



ESCORTS INVESTMENT
BANK LIMITED

Contents of Quarterly Report 2009

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Corporate Information

Board of Directors

Chairman
Bashir Ahmed

President & Chief Executive Officer
Rashid Mansur

Directors

Bairam Qureshy
Mutahir Ahmed
Shazia Bashir
Qaim Mehdi
Tajamul Hussain Bokhari

Company Secretary
Muhammad Anum Saleem

Executive Management

President & Chief Executive Officer
Rashid Mansur

Executive Director / Head of HR & Administration
Shazia Bashir

Chief Financial Officer / Head of Advisory Services
Muhammad Kamran Nasir

Head of Treasury Division
Arshad I. Khan

Head of MIS & Settlements
Azmat Baig

Head of Information Technology
Sheharyar Mirza

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

Legal Advisors

Lexium - Attorneys at Law
Advocates and Legal Consultants

Audit Committee

Chairman
Bashir Ahmed

Members
Tajamul Hussain Bokhari
Bairam Qureshy

Secretary
Muhammad Anum Saleem

Internal Auditors

A. F. Ferguson & Co.
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Tax Consultants

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrars

Hameed Majeed Associates (Pvt.) Ltd.

Bankers

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

Condensed Interim Balance Sheet

As at 31 March 2009

ASSETS

	Note	31-Mar-08 Rupees (Un-audited)	30-Jun-08 Rupees (Audited)
Non-current Assets			
Fixed assets	5	110,711,053	135,382,584
Cards and rooms		32,700,000	67,950,000
Long term investment in subsidiary company		175,004,000	175,004,000
Long term investments	6	547,809,851	556,374,351
Long term finances		21,692,442	21,436,448
Net investment in lease finance		32,865,916	55,931,406
Long term loans and advances		1,562,735	3,208,457
Long term deposits and prepayments		9,057,149	11,215,958
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturities of non-current assets		82,890,447	96,734,937
Short term investments	7	159,680,804	1,578,486,799
Short term finances		67,861,366	193,162,298
Short term placements	8	408,317,389	2,493,281,543
Advances, deposits, prepayments and other receivables		420,851,379	852,836,224
Cash and bank balances		37,046,494	179,941,667
		<u>1,176,647,879</u>	<u>5,394,443,468</u>
		2,184,014,003	6,496,909,650

EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		283,986,426	410,850,425
		<u>724,986,426</u>	<u>851,850,425</u>
Deficit on Revaluation of Investments	7.3	(86,528,966)	(3,533,300)
Non-Current Liabilities			
Term finance certificates	9	328,477,243	539,627,983
Liabilities against assets subject to finance lease		5,245,790	5,940,335
Long term certificates of deposit		210,034,883	340,178,159
Long term security deposit		16,652,156	25,789,464
Current Liabilities			
Current maturities of non-current liabilities		244,771,864	107,946,750
Short term borrowings		457,798,050	2,345,000,000
Running finance - Secured			1,088,962,624
Short term certificates of deposit		208,190,160	971,576,855
Trade and other payables		45,670,866	194,854,823
Provision for taxation		28,715,531	28,715,532
Contingencies and Commitments	10	<u>985,146,471</u>	<u>4,737,056,584</u>
		2,184,014,003	6,496,909,650

The annexed notes 1 to 14 form an integral part of this condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 7.4.



 Chief Executive



 Director

Condensed Interim Profit and Loss Account (Un-Audited)

For the period ended 31 March 2009

INCOME	Note	Quarter ended		Nine months ended	
		31-Mar-09 Rupees	31-Mar-08 Rupees	31-Mar-09 Rupees	31-Mar-08 Rupees
Profit on financing		3,850,123	12,922,390	16,819,295	36,071,762
Mark-up on lease finance		3,845,006	1,981,028	6,911,567	6,418,028
Return on placements		9,379,243	37,513,781	87,703,135	190,248,751
Return on investments	11	14,777,444	99,573,718	168,794,555	264,492,750
Fees and commission		686,076	22,874,803	6,353,630	89,648,022
Profit on Bank Deposits		19,319,087	237,752	35,600,805	1,900,124
Other income		2,207,004	1,216,083	5,071,886	3,958,286
		54,063,983	176,319,555	327,254,873	592,737,723
EXPENSES					
Return on certificates of deposit		16,834,325	32,613,853	72,764,880	119,888,460
Return on term finance certificates		22,457,997	20,191,935	65,115,215	61,948,171
Mark-up on short term running finance		—	6,006,818	6,309,662	21,769,788
Mark-up on borrowings from financial institutions		18,130,506	41,637,954	82,985,820	141,535,993
Amortization of premium on held to maturity investments		2,842,005	2,637,009	8,526,015	7,911,027
Administrative and other operating expenses		26,395,499	54,688,148	118,815,624	177,815,790
Other financial charges		107,181	161,741	349,021	608,241
		86,767,513	157,937,458	354,866,237	531,477,470
OPERATING (LOSS)/ PROFIT		(32,703,530)	18,382,097	(27,611,364)	61,260,253
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	—
Net (Loss)/Profit before taxation		(43,511,531)	18,382,097	(38,419,365)	61,260,253
Taxation		9,045	1,693,532	244,634	9,967,946
Profit after taxation		(43,520,576)	20,075,629	(38,663,999)	71,228,199
(Loss)/Earnings per share-basic and diluted		(0.99)	0.46	(0.88)	1.62

The annexed notes 1 to 14 form an integral part of this condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 7.4.



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the period ended 31 March 2009

	31-Mar-09 Rupees	31-Mar-08 Rupees
Cash flow from operating activities		
Profit before taxation	(38,419,365)	61,260,252
Adjustment for non cash expenses and other items:		
Dividend income	(13,427,346)	(119,725,269)
Depreciation on tangible assets	17,479,837	13,129,270
Amortization on intangible assets	(2,333,100)	750,026
Amortization of premium on held to maturity investments	8,526,015	7,911,027
Amortization of issuance cost of listed TFCs	1,179,972	1,179,972
(Gain)/Loss on sale of fixed assets	(1,502,269)	3,749
Gain on sale of cards and rooms	(69,750,000)	-
	(59,826,891)	(96,751,225)
	(98,246,256)	(35,490,973)
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	131,871,292	(72,149,368)
Net investment in lease finance	16,029,130	(5,805,051)
Investment in placements - net	2,084,964,154	2,190,926,073
Investments - net	1,336,130,025	(1,663,529,177)
Loans and advances	440,288,520	82,584,742
Deposits and prepayments	6,469,193	(1,725,436)
	4,015,752,314	530,301,783
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(1,887,201,950)	465,000,000
(Repayments of) / receipts from certificates of deposit	(877,325,853)	(960,892,341)
Running finance facilities	(1,088,962,624)	(197,766,129)
Trade and other payables	(150,176,020)	335,704,810
	(4,003,666,447)	(357,953,660)
Net changes in operating assets and liabilities	12,085,867	172,348,123
Net cash generated from / (used in) operating activities before taxes	(86,160,389)	136,857,150
Taxes paid	(19,483,703)	(77,006,098)
Net cash generated from/ (used in) operating activities	(105,644,092)	59,851,052
Cash flow from investing activities		
Fixed capital expenditure incurred	(2,333,850)	(9,558,407)
Dividend received	26,392,826	87,377,173
Proceeds from sale of fixed assets	13,360,912	1,258,794
Cards and rooms	105,000,000	(6,000,000)
	142,419,888	73,077,560
Net cash generated from investing activities	142,419,888	73,077,560
Cash flow from financing activities		
Redemption of privately placed term finance certificates	(91,593,314)	(91,593,314)
Redemption of listed term finance certificates	(200,000)	(200,000)
Dividend paid	(87,266,706)	(87,210,812)
Repayment of lease obligation	(610,949)	(550,099)
	(179,670,969)	(179,554,225)
Net cash used in financing activities	(179,670,969)	(179,554,225)
Net increase / (decrease) in cash and cash equivalents	(142,895,173)	(46,625,613)
Cash and cash equivalents at the beginning of the period	179,941,667	133,428,181
Cash and cash equivalents at the end of the period	37,046,494	86,802,568

The annexed notes 1 to 14 form an integral part of this condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 7.4.



Chief Executive



Director

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

For the period ended 31 March 2009

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 2007	441,000,000	126,486,545	234,746,181	802,232,726
Net profit upto 31 December 2007	–	–	71,228,198	71,228,198
Transfer to statutory reserve	–	14,245,640	(14,245,640)	–
Final dividend for 2007 paid @ 20% (Rs. 2 per share)	–	–	(88,200,000)	(88,200,000)
Balance as at 31 March 2008	441,000,000	140,732,185	203,528,739	785,260,924
Net profit upto 30 June 2008	–	–	66,589,501	66,589,501
Transfer to statutory reserve	–	13,317,900	(13,317,900)	–
Balance as at 30 June 2008	441,000,000	154,050,085	256,800,340	851,850,425
Net profit 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

The annexed notes 1 to 14 form an integral part of this condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 7.4.



Chief Executive



Director

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

For the period ended 31 March 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operation on 16 October 1996. The Company is listed on the Karachi and Lahore stock exchanges. 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.

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

2 BASIS OF PREPARATION

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

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

3 ACCOUNTING POLICIES

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

4 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2008.

5. FIXED ASSETS

	31 March 2009	
	Additions Cost Rupees Un-audited	Disposals Book Value Rupees Un-audited
The following additions and disposals were made during the nine months:		
Leasehold Improvements	—	1,000,154
Office Furniture & Fixture	—	1,321,532
Computer equipments	651,000	1,703,523
Office Equipment	23,600	3,185,991
Vehicles - Owned	1,659,250	4,647,443
	2,333,850	11,858,643

6 LONG TERM INVESTMENTS

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	539,920,154	548,446,169
Term Finance Certificates - Unlisted	10,939,394	11,259,091
	550,859,548	559,705,260
Less: Current maturity of Term Finance Certificates	3,049,697	3,330,909
	547,809,851	556,374,351

7 SHORT TERM INVESTMENTS

	Note	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Held by bank			
Held to Maturity			
Treasury Bill		44,815,650	—
Available for sale			
Listed Term Finance Certificates		9,705,870	17,316,843
Listed shares and units		105,159,284	46,903,897
		159,680,804	64,220,740
Held for trading			
Listed shares	7.1 & 7.2	—	1,514,266,059
		159,680,804	1,578,486,799

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

7.2 During the period the Company has reclassified its investment portfolio of listed securities as at 01 July 2008 valuing Rs 112.848 million from "Held for Trading" to "Available for sale" category.

7.3 DEFICIT ON REVALUATION OF INVESTMENTS

	31-Mar-09 Rupees Un-audited
Available for sale	
Deficit on Revaluation of Investments as on 31 December 2008	(115,242,617)
Charged to profit & Loss	28,810,654
	(86,431,963)
Deficit on Term Finance Certificates	(97,003)
Deficit on Revaluation of Investments as on 31 March 2009	(86,528,966)

7.4 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of "Floor Mechanism" by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008. The equity securities have been valued at prices quoted on the KSE on 31 December 2008.

Furthermore, Securities and Exchange Commission of Pakistan ("SECP") vide notification SRO 150 (1)/2009 dated 13 February 2009 has allowed that the impairment loss, if any, recognized as on 31 December 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment/effect for price movements shall be taken to Profit and Loss Account on quarterly basis during the year ending 31 December 2009. The amount taken to equity at 31 December 2008 shall be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

The impairment loss based on market values as at 31 December 2008 has been determined at Rs 113.449 million. In view of the "Floor Mechanism" as explained above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for 'Available for Sale' equity securities through Profit and Loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss based on market values as at 31 March 2009 would have had the following effect on these condensed interim financial information:

	31-Mar-09 (Rupees)
Effect of Impairment Loss in Profit and Loss Account	86,431,963
Effect on Tax charge for the period	Nil
Decrease in profit for the period	86,431,963
Decrease in deficit on revaluation of Available for Sale securities	86,431,963
Decrease in Un-appropriated profit	86,431,963
Decrease in earning per share	1.96

8 SHORT TERM PLACEMENTS

	Note	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Considered good			
Unsecured		-	318,000,000
Secured under reverse repurchase agreements	8.1	408,317,389	2,175,281,543
		408,317,389	2,493,281,543

8.1 Securities held as collateral - Market Value

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Quoted shares	420,471,895	2,097,016,739

These represent secured placements for a maximum period of upto 66 working days and carry mark-up ranging from 14% to 20.47 per annum (2008: 10.20% to 17.19%)

9 TERM FINANCE CERTIFICATES

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Listed	328,477,243	493,831,270
Unlisted	-	45,796,713
	328,477,243	539,627,983

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

There is no material change in the status since the last audited published financial statements for the year ended 30 June 2008.

10.2 CONTINGENCIES

	31-Mar-09 Rupees Un-audited	31-Jun-08 Rupees Audited
Future sale contract - Shares	-	1,504,130,820
Future purchase contract - Shares	-	75,430,895
Capital expenditure	1,300,000	1,300,000

11 RETURN ON INVESTMENTS

	Quarter Ended		Nine months ended	
	31-Mar-09 Rupees Un-audited	31-Mar-08 Rupees Un-audited	31-Mar-09 Rupees Un-audited	31-Mar-08 Rupees Un-audited
Mark-up / return on investments	14,406,818	14,915,321	43,679,644	45,592,591
Dividend income	334,326	70,160,832	13,427,346	119,725,269
Capital gain on investments	36,300	14,497,565	41,937,565	99,174,890
Gain on sale of Corporate Membership of KSE	-	-	69,750,000	-
	14,777,444	99,573,718	168,794,555	264,492,750

12 TRANSACTIONS WITH RELATED PARTIES

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

	31-Mar-09 Rupees Un-audited	31-Mar-08 Rupees Un-audited
Transactions during the period		
Subsidiary Company:		
Profit paid on certificates of deposit	51,370	—
Sale of membership of KSE	105,000,000	—
Sale of Fixed Assets	10,397,384	—
Associated companies:		
Return on finances received	915,803	399,348
Guarantee commission earned	1,065,690	592,050
Profit paid on certificates of deposit	478,664	803,584
Chairman's secretariat expenses	2,700,000	2,700,000
Directors:		
Return on finances received	—	475,736
Profit paid on certificates of deposit	20,057,118	21,154,266
Executives:		
Return on finances received	380,367	455,017
Profit paid on certificates of deposit	924,106	875,795
Fixed assets sold	291,528	—
Others:		
Contribution to staff retirement benefits plan	2,394,120	2,590,642

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Balance at the end of the period		
Subsidiary Company:		
Investment in Subsidiary Company	175,004,000	175,004,000
Certificates of deposit outstanding	22,346,233	—
Receivable from Subsidiary Company	10,397,384	—
Associated companies:		
Advances outstanding	3,487,073	3,589,346
Letter of guarantee outstanding	78,940,000	78,940,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	2,237,966	801,010
Directors:		
Advances outstanding	—	—
Certificates of deposit outstanding	115,650,000	205,650,000
Other receivable	6,653,021	162,980
Executives:		
Advances outstanding	12,340,838	11,038,194
Certificates of deposit outstanding	20,644,557	4,840,000

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30th April 2009 by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



ESCORTS
CONSOLIDATED
REPORT

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 March 2009

ASSETS

	Note	31-Mar-09 Rupees (Un-audited)	30-Jun-08 Rupees (Audited)
Non-current Assets			
Fixed assets	6	119,895,678	135,382,584
Cards and rooms		84,105,000	84,105,000
Long term investments	7	547,809,851	556,374,351
Long term finances		21,692,442	21,436,448
Net investment in lease finance		32,865,916	55,931,406
Long term loans and advances		1,562,735	3,208,457
Long term deposits and prepayments		11,281,149	11,219,958
Deferred tax asset		75,962,978	75,962,978
Current Assets			
Current maturities of non-current assets		82,890,447	96,734,937
Short term investments	8	159,680,804	1,578,486,799
Short term finances		67,861,366	193,162,298
Short term placements	9	408,317,389	2,493,281,543
Advances, deposits, prepayments and other receivables		403,736,937	850,924,424
Cash and bank balances		45,481,951	306,541,667
		1,167,968,894	5,519,131,668
		2,063,144,643	6,462,752,850

EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital		441,000,000	441,000,000
Reserves		174,989,377	376,569,625
		615,989,377	817,569,625
Deficit on Revaluation of Investments	8.3	(86,528,966)	(3,533,300)
Non-Current Liabilities			
Term finance certificates	10	328,477,243	539,627,983
Liabilities against assets subject to finance lease		5,245,790	5,940,335
Long term certificates of deposit		210,034,883	340,178,159
Long term security deposit		16,652,156	25,789,464
Current Liabilities			
Current maturities of non-current liabilities		244,771,864	107,946,750
Short term borrowings		457,798,050	2,345,000,000
Running finance - Secured			1,088,962,624
Short term certificates of deposit		185,843,927	971,576,855
Trade and other payables		56,144,788	194,978,823
Provision for taxation		28,715,531	28,715,532
		973,274,160	4,737,180,584
Contingencies and Commitments	11	—	—
		2,063,144,643	6,462,752,850

The annexed notes 1 to 15 form an integral part of this condensed interim Consolidated financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.



Chief Executive



Director

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

For the period ended 31 March 2009

INCOME		Quarter ended		Nine months ended	
	Note	31-Mar-09 Rupees	31-Mar-08 Rupees	31-Mar-09 Rupees	31-Mar-08 Rupees
Profit on financing	12	3,850,123	12,922,390	16,819,295	36,071,762
Mark-up on lease finance		3,845,006	1,981,028	6,911,567	6,418,028
Return on placements		9,379,243	37,513,781	87,703,135	190,248,751
Return on investments		15,438,940	99,573,718	99,706,051	264,492,750
Fees and commission		1,162,939	22,874,803	6,830,493	89,648,022
Profit on Bank Deposits		19,329,940	237,752	37,738,895	1,900,124
Other income		2,206,004	1,216,083	5,070,886	3,958,286
		55,212,195	176,319,555	260,780,322	592,737,723
EXPENSES					
Return on certificates of deposit		16,145,572	32,613,853	71,318,229	119,888,460
Return on term finance certificates		22,457,997	20,191,935	65,115,215	61,948,171
Mark-up on short term running finance		—	6,006,818	6,309,662	21,769,788
Mark-up on borrowings from financial institutions		18,130,506	41,637,954	82,985,820	141,535,993
Amortization of premium on held to maturity investments		2,842,005	2,637,009	8,526,015	7,911,027
Administrative and other operating expenses		34,886,352	54,688,148	128,357,298	177,815,790
Other financial charges		108,561	161,741	350,401	608,241
		94,570,993	157,937,458	362,962,640	531,477,470
OPERATING (LOSS)/ PROFIT		(39,358,798)	18,382,097	(102,182,318)	61,260,253
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	—
Net profit before taxation		(50,166,799)	18,382,097	(112,990,319)	61,260,253
Taxation		154,340	1,693,532	389,929	9,967,946
(Loss)/ Profit after taxation		(50,321,139)	20,075,629	(113,380,248)	71,228,199
(Loss)/Earnings per share-basic and diluted		(1.14)	0.46	(2.57)	1.62

The annexed notes 1 to 15 form an integral part of this condensed interim Consolidated financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.



Chief Executive



Director

Condensed Interim Consolidated Cash flow statement (Un-Audited)

For the period ended 31 March 2009

	31-Mar-09 Rupees	31-Mar-08 Rupees
Cash flow from operating activities		
(Loss)/ Profit before taxation	(112,990,319)	61,260,252
Adjustment for non cash expenses and other items:		
Dividend income	(13,427,346)	(119,725,269)
Depreciation on tangible assets	18,692,596	13,129,270
Amortization on intangible assets	(2,333,100)	750,026
Amortization of premium on held to maturity investments	8,526,015	7,911,027
Amortization of issuance cost of listed TFCs	1,179,972	1,179,972
(Gain)/Loss on sale of fixed assets	(1,502,269)	3,749
	11,135,868	(96,751,225)
	(101,854,451)	(35,490,973)
Decrease/(increase) in operating assets		
Repayment / (disbursements) of finances - net	131,871,292	(72,149,368)
Net investment in lease finance	16,029,130	(5,805,051)
Investment in placements - net	2,084,964,154	2,190,926,073
Investments - net	1,336,130,025	(1,663,529,177)
Loans and advances	455,782,136	82,584,742
Deposits and prepayments	4,249,193	(1,725,436)
	4,029,025,930	530,301,783
Increase/ (decrease) in operating liabilities		
Borrowings from financial institutions	(1,887,201,950)	465,000,000
(Repayments of) / receipts from certificates of deposit	(899,672,086)	(960,892,341)
Running finance facilities	(1,088,962,624)	(197,766,129)
Trade and other payables	(139,826,098)	335,704,810
	(4,015,662,758)	(357,953,660)
Net changes in operating assets and liabilities	13,363,172	172,348,123
Net cash generated from / (used in) operating activities before taxes	(88,491,279)	136,857,150
Taxes paid	(19,919,972)	(77,006,098)
Net cash generated from/ (used in) operating activities	(108,411,251)	59,851,052
Cash flow from investing activities		
Fixed capital expenditure incurred	(2,333,850)	(9,558,407)
Dividend received	26,392,826	87,377,173
Proceeds from sale of fixed assets	2,963,528	1,258,794
Cards and rooms	—	(6,000,000)
Net cash generated from investing activities	27,022,504	73,077,560
Cash flow from financing activities		
Redemption of privately placed term finance certificates	(91,593,314)	(91,593,314)
Redemption of listed term finance certificates	(200,000)	(200,000)
Dividend paid	(87,266,706)	(87,210,812)
Repayment of lease obligation	(610,949)	(550,099)
Net cash used in financing activities	(179,670,969)	(179,554,225)
Net increase / (decrease) in cash and cash equivalents	(261,059,716)	(46,625,613)
Cash and cash equivalents at the beginning of the period	306,541,667	133,428,181
Cash and cash equivalents at the end of the period	45,481,951	86,802,568

The annexed notes 1 to 15 form an integral part of this condensed interim Consolidated financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.



Chief Executive



Director

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

For the period ended 31 March 2009

	Share capital Rupees	Statutory reserve Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 01 July 2007	441,000,000	126,486,545	234,746,181	802,232,726
Net profit upto 31 December 2007	–	–	71,228,198	71,228,198
Transfer to statutory reserve	–	14,245,640	(14,245,640)	–
Final dividend for 2007 paid @ 20% (Rs. 2 per share)	–	–	(88,200,000)	(88,200,000)
Balance as at 31 March 2008	441,000,000	140,732,185	203,528,739	785,260,924
Net profit upto 30 June 2008	–	–	32,308,701	32,308,701
Transfer to statutory reserve	–	6,461,740	(6,461,740)	–
Balance as at 30 June 2008	441,000,000	147,193,925	229,375,700	817,569,625
Net profit 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

The annexed notes 1 to 15 form an integral part of this condensed interim Consolidated financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.



 Chief Executive



 Director

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

For the period ended 31 March 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited and its subsidiary company ("The Group") comprises of holding Company Escorts Investment Bank Limited (EIBL) and a wholly owned Subsidiary company Escorts Capital Limited ("ESCAP").

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

ESCAP ("the Subsidiary") was incorporated as a public limited company in Pakistan on 5 June 2008 under the Companies Ordinance, 1984 and became a wholly owned subsidiary company of EIBL in June 2008. The subsidiary is principally engaged in brokerage business. The registered office of the subsidiary is situated at Escorts House, 26 Davis Road, Lahore.

2 BASIS OF PREPARATION

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

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

3 ACCOUNTING POLICIES

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

4 ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2008.

5 BASIS OF CONSOLIDATION

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

6. FIXED ASSETS

	31 March 2009	
	Additions Cost Rupees Un-audited	Disposals Book Value Rupees Un-audited
The following additions and disposals were made during the nine months:		
Computer equipments	651,000	-
Office Equipment	23,600	-
Vehicles - Owned	1,659,250	1,461,259
	2,333,850	1,461,259

7 LONG TERM INVESTMENTS

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Held to maturity		
Pakistan Investment Bonds	539,920,154	548,446,169
Term Finance Certificates - Unlisted	10,939,394	11,259,091
	550,859,548	559,705,260
Less: Current maturity of Term Finance Certificates	3,049,697	3,330,909
	547,809,851	556,374,351

8 SHORT TERM INVESTMENTS

	Note	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Held by bank			
Held to Maturity			
Treasury Bill		44,815,650	—
Available for sale			
Listed Term Finance Certificates		9,705,870	17,316,843
Listed shares and units		105,159,284	46,903,897
		159,680,804	64,220,740
Held for trading			
Listed shares	8.1 & 8.2	—	1,514,266,059
		159,680,804	1,578,486,799

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

8.2 During the period the Company has reclassified its investment portfolio of listed securities as at 01 July 2008 valuing Rs 112.848 million from "Held for Trading" to "Available for sale" category.

8.3 Deficit on revaluation of investments

	31-Mar-09 Rupees Audited
Available for sale	
Deficit on Revaluation of Investments as on 31 December 2008	(115,242,617)
Charged to Profit & Loss	28,810,654
	(86,431,963)
Deficit on Term Finance Certificates	(97,003)
Deficit on Revaluation of Investments as on 31 March 2009	(86,528,966)

8.4 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of "Floor Mechanism" by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008. The equity securities have been valued at prices quoted on the KSE on 31 December 2008.

Furthermore, Securities and Exchange Commission of Pakistan ("SECP") vide notification SRO 150 (1)/2009 dated 13 February 2009 has allowed that the impairment loss, if any, recognized as on 31 December 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment/effect for price movements shall be taken to Profit and Loss Account on quarterly basis during the year ending 31 December 2009. The amount taken to equity at 31 December 2008 shall be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

The impairment loss based on market values as at 31 December 2008 has been determined at Rs 113.449 million. In view of the "Floor Mechanism" as explained above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for 'Available for Sale' equity securities through Profit and Loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss based on market values as at 31 March 2009 would have had the following effect on these condensed interim financial information:

	31-Mar-09 Rupees
Effect of Impairment Loss in Profit and Loss Account	86,431,963
Effect on Tax charge for the period	Nil
Decrease in profit for the period	86,431,963
Decrease in deficit on revaluation of Available for Sale securities	86,431,963
Decrease in Un-appropriated profit	86,431,963
Decrease in earning per share	1.96

9 SHORT TERM PLACEMENTS

	Note	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Considered good			
Unsecured		—	318,000,000
Secured under reverse repurchase agreements	9.1	408,317,389	2,175,281,543
		408,317,389	2,493,281,543

9.1 This represents clean placements with financial institution and carries mark-up 18.5% per annum (2008: 11% per annum).

9.2 Securities held as collateral - Market Value

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Quoted shares	420,471,895	2,097,016,739

These represent secured placements for a maximum period of upto 66 working days and carry mark-up ranging from 14% to 20.47 per annum (2008: 10.20% to 17.19%)

10 TERM FINANCE CERTIFICATES

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Un-audited
Listed	328,477,243	493,831,270
Unlisted	–	45,796,713
	328,477,243	539,627,983

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no material change in the status since the last audited published financial statements for the year ended 30 June 2008.

11.2 Commitments

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Future sale contract - Shares	–	1,504,130,820
Future purchase contract - Shares	–	75,430,895
Capital expenditure	1,300,000	1,300,000

12 RETURN ON INVESTMENTS

	Quarter ended		Nine months ended	
	31-Mar-09 Rupees	31-Mar-08 Rupees	31-Mar-09 Rupees	31-Mar-08 Rupees
Mark-up / return on investments	14,406,818	14,915,321	43,679,644	45,592,591
Dividend income	334,326	70,160,832	13,427,346	119,725,269
Capital gain on investments	697,796	14,497,565	42,599,061	99,174,890
	15,438,940	99,573,718	99,706,051	264,492,750

13 TRANSACTIONS WITH RELATED PARTIES

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

	31-Mar-09 Rupees Un-audited	31-Mar-08 Rupees Un-audited
Transactions during the period		
Associated companies:		
Return on finances received	915,803	399,348
Guarantee commission earned	1,065,690	592,050
Profit paid on certificates of deposit	478,664	803,584
Chairman's secretariat expenses	2,700,000	2,700,000
Directors:		
Return on finances received	-	475,736
Profit paid on certificates of deposit	20,057,118	21,154,266
Executives:		
Return on finances received	380,367	455,017
Profit paid on certificates of deposit	924,106	875,795
Fixed assets sold	291,528	-
Others:		
Contribution to staff retirement benefits plan	2,394,120	2,590,642

	31-Mar-09 Rupees Un-audited	30-Jun-08 Rupees Audited
Balance at the end of the period		
Associated companies:		
Advances outstanding	3,487,073	3,589,346
Letter of guarantee outstanding	78,940,000	78,940,000
Certificates of deposit outstanding	6,095,003	6,095,003
Other receivable	2,237,966	801,010
Directors:		
Advances outstanding	-	-
Certificates of deposit outstanding	115,650,000	205,650,000
Other receivable	6,653,021	162,980
Executives:		
Advances outstanding	12,340,838	11,038,194
Certificates of deposit outstanding	20,644,557	4,840,000

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30th April 2009 by the Board of Directors of the Company.

15. GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive


Director

Network



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