)
Taxation		(951,701)	(154,340)	(2,988,293)	(389,929)
Loss after taxation		(41,435,438)	(50,321,139)	(69,457,792)	(113,380,248)
(Loss)/Earnings per share-basic and diluted		(0.94)	(1.14)	(1.58)	(2.57)

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



Chief Executive



Director

Condensed Interim Consolidated Cash flow statement (Un-Audited)

for the period ended 31 March 2010

	31-Mar-10 Rupees	31-Mar-09 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(66,469,499)	(112,990,319)
Adjustment for non cash expenses and other items:		
Dividend income	(4,548,753)	(13,427,346)
Depreciation on tangible assets	13,499,925	18,692,596
Amortization on intangible assets	-	(2,333,100)
Provision for doubtful financing - reversed	(3,356,546)	-
Amortization of discount on Government Treasury Bills	1,449,662	-
Amortization of premium on held to maturity investments	9,163,648	8,526,015
Amortization of issuance cost of listed TFCs	1,179,972	1,179,972
(Gain)/Loss on sale of fixed assets	(3,016,945)	(1,502,269)
	14,370,963	11,135,868
	(52,098,536)	(101,854,451)
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	(4,805,303)	131,871,292
Net investment in lease finance	8,727,234	16,029,130
Investment in placements - net	380,000,000	2,084,964,154
Investments - net	(23,489,317)	1,336,130,025
Loans and advances	(93,606,845)	455,782,136
Deposits and prepayments	(11,388,143)	4,249,193
	255,437,626	4,029,025,930
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(135,563,476)	(1,887,201,950)
(Repayments of) / receipts from certificates of deposit	126,167,717	(899,672,086)
Running finance facilities	-	(1,088,962,624)
Trade and other payables	28,334,704	(139,826,098)
	18,938,945	(4,015,662,758)
Net changes in operating assets and liabilities	274,376,571	13,363,172
Net cash generated from operating activities before taxes	222,278,035	(88,491,279)
Taxes refunded/ paid	19,532,190	(19,919,972)
Net cash generated from operating activities	241,810,225	(108,411,251)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(1,395,132)	(2,333,850)
Dividend received	4,548,753	26,392,826
Proceeds from sale of fixed assets	6,565,645	2,963,528
Investment in Cards and rooms	(750,000)	-
Net cash generated from investing activities	8,969,266	27,022,504
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of privately placed term finance certificates	(45,796,715)	(91,593,314)
Redemption of listed term finance certificates	(166,534,000)	(200,000)
Dividend paid	-	(87,266,706)
Repayment of lease obligation	(717,821)	(610,949)
Net cash used in financing activities	(213,048,536)	(179,670,969)
Net increase in cash and cash equivalents	37,730,955	(261,059,716)
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	60,951,844	45,481,951

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



Chief Executive



Director

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

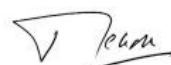
for the period ended 31 March 2010

	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 31 March 2009	-	-	(113,380,248)	(113,380,248)
Transfer to statutory reserve	-	-	-	-
Final dividend for 2008 paid @ 20% (Rs. 2 per share)	-	-	(88,200,000)	(88,200,000)
Balance as at 31 March 2009	441,000,000	147,193,925	27,795,452	615,989,377
Net loss upto 30 June 2009	-	-	(134,398,639)	(134,398,639)
Transfer to statutory reserve	-	-	-	-
Balance as at 30 June 2009	441,000,000	147,193,925	(106,603,187)	481,590,738
Net loss upto 31 March 2010	-	-	(69,457,792)	(69,457,792)
Transfer to statutory reserve	-	-	-	-
Balance as at 31 March 2010	441,000,000	147,193,925	(176,060,979)	412,132,946

The annexed notes 1 to 15 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 31 March 2010

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 AND MEASUREMENT

This condensed interim consolidated 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 consolidated 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 Group for the year ended 30 June 2009.

- 2.1 This condensed interim consolidated financial information is un-audited and has been prepared in accordance with International Accounting Standards (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 This condensed interim consolidated financial information does not include all the information and the disclosures required in the annual financial information and should be read with in conjunction with financial statements of the Group for the year ended 30 June 2009.
- 2.3 The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1)/2008 on such Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.
- 2.4 International Accounting Standards (IAS 1) (Revised), "Presentation of Financial Statements" (effective from 01 January 2009), was issued in September 2007. According to revised standard, those items of income and expenses that are not recognized in the profit or loss, and non-owner changes in equity should be recognized through Statement of comprehensive income. The revised standard requires an entity to opt for presenting such items of income expenses in (a) single statement of comprehensive income' or (b) two statements (a separate 'income statement') and a ('statement of comprehensive income'). The Group has adopted the single statement approach. It has no further effect on presentation.
- 2.5 International Financial Reporting Standards (IFRS-8) " Operating Segment " (effective from 01 January 2009). This standard requires disclosure of information about the group's operating segment and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the group. Adoption of this standard did not have any effect on the financial position or performance of the group except for the additional disclosure.

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 2009 except for IAS - 1 and IFRS - 8.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated 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 2009.

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 2009.

6 LONG TERM INVESTMENTS

	31-Mar-10 Rupees Un-audited	31-Jun-09 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	527,914,501	537,078,149
Term Finance Certificates - Unlisted	10,108,833	10,878,939
	538,023,334	547,957,088
Less: Current maturity of Term Finance Certificates	3,552,724	3,019,391
	534,470,610	544,937,697

7 SHORT TERM INVESTMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Held to maturity		
Government treasury bills	-	46,265,312
Available for sale		
Term Finance Certificates – Listed	6,444,097	8,008,185
Shares and units – Listed	183,959,383	114,305,920
	190,403,480	168,579,417

8 SURPLUS ON REVALUATION OF INVESTMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Available for sale		
Term finance certificates – Listed	(99,707)	(177,986)
Shares / units – Listed	6,383,201	7,447,177
	6,283,494	7,269,191

9 CONTINGENCIES AND COMMITMENTS

9.1 CONTINGENCIES

There is no material change in the status since the last audited published financial statements for the year ended 30 June 2009.

9.2 COMMITMENTS

	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Future sale contract - Shares	183,471,367	-
Capital expenditure	650,000	1,300,000

10 RETURN ON INVESTMENTS

	Quarter ended		Nine months ended	
	31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
Mark-up / return on investments	15,778,876	14,406,818	47,412,348	43,679,644
Dividend income	856,425	334,326	4,548,753	13,427,346
Capital gain on investments	6,290,479	697,796	57,732,203	42,599,061
	22,925,780	15,438,940	109,693,304	99,706,051

11 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Quarter ended		Nine months ended	
	31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
Salaries, wages, other benefits and allowances	12,041,550	14,326,785	37,556,031	53,667,270
Staff Training and Welfare	72,313	20,498	125,729	331,839
Advertisement and business promotion	660	185,051	265,747	726,730
Rent, rates and taxes	4,366,584	2,567,110	10,792,960	10,014,665
Utilities	807,818	942,767	2,856,100	3,329,617
Communication charges	954,423	955,284	2,873,886	4,183,560
Traveling and vehicle maintenance	1,845,244	1,805,506	5,141,769	6,480,782
Repair and maintenance	855,086	704,522	2,030,214	2,813,002
Entertainment	586,512	552,393	1,409,426	1,864,323
Fee and subscriptions	2,063,017	1,108,506	2,927,720	2,349,820
Legal and professional charges	1,777,735	1,828,668	5,034,430	7,205,945
Printing and stationery	468,121	433,386	1,262,401	1,607,234
Fee, brokerage and commission	26,347	100,209	315,729	4,563,843
CDC and clearing charges	113,452	1,060,634	1,619,480	7,109,338
Insurance	494,820	612,316	1,863,858	2,210,797
Amortization of issuance cost of listed TFCs	393,324	393,324	1,179,972	1,179,972
Depreciation	4,402,185	5,376,163	13,499,924	16,359,512
Penalty	-	-	88,000	-
Staff motor vehicle contribution and insurance	19,533	67,689	83,232	508,666
Miscellaneous expenses	356,453	1,845,541	1,388,680	1,850,383
	31,645,177	34,886,352	92,315,288	128,357,298

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. The Company in the normal course of business carries out transactions with various related parties. Material transactions with the related parties during the period are given below:

	31-Mar-10 Rupees Un-audited	31-Mar-09 Rupees Un-audited
Transactions during the period		
Associated companies:		
Return on finances received	340,468	915,803
Guarantee commission earned	-	1,065,690
Profit paid on certificates of deposit	478,664	478,664
Chairman's secretariat expenses	2,700,000	2,700,000
Financing facility availed	53,073,931	40,633,600
Financing facility repaid	828,200	40,735,873
Letter of guarantee called	53,940,000	-
Directors:		
Profit paid on certificates of deposit	11,595,480	20,057,118
Certificates of deposit issued	400,000	-
Certificate of Deposit matured	-	90,000,000
Executives:		
Return on finances received	616,334	380,367
Profit paid on certificates of deposit	323,966	924,106
Fixed assets sold	1,390,244	291,528
Certificate of Deposit issued	16,559,362	71,818,168
Certificate of Deposit matured	17,978,702	56,013,611
Financing facility availed	2,536,357	1,911,000
Financing facility repaid	9,475,504	1,344,356
Others:		
Contribution to staff retirement benefits plan	1,172,815	2,394,120

	Note	31-Mar-10 Rupees Un-audited	30-Jun-09 Rupees Audited
Balance at the end of the period			
Associated companies:			
Advances outstanding		76,886,080	24,624,931
Letter of guarantee outstanding		-	53,940,000
Certificates of deposit outstanding		6,095,003	6,095,003
Other receivable		1,834,159	3,127,230
Directors:			
Certificates of deposit outstanding		116,050,000	115,650,000
Other receivable	12.1	6,653,021	6,668,430
Executives:			
Advances outstanding		5,841,974	12,319,787
Certificates of deposit outstanding		2,862,777	4,282,117
Other receivable		-	24,500

12.1 This includes the payment made on behalf of Mr. Bashir Ahmed (Chairman) to The Bank of Punjab.

13 SEGMENT ANALYSIS

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

financing activities

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

investing activities

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

	Nine months ended 31 March 2010		
	Financing activities	Investing activities	Total
Profit on financing	25,627,557	-	25,627,557
Mark-up on lease finance	2,006,107	-	2,006,107
Return on placements	-	4,222,927	4,222,927
Return on investments	-	109,693,304	109,693,304
Fees and commission		1,193,634	1,193,634
Total income for reportable segments	27,633,664	115,109,865	142,743,529
Finance costs	24,654,317	101,634,258	126,288,575
Administrative and other operating expenses	17,871,281	74,444,007	92,315,288
Provision for doubtful financing - reversed	(3,356,546)	-	(3,356,546)
Segment result	(11,535,388)	(60,968,400)	(72,503,788)
Other operating income			6,034,289
Loss before taxation			(66,469,499)
Segment assets	190,487,189	822,347,574	1,012,834,763
Unallocated assets			698,758,466
			1,711,593,229
Segment liabilities	321,108,442	1,356,357,765	1,677,466,207
Unallocated liabilities			34,127,022
			1,711,593,229

	Nine months ended 31 March 2009		
	Financing activities	Investing activities	Total
Profit on financing	16,819,295		16,819,295
Mark-up on lease finance	6,911,567		6,911,567
Return on placements		87,703,135	87,703,135
Return on investments		99,706,051	99,706,051
Fees and commission		6,830,493	6,830,493
Total income for reportable segments	23,730,862	194,239,679	217,970,541
Finance costs	26,217,487	208,387,855	234,605,342
Administrative and general expenses	13,974,500	114,382,798	128,357,298
Impairment against Investment in Equity Securities		10,808,001	10,808,001
Segment result	(16,461,125)	(139,338,975)	(155,800,100)
Other operating income			42,809,781
Loss before taxation			(112,990,319)
Segment assets	203,325,022	1,219,628,765	1,422,953,787
Unallocated assets			640,190,856
			2,063,144,643
Segment liabilities	402,920,000	1,625,551,923	2,028,471,923
Unallocated Liabilities			34,672,720
			2,063,144,643

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 26th April 2010.

15 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director

Network

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ESCORTS
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