

FIRST DAWOOD INVESTMENT BANK LIMITED

**Condensed Interim Financial  
Statements (Unaudited)  
For the Six months and quarter ended  
31 December 2006**



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## CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. Abdus Samad Khan Mr. Ansar Hussain AVM (R) Syed Javed Raza Mr. Safdar Rashid	Chairman & Chief Executive  (Nominee of NIT) (Nominee of SLIC) (Nominee of DCM) (Nominee of BRRI)
Audit Committee	Mr. Rasheed Y. Chinoy Mr. Safdar Rashid Mr. Ayaz Dawood	Chairman Member Member
Group Finance Director	Mr. Muhammad Shoaib	
Chief Financial Officer	Mr. Abbas Qurban	
Company Secretary	Mr. Tahir Mehmood	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	Mohsin Tayebaly & Co.	
Bankers	Bank Al Habib Faysal Bank First Women Bank Habib Bank Habib Bank AG Zurich KASB Bank Habib Metropolitan Bank Muslim Commercial Bank Standard Chartered Bank Ltd. United Bank Bank Al-Falah Ltd.	
Website:	<a href="http://www.firstdawood.com">www.firstdawood.com</a>	
Registered Office & Head Office	1500-A Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329-663) PABX : 92-21-227-1874/1897 Fax : 92-21-227-1913 E-mail : <a href="mailto:dlc@cyber.net.pk">dlc@cyber.net.pk</a> : <a href="mailto:fdib@firstdawood.com">fdib@firstdawood.com</a>	
Branch Offices:	Office No. 20 & 21, Beverly Centre, 1st Floor, 56-G, Jinnah Avenue, Islamabad-74400 Tel. : (051) 227-6367 & 227-4194/5 Fax : (051) 227-1280 E-mail : <a href="mailto:moeen@comsats.net.pk">moeen@comsats.net.pk</a>  72 Main Boulevard, Siddiqui Trade Centre, Suite 210, 2nd Floor, Lahore. Tel : (042) 578-1891 Fax : (042) 578-1890 E-mail : <a href="mailto:dlc@brain.net.pk">dlc@brain.net.pk</a>	
Registrar:	F.D. Registrar Services (SMC-Pvt) Ltd. 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000. Ph# 9221-227 1875 Fax # 9221-227 1913	



## DIRECTORS' REPORT

It gives me a great pleasure as Chairman of the Board of Directors to share with you the half-yearly reviewed Financial Statements along with the Auditors Review Report of First Dawood Investment Bank Ltd ("FDIBL" or "company") for the half year ended December 31, 2006.

During the half-year ended December 31, 2006, the company's profits before provision and taxation stood at Rs. 161.71 million as compared to Rs. 133.82 million for the previous comparable period, registering an increase of 20.84 %.

The gross income of the company stands at Rs. 557.97 million up by Rs. 196.30 million as compared to the same period last year. Other income which has mainly derived from advisory and arranger fees, underwriting, trusteeship fee and guarantee commission has improved considerably as compared to previous comparable period.

A post-tax profit for the period ended Rs. 76.10 million as compared to Rs. 75.52 million in the corresponding period of last year. This translates an earnings per share to Rs. 1.54 per share in spite of increases in paid-up-capital by issue of 33% right and 15% bonus shares.

During the period under review, the Company achieved Rs. 1.23 billion level of equity. The Company's equity (capital, reserve and surplus) increased by Rs. 193.17 million as compared to the previous comparable period.

The total assets of the Company have increased to Rs. 8.32 billion and there is an increase in investments.

Pakistan Credit Rating Agency Limited has maintained long-term and short-term credit ratings at A+ and A1 respectively.

We express our deepest and sincere gratitude to our Shareholders and valued customers for their continued trust and patronage, our employees of the Company for their hard work and dedication and the regulatory authorities especially the Securities and Exchange Commission of Pakistan for their continued professional guidance and support.

For and on Behalf of the  
Board of Directors

February 15, 2007  
Karachi.

**Rafique Dawood**  
Chairman



## REVIEW REPORT TO THE MEMBERS



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road,  
Karachi 75530 Pakistan

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We have reviewed the annexed condensed interim balance sheet of **First Dawood Investment Bank Limited** ("the Company") as at 31 December 2006 and the related condensed interim profit and loss account, 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 "condensed interim financial statements") for the six months then ended. These condensed interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed interim financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed condensed interim financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures of the condensed interim profit and loss account, condensed interim cash flow statements and condensed interim statements of changes in equity for the quarters ended 31 December 2006 and 31 December 2005 have not been reviewed by us as we were not required to do so.

February 15, 2007  
Karachi.

**KPMG Taseer Hadi & Co.**  
Chartered Accountants



## CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31 December 2006 (Unaudited)	30 June 2006 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	4&5	16,553,045	17,195,062
Investment Property		34,256,874	26,987,051
Net Investment in Lease Finance	6	1,409,051,629	1,771,175,232
Investments	7	533,975,008	444,766,362
Long Term Finances		511,737,305	424,718,542
Mortgage Finance		101,429,315	44,608,669
Long-Term Loans		4,767,308	5,978,461
Long-Term Deposits		224,300	137,500
		<b>2,611,994,784</b>	<b>2,735,566,879</b>
<b>CURRENT ASSETS</b>			
Current Portion of Non-Current Assets	8	1,668,585,170	1,516,349,994
Investments	9	1,860,831,007	1,501,761,423
Placement and Finance	10	1,849,109,753	1,707,956,805
Advance Against Lease Commitments		68,447,225	46,851,366
Advance and Prepayments		85,247,717	105,752,678
Other Receivables		167,014,463	222,386,912
Cash and Bank Balances		10,211,650	182,149,141
		<b>5,709,446,985</b>	<b>5,283,208,319</b>
	<i>Rupees</i>	<b><u>8,321,441,769</u></b>	<b><u>8,018,775,198</u></b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorised Capital			
75,000,000 Ordinary Shares of Rs. 10/- each	<i>Rupees</i>	<b><u>750,000,000</u></b>	<b><u>750,000,000</u></b>
Issued, Subscribed and Paid-Up Capital			
35,685,382 (30 June 2006: 25,000,000) Ordinary Shares of Rs. 10/- each fully paid in cash		<b>356,853,820</b>	250,000,000
13,367,661 (30 June 2006 : 6,907,861) Ordinary Shares of Rs.10/- each issued as fully paid bonus shares		<b>133,676,610</b>	69,078,610
472,087 (30 June 2006 : 472,087) Ordinary Shares of Rs. 10/- each issued for consideration other than cash		<b>4,720,870</b>	4,720,870
		<b><u>495,251,300</u></b>	<b><u>323,799,480</u></b>
Reserves		<b><u>731,427,422</u></b>	<b><u>709,706,088</u></b>
		<b>1,226,678,722</b>	1,033,505,568
Share Deposit Money		-	160,280,730
<b>NON-CURRENT LIABILITIES</b>			
Redeemable Capital		-	345,000,000
Long-Term Loans	11	1,381,179,118	546,193,279
Liabilities Against Assets Subject to Finance Lease		999,748	1,172,136
Certificates of Investment/Deposit		87,627,420	82,289,420
Deferred Liabilities		66,653,291	61,168,182
Deposits		420,206,191	397,120,695
		<b>1,956,665,768</b>	1,432,943,712
<b>CURRENT LIABILITIES</b>			
Current Portion of Long-Term Liabilities	12	731,968,093	540,226,809
Short Term Borrowings	13	1,805,960,656	1,569,836,141
Certificates of Investment/Deposit		2,391,120,170	3,116,670,971
Accrued and Other Liabilities		194,386,417	155,889,125
Taxation		14,661,943	9,422,142
		<b>5,138,097,279</b>	5,392,045,188
Contingencies and Commitments	14	-	-
	<i>Rupees</i>	<b><u>8,321,441,769</u></b>	<b><u>8,018,775,198</u></b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chairman & Chief Executive

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Director



**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Unaudited)**  
**FOR THE SIX MONTHS AND QUARTET ENDED 31 DECEMBER 2006**

	<u>Six months ended</u> <u>31 December</u>		<u>Quarter ended</u> <u>31 December</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Income				
Lease Income	155,456,385	153,659,099	86,054,185	83,228,033
Mortgage Finance	3,826,878	4,942,541	2,256,144	3,865,188
Brokerage Income	2,747,896	-	1,175,484	-
Return on Deposits and Investments - Net	316,729,909	152,221,419	175,553,171	97,456,998
Gain on Sale of Securities - Net	44,137,597	40,863,306	25,286,943	28,295,819
Exchange Gain / (Loss)	1,315,839	(647,762)	407,502	(547,172)
Other Income	33,754,889	10,635,725	5,210,140	7,062,931
	<u>557,969,393</u>	<u>361,674,328</u>	<u>295,943,569</u>	<u>219,361,797</u>
Provision / Changes in Fair Value				
Provision for Lease Losses and Doubtful Recoveries	(73,812,458)	(48,463,780)	(60,812,458)	(40,463,780)
Surplus in Fair Valuation of Interest Rate SWAP	5,354,707	-	5,354,707	-
(Deficit) / Surplus of Revaluation of Securities at Fair Value through Profit or Loss	(2,779,692)	48,202,457	13,153,103	34,836,262
	<u>(71,237,443)</u>	<u>(261,323)</u>	<u>(42,304,648)</u>	<u>(5,627,518)</u>
	486,731,950	361,413,005	253,638,921	213,734,279
Expenditure				
Administrative and Operating Expenses	23,282,714	28,053,031	3,727,729	15,482,554
Financial Charges	375,552,840	248,005,937	198,893,883	142,793,096
	<u>398,835,554</u>	<u>276,058,968</u>	<u>202,621,612</u>	<u>158,275,650</u>
Profit before Taxation	87,896,396	85,354,037	51,017,309	55,458,629
Taxation				
Current	6,774,804	8,000,000	2,524,804	4,000,000
Deferred	5,018,655	1,836,500	3,918,655	836,500
	<u>11,793,459</u>	<u>9,836,500</u>	<u>6,443,459</u>	<u>4,836,500</u>
Profit after Taxation	<i>Rupees</i> <u>76,102,937</u>	<u>75,517,537</u>	<u>44,573,850</u>	<u>50,622,129</u>
Earning Per Share - Basic and diluted	<i>Rupees</i> <u>1.54</u>	<u>1.94</u>	<u>0.90</u>	<u>1.30</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (Unaudited)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	Issued Subscribed and Paid-up Capital	Statutory Reserve *	Capital Reserve		Capital Reserve on Acquisition Rupees	Revenue Reserve		Total	
			Reserve for Issue of Bonus Shares	Premium on Right Issue		Surplus on Revaluation of Investments	Un- appropriated Profit		
Balance as at 30 June 2005	294,363,160	120,810,305	29,436,320	-	2,596,484	74,058,584	250,000,000	1,168,909	772,433,762
Change in Accounting Policy with respect to Appropriation for the Year 30 June 2005	-	-	(29,436,316)	-	-	-	(15,000,000)	44,436,316	-
Balance as at 30 June 2005 - Restated	294,363,160	120,810,305	4	-	2,596,484	74,058,584	235,000,000	45,605,225	772,433,762
Profit for the Six Months ended 31 Dec. 2005	-	-	-	-	-	-	-	75,517,537	75,517,537
Surplus on Revaluation of Investments	-	-	-	-	-	155,607,945	-	-	155,607,945
Total Recognised Income and Expense for the Six Month ended 31 December 2005	-	-	-	-	-	155,607,945	-	75,517,537	231,125,482
Transfer to Statutory Reserves	-	15,103,507	-	-	-	-	-	(15,103,507)	-
Transfer to General Reserve	-	-	-	-	-	-	15,000,000	(15,000,000)	-
Transfer to Reserve for Issue of Bonus Shares @ 10% for the Year ended 30 June 2005	-	-	29,436,316	-	-	-	-	(29,436,316)	-
Issue of Bonus Shares	29,436,320	-	(29,436,320)	-	-	-	-	-	-
Balance as at 31 December 2005	<i>Rupees</i> 323,799,480	135,913,812	-	-	2,596,484	229,666,529	250,000,000	61,582,939	1,003,559,244
Balance as at 30 June 2006	323,799,480	143,551,029	-	-	2,596,484	221,426,772	250,000,000	92,131,803	1,033,505,568
Profit for the Six months ended 31 Dec. 2006	-	-	-	-	-	-	-	76,102,937	76,102,937
Surplus on Revaluation of Investments	-	-	-	-	-	(43,210,513)	-	-	(43,210,513)
Total Recognised Income and Expense for the Six months ended 31 December 2006	-	-	-	-	-	(43,210,513)	-	76,102,937	32,892,424
Right Share Issue	106,853,820	-	-	-	-	-	-	-	106,853,820
Premium on Right Issue	-	-	-	53,426,910	-	-	-	-	53,426,910
Transfer to General Reserve	-	-	-	-	-	-	15,000,000	(15,000,000)	-
Transfer to Reserve for Issue of Bonus Shares @ 15% for the year ended 30 June 2006	-	-	64,598,000	-	-	-	-	(64,598,000)	-
Issue of Bonus Shares	64,598,000	-	(64,598,000)	-	-	-	-	-	-
Transfer to Statutory Reserve	-	15,220,587	-	-	-	-	-	(15,220,587)	-
Balance as at 31 December 2006	<i>Rupees</i> 495,251,300	158,771,616	-	53,426,910	2,596,484	178,216,259	265,000,000	73,416,153	1,226,678,722

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

\* The statutory reserve is created by transferring not less than 20% after tax profit for the year which is required under Prudentia Regulations issued by Securities and Exchange Commission of Pakistan under Circular No. 21 dated 25 August 2003 for Non-Banking Finance Companies (NBFC's).





## CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited) FOR THE SIX MONTHS AND QUARTET ENDED 31 DECEMBER 2006

	Six months ended 31 December	
	2006	2005
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Taxation</b>	<b>87,896,396</b>	<b>85,354,037</b>
<b>Adjustments :</b>		
- Depreciation	6,140,088	4,640,938
- Gain on Sale of Investment	(44,137,597)	(40,863,306)
- Financial Charges	375,552,840	248,005,937
- Loss on Sale of Property, Plant and Equipment	23,106	-
- Provision for Gratuity	1,058,000	953,000
- Provision for Lease Losses and Doubtful Recoveries - net	73,812,458	48,463,780
- Deficit/(Surplus) on Revaluation of Securities at fair Value through Profit or Loss	2,779,692	(48,202,457)
- Surplus in Fair Valuation of Interest Rate SWAP	(5,354,707)	-
- Exchange (Gain)/Loss	(1,315,839)	647,762
- Amortization of Discount Income	(4,291,167)	-
- Amortization of Premium on Investment - Held to Maturity	72,493	(283,064)
- Amortization of Deferred Cost	-	600,942
	<b>404,339,367</b>	<b>213,963,532</b>
<b>Operating Cash Flow Before Movements in Working Capital</b>	<b>492,235,763</b>	<b>299,317,569</b>
<b>Changes in Operating Assets and Liabilities</b>		
(Increase) / Decrease in Operating Assets		
Net investment in Lease Finance	227,992,205	(489,404,866)
Investments	(457,689,639)	(45,691,943)
Term Finances	(191,489,392)	(170,562,058)
Mortgage Finance	(64,284,645)	(35,811,327)
Term Loans	451,820	1,069,861
Placements and Finance	(141,152,948)	(1,878,606,322)
Advances and Prepayments	24,209,754	162,423
Advance Against Lease Commitments	(3,595,859)	23,054,736
Other Receivables	55,372,449	24,305,544
	<b>(550,186,255)</b>	<b>(2,571,483,952)</b>
	<b>(57,950,492)</b>	<b>(2,272,166,383)</b>
<b>Increase / (Decrease) in Operating Liabilities</b>		
Certificates of Investment / Deposits	(728,587,801)	1,467,878,706
Deposits	12,405,672	36,586,942
Accrued and Other Liabilities	568,736	(33,306,819)
	<b>(773,563,885)</b>	<b>(801,007,554)</b>
Financial Charges Paid	(337,624,284)	(207,447,636)
Gratuity Paid	(591,546)	(163,125)
Bad Debts Recovered	22,818,356	8,938,650
Tax Paid	(5,239,798)	(3,449,173)
<b>Net Cash from Operating Activities</b>	<b>(1,094,201,157)</b>	<b>(1,003,128,838)</b>



**Six months ended  
31 December**

	Notes	2006	2005
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital Expenditure		<b>(13,047,500)</b>	(23,461,224)
Proceeds From Sale of Property, Plant and Equipment		<b>256,500</b>	-
Deposits		<b>(86,500)</b>	303,699
<b>Net Cash from Investing Activities</b>		<b>(12,877,800)</b>	(23,157,525)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-Term Loans Obtained		<b>1,050,000,000</b>	33,934,840
Repayment of Long-Term Loans		<b>(97,316,672)</b>	12,573,780
Redeemable Capital		<b>(253,050,000)</b>	-
Payment of Lease Liability		<b>(616,377)</b>	(531,467)
Short-Term Borrowings		<b>240,500,000</b>	825,283,404
Net Cash from Financing Activities		<b>939,516,951</b>	871,260,557
Net Decrease in Cash and Cash Equivalents		<b>(167,562,006)</b>	(155,025,806)
Cash and Cash Equivalents at beginning of the Period		<u><b>(117,869,000)</b></u>	<u>29,506,053</u>
Cash and Cash Equivalents at end of the Period	<b>15 Rupees</b>	<u><b>(285,431,006)</b></u>	<u>(125,519,753)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited) FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

### **1. STATUS AND NATURE OF BUSINESS**

The Company was incorporated on June 22, 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The Company has obtained the license of Leasing business, Investment Finance Services and Housing Finance Services, under Non Banking Finance Companies (Establishment and Regulation) Rule, 2003 from the Securities and Exchange Commission of Pakistan (SECP) The registered office of the company is situated in Karachi, Sindh.

The Company is also acting as Trustees to Term Finance Certificate issued by Naimat Basal Oil & Gas Securitization Limited, Askari Commercial Bank Limited (2nd Issue), Soneri Bank Limited, Union Bank Limited (3rd Issue,), Hira Textile Limited , Jahangir Siddiqui Investment Bank Limited, First International Investment Bank Limited, Faysal Bank Limited, Allied Bank of Pakistan Limited, Worldcall Communication Limited, Zaver Petroleum Corporation Limited, Escorts Investment Bank Limited Grays Leasing Limited and Azgard Nine Limited and Mutual Fund Certificates issued by Namco Balanced Fund.

### **2. BASIC OF PRESENTATION**

These interim financial statements are un-audited and have been prepared in condensed form in accordance with International Accounting Standard 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchange.

### **3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended 30 June 2006.

#### **3.1 Estimates and judgements**

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2006.



	31 December 2006	30 June 2006 (Audited)
<b>4. ACQUISITION OF PROPERTY PLANT AND EQUIPMENT - AT COST</b>		
Equipment & Appliances	404,500	3,533,459
Vehicle - Owned	1,859,000	1,416,925
Office Premises	10,350,000	18,610,264
Vehicles - Leased	434,000	6,447,000
	<i>Rupees</i> <u>13,047,500</u>	<u>30,007,648</u>
<b>5. DISPOSAL OF PROPERTY PLANT AND EQUIPMENT - AT COST</b>		
Vehicle - Owned	72,678	2,287,965
Vehicle - Leased	590,000	1,305,450
	<i>Rupees</i> <u>662,678</u>	<u>3,596,415</u>
<b>6. NET INVESTMENT IN LEASE FINANCE</b>		
Minimum Lease Payments Receivables	3,011,687,419	3,340,114,965
Residual Value of Leased Assets	490,542,045	482,869,325
	<u>3,502,229,464</u>	3,822,984,290
Unearned Finance Income	(576,790,473)	(699,553,094)
	<u>2,925,438,991</u>	3,153,431,196
Provision for Lease Losses	(225,948,174)	(134,135,716)
Net Investment in Lease Finance	2,699,490,817	3,019,295,480
Current Portion of Net Investment in Lease Finance	(1,290,439,188)	(1,248,120,248)
	<i>Rupees</i> <u>1,409,051,629</u>	<u>1,771,175,232</u>
<b>7. INVESTMENTS</b>		
Subsidiaries and Associates	156,356,947	53,356,947
Held -to-Maturity	7.1 <u>377,618,061</u>	<u>391,409,415</u>
	<i>Rupees</i> <u>533,975,008</u>	<u>444,766,362</u>
<b>7.1 Held to Maturity</b>		
Term Finance Certificates	117,361,014	134,958,844
US Dollar Bonds	3,591,861	3,552,331
Pakistan Bonds	12,175,800	12,041,800
Bank Markazi Iran Bonds	24,045,990	22,961,310
HBOS Capital Funding Perpetual Bonds	4,565,925	4,515,675
Target Redemption Bonds	6,087,900	6,020,900
WAPDA Bonds	100,000,000	100,000,000
Asset Backed Certificates - SPV		
- Transport Securitisation Trust	833,345	2,500,011
- Development Securitization Trust	3,333,450	4,444,500
Debt Instruments - Preference Shares	7.1.1 <u>140,373,645</u>	140,370,145
Pakistan Investment Bonds	7.1.2 <u>13,193,911</u>	<u>10,766,404</u>
	<u>425,562,841</u>	442,131,920
Current Portion	(47,944,780)	(50,722,505)
	<i>Rupees</i> <u>377,618,061</u>	<u>391,409,415</u>



	31 December 2006	30 June 2006 (Audited)	31 December 2006	30 June 2006 (Audited)
<b>7.1.1 Debt Instruments - Preference Shares</b>	No. of shares / certificates			
<b>Quoted</b>				
Azgard Nine Limited	<b>3,984,770</b>	3,984,770	<b>30,654,358</b>	30,650,858
Cheenab Limited	<b>1,820,000</b>	1,820,000	<b>18,200,000</b>	18,200,000
D.G. Khan Cement Limited	<b>63,656</b>	63,656	<b>677,9374</b>	677,937
Jamshoro Joint Venture Limited	<b>5,000,000</b>	5,000,000	<b>50,000,000</b>	50,000,000
Shakarganj Mills Limited	<b>3,584,135</b>	3,584,135	<b>35,841,350</b>	35,841,350
<b>Unquoted</b>				
Cybersoft Technologies Limited	<b>50,000</b>	50,000	<b>5,000,000</b>	5,000,000
		<i>Rupees</i>	<b><u>140,373,645</u></b>	<u>140,370,145</u>
<b>7.1.2 Pakistan Investment Bonds</b>			<b>55,693,111</b>	55,766,404
Borrowing Under Repurchase Agreement			<b>(42,500,000)</b>	(45,000,000)
		<i>Rupees</i>	<b><u>13,193,911</u></b>	<u>10,766,404</u>

This investment has been financed through borrowings which is secured against pledge of the said investment. The legal right of set off is available to the Company and it also intends to realize the asset and settle the liability simultaneously. The interest rate on investment is 10 percent received on semi annual basis. The borrowing from commercial banks is subject to mark-up at the rate of Re. 0.2575 (30 June 2006:Re.0.2534) per Rs. 1,000 per day.

## 8. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in Lease Finance	6	<b>1,290,439,188</b>	1,248,120,248
Investments - Held to Maturity	7	<b>47,944,780</b>	50,722,505
Long-Term Finances		<b>313,810,017</b>	209,339,388
Mortgage Finance		<b>14,703,035</b>	7,239,036
Long-Term Loans		<b>1,668,150</b>	928,817
	<i>Rupees</i>	<b><u>1,668,585,170</u></b>	<u>1,516,349,994</u>

## 9. INVESTMENTS

Available for sale	9.1	<b>1,057,545,685</b>	925,485,244
Fair Value Through Profit or Loss			
- Held for Trading	9.2	<b>713,724,166</b>	546,874,039
- Initially Designated at Fair Value Through Profit or Loss	9.3	<b>89,561,156</b>	29,402,140
		<b>803,285,322</b>	576,276,176
	<i>Rupees</i>	<b><u>1,860,831,007</u></b>	<u>1,501,761,423</u>
<b>9.1 Available for Sale</b>			
Term Finance Certificates	9.1.1	<b>727,654,125</b>	557,960,500
Meezan Islamic Fund		<b>2,750,770</b>	2,684,597
National Investment Trust		<b>68,665</b>	74,024
Equity Securities	9.1.2	<b>327,072,125</b>	364,766,123
	<i>Rupees</i>	<b><u>1,057,545,685</u></b>	<u>925,485,244</u>



	31 December 2006	30 June 2006	31 December 2006	30 June 2006 (Audited)
<b>9.1.1 Term Finance Certificates (TFCs)</b>	<b>No. of Certificates</b>			
<b>Listed</b>				
Al-Noor Sugar Mills Limited	3,000	3,000	5,000,500	7,498,500
Allied Bank Limited	5,427	-	27,134,249	-
Al-Zamin Leasing Modaraba (Managed by Al-Zamin Modaraba Management (Private) Limited)	5,000	5,000	20,292,888	23,000,000
Bank Al-Habib Limited	4,350	4,350	20,002,340	19,567,169
Chaudhry Sugar Mills Limited	5,000	5,000	13,235,254	16,176,422
Crescent Leasing Limited -II	1,000	1,000	5,066,500	4,950,000
Fidelity Bank Limited	-	11,000	-	14,544,180
First Oil & Gas Securitization Trust Limited	-	15,000	-	14,668,681
Grays Leasing Limited	1,000	1,000	1,875,000	2,125,000
Hira Textile Mills Limited	4,900	4,900	25,012,483	25,189,920
Ittehad Chemicals Limited	4,000	4,000	10,094,998	13,322,720
Maple Leaf Cement Limited	259	259	199,920	416,415
MCB Bank Limited	1,000	1,000	5,051,904	5,042,930
Naimat Basal Oil & Gas Limited Securitization Limited	9,826	9,826	35,167,331	41,002,279
Orient Petroleum Limited	-	2,000	-	1,666,686
Orix Leasing Pakistan Limited-II	-	1,400	-	6,790,000
Pakistan International Airline Corporation	33,000	33,000	133,528,712	128,101,632
Pakistan Mobile Communications Limited	2,000	2,000	8,240,000	9,900,000
Pakistan Services Limited	6,000	6,000	17,252,499	21,415,714
Searle Pakistan Limited	7,806	7,806	38,429,047	39,030,000
Sui Southern Gas Company Limited	5,000	5,000	4,201,969	8,443,172
Trust Investment Limited	903	903	3,663,290	4,093,976
Union Bank Limited - I	3,256	3,256	16,395,976	16,223,468
Union Bank Limited - II	4,000	4,000	18,796,490	18,277,477
Union Bank Limited - I	10,000	10,000	43,376,661	39,976,960
Union Bank Limited - II	15,928	15,928	71,281,486	70,080,396
Worldcall Communication Limited	3,000	3,000	4,354,628	6,456,803
Zaver Petroleum Limited	40,000	-	200,000,000	-
			Rupees	
			<u>727,654,125</u>	<u>557,960,500</u>



9.1.2 Equity Securities	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	No. of Certificates			
	(Audited)			

Fully paid ordinary shares/certificates/units of Rs. 10/- each unless stated otherwise.

#### Quoted

Adamjee Insurance Company Limited	16,372	10,468	2,463,986	1,282,330
Arif Habib Securities Limited	224,840	134,150	48,587,924	66,806,700
Atlas Insurance Company Limited	21,645	21,645	2,551,945	2,088,743
Bank Alfalah Limited	17,224	17,224	719,963	688,960
Bank Al-Habib Limited	74,958	74,958	5,134,623	4,797,312
Bank of Punjab Limited	13,226	13,226	1,339,132	1,093,790
Callmate Tellips Telecom Limited	211,809	211,809	11,702,447	11,755,399
Central Insurance Company Limited	11,550	11,550	1,640,100	1,824,900
Cherat Cement Limited	22,968	18,867	941,688	1,226,355
Cement Commercial Bank Limited	476	7,476	7,188	65,415
D.G. Khan Cement Limited	25,942	7,738	1,633,049	696,420
Dawood Lawrencepur Limited	1,840	1,840	97,796	141,496
Fauji Fertilizer Company Limited	34,171	34,171	3,606,749	4,134,691
Faysal Bank Limited	143,795	143,795	8,699,576	8,843,392
First Equity Modaraba (Managed by Premier Financial Services (Private Limited))	593,300	593,300	2,224,875	4,212,430
Fist National Equities Limited	1,614,000	1,654,000	62,139,000	70,295,000
GlaxoSmithKline Pakistan Limited	46,944	46,944	7,410,110	8,262,144
International Industries Limited	9,679	11,037	1,055,011	1,305,677
Kohinoor Textile Mills Limited	29,136	797,020	742,968	723,011
Maple Leaf Cement Limited	209,763	209,763	3,649,877	5,369,933
MCB Bank Limited	27,817	27,817	6,845,764	5,849,915
Metropolitan Bank Limited	33,677	33,677	2,424,744	2,315,294
National Bank of Pakistan	50,268	50,268	11,272,599	10,832,754
New Jubilee Insurance Limited	9,000	9,000	166,500	198,000
NIB Bank Limited	182	2,182	4,441	44,731
Nishat Chunjan Limited	24,545	24,545	936,391	1,092,252
Packages Limited	89	3,089	18,690	646,682
Pakistan Industrial Credit & Investment Corporation	484,923	426,712	30,283,441	18,135,260
Pakistan Oil Fields Limited	62,160	62,160	21,740,460	20,811,168
Pakistan Re-Insurance Company Limited	82,400	82,400	9,640,800	10,151,680
Pakistan State Oil Company Limited	-	7,500	-	2,317,500
Pakistan Strategic Allocation Fund	1,500,000	1,500,000	12,750,000	15,975,000
Pakistan Telecommunication Company Limited	93,000	105,000	4,119,900	4,263,000
PICIC Commercial Bank Limited	4,874	16,474	164,010	412,674
PICIC Insurance Limited	30,531	-	572,457	-
Pioneer Cement Limited	1,663,169	1,589,240	37,088,669	72,548,806
Premier Insurance Company Limited	65,903	65,903	2,543,856	1,779,381
Prime Commercial Bank Limited	1,023	1,023	49,666	27,928
Sapphire Textile Mills Limited	1,750	1,750	105,000	122,500
Wyeth Pakistan Limited	930	930	1,996,710	1,627,500

#### Un-quoted (Pre-IPO)

Dawood Equities Limited	1,800,000	-	18,000,000	-
		<i>Rupees</i>	<u>327,072,125</u>	<u>364,766,123</u>



9.2 Held for Trading	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	No. of Certificates		(Audited)	
Share of listed companies-fully paid ordinary shares/certificates/units of Rs.10/- each unless stated otherwise.				
ABAMCO Composite Fund	-	1,000	-	8,500
Adamjee Insurance Company Limited	36,767	26,767	5,533,194	3,278,958
AKD Opportunity Fund	60,000	60,000	2,859,000	2,622,000
Al-Abbas Cement Industries Limited	10,000	-	130,000	-
Al-Meezan Mutual Fund Limited	-	150	-	2,235
American Life Insurance Company Limited	1,238,300	1,206,300	30,028,775	37,395,300
AMZ Plus Income Fund	300,000	300,000	31,873,440	31,357,980
AMZ Venture Limited	702,500	702,500	2,950,500	4,004,250
Artistic Dennim	12,500	-	673,125	-
Askari Commercial Bank Limited	12,000	24,559	1,259,399	1,904,550
Asset Investment Bank Limited	200	200	900	600
Atlas Insurance Company Limited	26,000	26,000	3,065,400	2,509,000
Atlas Investment Bank Limited	22,608	7,200	330,077	288,000
Attock Refinery Limited	35,515	15,732	2,958,419	1,363,964
Attock Cement Limited	45,000	30,000	2,974,500	2,730,000
Attock Petroleum Limited	500	2,500	193,975	807,500
Azgard Nine Limited	520,085	2,015,085	11,389,850	44,432,621
Balochistan Glass Limited	-	500	-	5,250
Bank Alfalah Limited	83,191	15,075	3,477,385	603,000
Bank Al-Habib Limited	30,670	30,670	2,100,895	1,962,880
Bank of Khyber	15,000	-	236,259	-
Bank of Punjab Limited	32,000	87,000	3,240,000	7,194,900
Beema Pakistan Company Limited	-	25,000	-	82,500
Bosicor Pakistan Limited	100,000	90,000	1,540,000	1,935,000
BSJS Balance Fund Limited	-	500	-	6,075
Caldwell Securities Limited	494,000	494,000	4,940,000	4,940,000
Callmate Telips Telecom Limited	70,000	355,500	3,867,500	19,730,250
Carvan East Fabrics Limited	-	48,500	-	87,300
Century Paper & Fabrics Limited	6,000	5,500	252,000	266,475
Chenab Limited	191,500	165,500	1,934,150	2,408,025
Cherat Paper Sack Limited	3,715	3,715	158,816	185,750
Crescent Commercial Bank Limited	-	169	-	1,479
Crescent Leasing Corporation Limited	1,048	1,048	9,956	8,646
D.G. Khan Cement Limited	211,809	108,500	13,333,378	9,765,000
Dawood Hercules Chemicals Limited	7,866	7,866	2,320,470	2,324,403
Dewan Cement Limited	371,632	371,632	3,902,135	5,871,786
Dewan Farooque Motors Limited	16,825	11,825	260,789	274,931
Dewan Salman Fibres Limited	55,298	55,298	423,029	619,338
Ecopak Limited	1,044,280	745,200	16,604,052	25,970,220
Engro Chemicals Pakistan Limited	84,938	60,672	14,354,522	10,277,837
Escort Investment Bank Limited	45,125	55,125	613,700	882,000
Eye Network Television Limited	3,917,817	3,918,317	35,260,352	27,428,219
Fauji Cement Company Limited	132,500	112,500	2,000,750	2,160,000
Fauji Fertilizer Bin Qasim Limited	26,712	69,212	761,291	2,024,451
Fauji Fertilizer Company Limited	94,744	85,244	9,789,129	10,341,524
Faysal Bank Limited	78,000	68,000	4,719,000	4,182,000
First Dawood Mutual Fund	1,139,650	991,000	7,236,778	9,216,300
First Habib Bank Modaraba	10,040	10,040	85,340	93,372

Balance carried forward Rupees **229,642,230** 283,527,369

Chairman & Chief Executive

14

Director





	<b>31 December 2006</b>	<b>30 June 2006</b>	<b>31 December 2006</b>	<b>30 June 2006 (Audited)</b>
	<b>No. of Certificates</b>			
	Balance brought forward		<b>229,642,230</b>	283,527,369
First International Investment Bank Limited	-	111	-	1,832
First Punjab Modaraba (Managed by Punjab Modaraba Services (Private Limited))	<b>335,556</b>	335,556	<b>2,852,226</b>	3,322,004
Gadoon Textile Mills Limited	-	250	-	18,213
Ghandhara Nissan Limited	-	9,000	-	263,250
Gharibwal Cement Company Limited	-	25,000	-	330,000
GlaxoSmithKline Pakistan Limited	<b>34,272</b>	34,272	<b>5,409,835</b>	6,031,872
Guardian Modaraba (Managed by Guardian Modaraba Management (Private) Limited)	<b>2,201,807</b>	3,133,807	<b>17,614,457</b>	31,964,831
Gul Ahmed Textile Mills Limited	-	1,212	-	49,692
Hub Power Company Limited	<b>590,500</b>	650,500	<b>15,943,500</b>	14,961,500
Ibrahim Fibres Limited	<b>55,124</b>	70,124	<b>2,064,394</b>	2,797,948
ICI Pakistan Limited	<b>9,027</b>	14,027	<b>1,042,618</b>	1,530,346
Indus Motor Company Limited	<b>10,700</b>	3,700	<b>2,086,500</b>	706,700
International General Insurance Company of Pakistan Limited	<b>3,600</b>	-	<b>1,436,400</b>	-
International Housing Finance Limited	<b>94,875</b>	444,375	<b>1,204,913</b>	2,755,125
Investec Mutual Fund	<b>5,500</b>	5,500	<b>7,425</b>	5,775
Jahangir Siddiqui Investment Bank Limited	<b>5,000</b>	5,000	<b>265,500</b>	289,750
Javed Omar Vohra & Company Limited	<b>34,500</b>	90,000	<b>2,156,250</b>	4,144,500
Karachi Electric Supply Corporation Limited	<b>75,900</b>	75,900	<b>493,350</b>	584,430
Kohat Cement Limited	<b>14,300</b>	13,000	<b>454,740</b>	701,350
Kohinoor Textile Mills Limited	<b>40,874</b>	40,874	<b>1,042,286</b>	1,297,750
Kot Addu Power Company Limited	<b>10,000</b>	10,000	<b>407,000</b>	421,000
Lakson Tobacco Limited	<b>3,360</b>	3,360	<b>1,243,200</b>	1,001,280
Lucky Cement Limited	<b>145,249</b>	80,249	<b>8,700,411</b>	8,309,784
MacPac Films Limited	<b>66,000</b>	66,000	<b>726,000</b>	1,029,600
Maple Leaf Cement Factory Limited	<b>96,907</b>	91,907	<b>1,686,182</b>	2,352,819
Mari Gas Company Limited	<b>1,250</b>	3,250	<b>152,375</b>	411,125
MCB Bank Limited	<b>19,800</b>	25,000	<b>4,872,771</b>	5,257,491
Mirpurkhas Sugar Mills Limited	-	1,000	-	53,400
Muree Brewery Company Limited	<b>5,107</b>	4,825	<b>493,337</b>	462,959
Namco Balance Fund	<b>1,440,800</b>	-	<b>14,408,000</b>	-
National Bank of Pakistan	<b>79,280</b>	40,280	<b>17,778,503</b>	8,680,340
Nestle Pakistan Limited	<b>15,700</b>	12,100	<b>16,405,715</b>	13,340,855
New Jubilee Insurance Company Limited	<b>24,840</b>	24,840	<b>2,292,732</b>	1,738,800
New Jubilee Life Insurance Company Limited	<b>290,000</b>	32,500	<b>5,365,000</b>	715,000
Nimir Industrial Chemicals Limited	<b>849,625</b>	824,625	<b>2,931,210</b>	3,875,742
Nishat Chunian Limited	<b>10,010</b>	17,510	<b>381,881</b>	779,195
Nishat Mills Limited	<b>50,859</b>	67,872	<b>4,465,421</b>	7,112,986
Oil & Gas Development Corporation	<b>163,700</b>	68,800	<b>18,776,776</b>	9,408,400
Orix Investment Bank Limited	<b>94,000</b>	-	<b>2,227,800</b>	-
Orix Leasing Pakistan Limited	<b>13,225</b>	13,225	<b>324,013</b>	339,221
Otsuka Pakistan Limited	<b>104,500</b>	100,500	<b>4,362,875</b>	4,411,950
Packagees Limited	-	72	-	15,073
Pak Suzuki Motor Company Limited	<b>38,090</b>	40,090	<b>15,997,800</b>	12,548,170
Pakistan Re-Insurance Company Limited	<b>11,100</b>	6,100	<b>1,298,700</b>	751,520
	Balance carried forward		<b>Rupees 409,014,326</b>	<b>438,300,947</b>



	31 December 2006	30 June 2006	31 December 2006	30 June 2006 (Audited)
	No. of Certificates			
Balance brought forward			<b>409,014,326</b>	438,300,947
Pak Electron Limited	<b>98,994</b>	71,195	<b>6,404,911</b>	7,543,110
Pakistan Capital Market Fund	<b>230,574</b>	184,000	<b>2,640,072</b>	2,655,120
Pakistan Cement Limited	<b>46,000</b>	36,000	<b>487,600</b>	486,000
Pakistan Industrial Credit & Investment Corporation	<b>132,899</b>	322,899	<b>8,299,621</b>	13,723,277
Pakistan International Airlines Corporation	<b>500</b>	500	<b>3,525</b>	6,850
Pakistan International Container Terminal Limited	<b>74,649</b>	74,649	<b>4,254,993</b>	5,759,170
Pakistan National Shipping Corporation Limited	<b>10,000</b>	10,000	<b>416,000</b>	631,000
Pakistan Oil Fields Limited	<b>26,000</b>	23,000	<b>9,093,501</b>	7,700,400
Pakistan Petroleum Limited	<b>91,000</b>	31,000	<b>21,112,125</b>	6,567,350
Pakistan Premier Fund	<b>19,529</b>	19,529	<b>253,877</b>	278,288
Pakistan PTA Limited	<b>196,825</b>	196,825	<b>964,442</b>	1,259,680
Pakistan Refinery Limited	<b>4,600</b>	8,000	<b>995,687</b>	1,711,200
Pakistan State Oil Company Limited	<b>65,154</b>	41,154	<b>19,155,276</b>	12,716,586
Pakistan Telecommunication Company Limited	-	73,000	-	2,963,800
PICIC Investment Fund	-	455	-	6,643
PICIC Growth Fund	<b>157,561</b>	157,561	<b>4,435,340</b>	4,978,928
Pioneer Cement Company Limited	<b>50,000</b>	45,000	<b>1,115,000</b>	2,054,250
Premier Insurance Company Limited	<b>42,565</b>	42,565	<b>1,643,009</b>	1,149,255
Prime Commercial Bank Limited	<b>5,000</b>	-	<b>242,750</b>	-
Reliance Income Fund	<b>200,000</b>	-	<b>10,212,340</b>	-
Saudi Pak Commercial Bank Limited	-	10,000	-	138,500
Schon Modaraba (Managed by Schon Management (Private) Limited)	<b>350</b>	350	<b>438</b>	490
Security Leasing Corporation Limited	<b>386</b>	386	<b>4,999</b>	5,944
Service Fabrics Limited	<b>500</b>	500	<b>850</b>	1,475
Shell Pakistan Limited	<b>27,000</b>	18,000	<b>10,747,350</b>	8,665,200
Siddiquisons Tin Plate Limited	<b>16,500</b>	15,000	<b>421,575</b>	498,750
Singer Paksan Limited	<b>5,875</b>	5,875	<b>240,581</b>	410,075
Soneri Bank Limited	<b>24,604</b>	13,520	<b>1,172,380</b>	527,280
Southern Electric Power Company Limited	-	248	-	1,637
Sui Northern Gas Pipelines Limited	<b>42,500</b>	20,000	<b>2,783,750</b>	2,000,000
Sui Southern Gas Company Limited	<b>77,329</b>	107,329	<b>1,817,231</b>	3,101,808
Telecard Limited	<b>20,500</b>	15,500	<b>187,575</b>	175,925
TRG Pakistan Limited	<b>14,446,425</b>	566,000	<b>126,406,225</b>	5,688,300
Union Bank Limited	<b>5,000</b>	15,120	<b>457,500</b>	1,118,880
United Bank Limited	<b>26,000</b>	8,000	<b>3,991,000</b>	1,102,000
WE Balance Fund	<b>5,000,000</b>	-	<b>51,250,000</b>	-
World Call Payphone Limited	<b>5,907</b>	30,137	<b>63,501</b>	269,726
World Call Telecom Limited	<b>492</b>	428	<b>5,288</b>	3,831
Zeal Pak Cement Limited	<b>15,000</b>	90,000	<b>72,000</b>	607,500
Zephyr Textile Mills Limited	<b>1,723,552</b>	1,723,552	<b>13,335,528</b>	12,064,864
		<i>Rupees</i>	<b><u>713,724,166</u></b>	<b><u>546,874,039</u></b>



**9.3 Initially Designated at Fair Value**

	31 December 2006	30 June 2006	31 December 2006	30 June 2006 (Audited)
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Fully paid ordinary shares of Rs. 10/- each unless stated otherwise:

Al-Ghazi Tractors Limited	46,750	46,750	10,214,875	9,537,000
Arif Habib Securities Limited	291,526	1,900	62,998,769	946,200
Aventis Pharmaceutical Limited	300	300	75,600	78,000
Balochistan Wheels Limited	-	125	-	7,281
Business & Industrial Insurance Company Limited	500	500	1,875	1,650
Cherat Cement Company Limited	8,475	3,475	347,475	225,875
First Equity Modaraba (Managed by Financial Services (Private) Limited)	627,300	627,300	2,352,375	4,453,830
First Imrooz Modaraba (Managed by A.R Management Services (Private) Limited)	500	500	52,500	17,750
First National Bank Modaraba (Managed by National Bank Limited)	773,500	773,500	6,149,325	6,149,325
First Prudential Modaraba (Managed by Prudential Modaraba Management (Private) Limited)	2,057	2,057	3,599	6,171
Gillette Pakistan Limited	3,200	3,200	438,400	355,200
Honda Atlas Cars Pakistan Limited	13,600	13,600		958,800
Habib Modaraba (Managed by Habib Modaraba Management Limited)	20,000	20,000	138,000	139,000
National Asset Leasing Corporation Limited	682,700	682,700	512,025	546,160
Pakistan Tobacco Company Limited	10,000	10,000	710,000	683,500
PICIC Commercial Bank Limited	3,400	3,400		85,170
Standard Chartered Modaraba (Managed by Standard Chartered Services Pakistan (Private) Limited)	1,188	1,080	18,058	18,792
Suraj Cotton Mills Limited	5,000	5,000	191,250	189,500
Tripack Films Limited	20,000	18,000	1,077,000	936,900
Unicap Modaraba (Managed by Al-Zamin Modaraba Management (Private) Limited)	40	40	30	36
Unilever (Pakistan Limited)	2,140	2,140	4,280,000	4,066,000

Un-quoted

World Bridge Connect (Private) Limited	2,396,881	2,396,881	23,968,810	23,968,810
Provision for Diminution in Value of Investment			(23,968,810)	(23,968,810)

Rupees 89,561,156 29,402,140



		31 December 2006	30 June 2006 (Audited)
<b>10. PLACEMENT AND FINANCES</b>			
Placements			
- Secured	10.1	<b>48,133,934</b>	103,133,934
- Unsecured	10.2	<b>496,500,000</b>	333,826,712
		<b>544,633,934</b>	436,960,646
Short Term Finance - Secured	10.3	<b>1,168,793,927</b>	776,521,760
Certificates of Deposit		<b>9,217,000</b>	9,217,000
Provision for Doubtful Finances		<b>(9,217,000)</b>	(9,217,000)
		-	-
Morabaha / Musharika Finances	10.4	<b>134,546,146</b>	108,121,358
Provision for Doubtful Finance		<b>(14,294,334)</b>	(14,294,334)
		<b>120,251,812</b>	93,827,024
Financing Under Resale Arrangement - Equity Securities	10.5	<b>15,430,080</b>	400,647,375
	<i>Rupees</i>	<b>1,849,109,753</b>	1,707,956,805

**10.1** These re secured against marketable securities. Short-term placements are made with financial institutions in the normal course of business wish profit at the rate of Re. 0.4384 (30 June 2006: Re.0.3836 to Re. 0.6575) per Rs. 1,000 per day. Profit is receivable on maturity. The placement and financing mature on various dates by 30 August 2007 and are renewable.

**10.2** These represent unsecured placement of funds with financial institutions in the normal course of company's business and include Rs. 210.50 million (30 June 2006: Rs.41.33 million) due from associated undertakings. Maximum aggregate balance at the end of any month during the year was Rs. 210.50 million (30 June 2006: Rs. 63.70 million). Profit rates range from Re. 0.3288 to Re. 0.4658 (30 June 2006: Re. 0.2945 to Re. 0.5479) per Rs. 1,000 per day. Profit is receivable on maturity. These placements mature on various dates by 25 June 2007 and are renewable.

**10.3** These are secured by pledge of marketable securities, first ranking charge over hypothecation of stock and mortgage of immovable properties stock. The mark-up/profit rates range from Re. 0.3562 to Re. 0.6575 (30 June 2006: Re. 0.3151 to Re. 0.5479) per Rs.1,000 per day. Profit is receivable on maturity/monthly and quarterly. These facilities mature on various dates by 14 December 2007 and are renewable.

**10.4** These are secured by hypothecations of all present and future stocks, receivable, demand promissory note and personal guarantee of directors. The mark-up/profit rate ranges from Re. 0.2329 to Re. 0.6027 (30 June 2006: Re. 0.1712 to Re. 0.4932) Rs. 1,000 per day subject to charge in KIBOR. These facilities mature on various dates by 29 August 2007 and are renewable.

**10.5** This presents financing under continuous funding system which is secured against equity shares. At 31 December 2006, market value of securities amounted to Re.16.34 million (30 June 2006: Rs. 445.868 million).



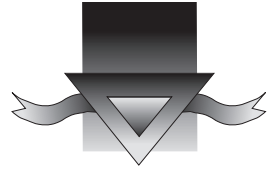
		31 December 2006	30 June 2006 (Audited)
<b>11. LONG TERM LOANS</b>			
<b>Secured</b>			
Foreign Currency			
Asian Development Bank	11.1	142,027,663	146,703,443
Local Currency			
Commercial Banks	11.2	1,537,916,663	571,249,997
<b>Un Secured</b>			
Modaraba	11.3	<u>9,860,676</u>	<u>17,575,626</u>
		<u>1,689,805,002</u>	<u>735,529,066</u>
Payable within one year shown under current liabilities		<u>(308,625,884)</u>	<u>(189,335,787)</u>
	<i>Rupees</i>	<u><u>1,381,179,118</u></u>	<u><u>546,193,279</u></u>

**11.1** This represents a 15 year term loan facility, with a grace period of three years, obtained in tranches under Financial Sector Intermediation Loan # 1371-PAK. The loan is subject to interest @ 0.25 percent over variable Ordinary Capital Resource (OCR) rate of Asian Development Bank. The repayments are semi-annual and secured by guarantee of a development financial institution. The guarantee is secured against hypothecation of assets including book debts of the company ranking pari-passu with charges created to secure redeemable capital and short term borrowings.

**11.2** These are secured against hypothecation of assets including book debts of the company ranking pari passu, with the charge created in favour of other lenders to secure redeemable capital and short term borrowings. These include Rs. 108.750 million which is secured by pledge of term finance certificate. The facility is obtained on rollover basis. These are subject to mark up rate ranging from Re. 0.2055 to Re. 0.3562 (30 June 2006; Re. 0.2055 to Re. 0.2964) per, Rs. 1,000 per day payable on quarterly / half yearly basis.

**11.3** The facility is obtained on musharika basis which is subject to mark-up rate of 16.94% (30 June 2006: 16.94%) per annum. The facility will be repayable in equal monthly installments of Rs. 1.49 million till 7 August 2007.

		31 December 2006	30 June 2006 (Audited)
<b>12. CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Redeemable Capital		345,000,000	253,050,000
Long Term Loans	11	308,625,884	189,335,787
Liabilities Against Assets Subject to Finance Lease		1,374,816	1,818,805
Certificates of Investment / Deposit		23,052,025	31,427,025
Deposit		53,915,368	64,595,192
	<i>Rupees</i>	<u><u>731,968,093</u></u>	<u><u>540,226,809</u></u>



		31 December 2006	30 June 2006 (Audited)
<b>13. SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Under Mark-up Arrangements from			
Commercial Banks Repurchase			
Agreement Borrowings	13.1	<b>236,250,000</b>	279,050,000
Running Finance	13.2	<b>295,642,656</b>	300,018,141
<b>Unsecured</b>			
From Commercial Banks - Call Borrowings	13.3	<b>925,000,000</b>	785,000,000
Non-Banking Finance Companies - Call			
Borrowings	13.3	<b>348,750,000</b>	205,000,000
Musharika	13.4	<b>318,000</b>	768,000
		<b><u>1,805,960,656</u></b>	<u>1,569,836,141</u>

**13.1** These facilities are secured against Term Finance Certificates and WAPDA Bonds. The rate of mark-up ranges from Re. 0.3151 to 0.3301 (30 June 2006: 0.2910 to Re. 0.3123) per Rs. 1,000 per day. The facilities from commercial banks expire on various dates by 27 February 2007.

**13.2** These facilities aggregating to Rs. 589.400 million( 30 June 2006: Rs. 589.400 million) are secured against hypothecation of assets including book debts of the Company ranking pari passu with the charge created to secure redeemable capital and long term-loans and against Term Finance Certificates and WAPDA Bonds. The sanctioned running finance facilities from commercial banks expire on various dates by May 2007 and are renewable. The rate of mark-up ranges from Re. 0.30 to Re. 0.3458 (30 June 2006: Re. 0.30 to Re. 0.3458) per Rs. 1,000 per day.

**13.3** These facilities are subject to mark-up rate ranging from Re. 0.2466 to Re. 0.3521 (30 June 2006: Re. 0.2740 to Re. 0.3151) per Rs. 1,000 per day. These facilities mature on various dates by 3 April 2007 and are renewable.

**13.4** These facilities have been obtained from individual and are subject to mark-up at the rate of 14.5% (30 June 2006: 14.5% to 15%) per annum. These facilities mature on various date by August 2007.

		31 December 2006	30 June 2006 (Audited)
<b>14. CONTINGENCIES AND COMMITMENTS</b>			
<b>14.1 Contingent Liability</b>			
Letters of Credit	Rupees	<b><u>15,000,000</u></b>	<u>8,517,460</u>
Letters of Comfort/Guarantee	Rupees	<b><u>1,647,400,000</u></b>	<u>1,201,500,000</u>
<b>14.2 COMMITMENTS</b>			
Commitment to Provide Lease Financing	Rupees	<b><u>167,124,000</u></b>	<u>2,500,000</u>
Underwriting Commitments of TFCs/Shares	Rupees	<b><u>147,000,000</u></b>	<u>161,000,000</u>
	14.2.1 Rupees	<b><u>253,000,000</u></b>	<u>253,000,000</u>



**14.2.1** The Company has executed the transaction for a national amount of Rs. 253 million. Company will receive fixed rate of 3.85 percent per annum against this transaction and it will have pay simple average of the last 3 cut-off yields of six month PKR T-Bill auction before the commencement of the relevant calculation period. The underlying objective of entering into the swap is to create an asset against fixed rate liability. These liabilities are in the form of term finance certificates issued by the Company. The IRS will create a fixed rate asset against this liability synthetically converting the TFC's fixed rate exposure to a floating rate exposure.

	<u>31 December</u>	
<b>15. CASH AND CASH EQUIVALENTS</b>	<b>2006</b>	<b>2005</b>
Cash and bank balances	<b>10,211,650</b>	20,168,756
Running finance	<b>(295,642,656)</b>	(145,688,509)
	<i>Rupees</i> <b><u>(285,431,006)</u></b>	<u>(125,519,753)</u>

## **16. TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decision and include major shareholders, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members.

Transactions with the related parties are executed substantially on the same terms, including mark up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk (i.e. under the comparable uncontrolled price method).

Contribution to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the whole time working director and executives are determined in accordance with the terms of their appointment.



16.1 Translations with related parties can be summarized as follows.

	Six months ended 30 December		Six months ended 30 December	
	2006	2005	2006	2005
<b>With Subsidiary Company</b>				
Profit Earned on Loans	<i>Rupees</i> <u>2,281,195</u>	39,612	<u>726,355</u>	19,806
Share of Common Expenses				
Received	<i>Rupees</i> <u>2,435,699</u>	1,024,732	<u>533,878</u>	512,366
<b>With Associated Companies</b>				
Profit Earned on Loans	<i>Rupees</i> <u>3,533,568</u>	2,208,910	<u>2,579,595</u>	1,104,455
Share of Common Expenses				
Paid	<i>Rupees</i> <u>3,116,784</u>	1,639,787	<u>1,710,836</u>	819,894
Share of Common Expenses				
Received	<i>Rupees</i> <u>26,430,636</u>	-	<u>24,644,247</u>	-
Profit Paid on Deposit	<i>Rupees</i> <u>1,258,575</u>	1,759,685	<u>565,425</u>	879,843
<b>With Key Management Personnel</b>				
Remuneration to Chief				
Executive Officer	<i>Rupees</i> <u>3,683,426</u>	2,556,429	<u>2,666,343</u>	1,278,215
Remuneration to Director	<i>Rupees</i> <u>4,418,682</u>	2,601,076	<u>3,494,027</u>	1,300,538
Remuneration to Executive	<i>Rupees</i> <u>6,069,758</u>	2,856,020	<u>3,784,088</u>	1,428,010
Accrued return on certificate of investment.	<i>Rupees</i> <u>29,238</u>	-	<u>14,619</u>	-





**31 December  
2006**                      **30 June  
2006  
(Audited)**

**16.2** Balance with related parties can be summarised as follows:

**With Subsidiary Company**

**Loans**

Opening Balance	<b>16,326,712</b>	1,700,000
Loans Provided During the Period	<b>123,500,000</b>	26,326,712
	<u><b>139,826,712</b></u>	<u>28,026,712</u>
Loans Repaid During the Period	<b>(102,826,712)</b>	(11,700,000)
Closing Balance	<i>Rupees</i> <b>37,000,000</b>	<u>16,326,712</u>

**With Associated Companies**

**Loans**

Opening Balance	<b>25,000,000</b>	25,000,000
Loans Provided During the Period	<b>454,500,000</b>	779,700,00
	<u><b>479,500,000</b></u>	<u>804,700,00</u>
Loans Repaid During the Period	<b>(306,000,000)</b>	(779,700,000)
Closing Balance	<i>Rupees</i> <b>173,500,000</b>	<u>25,000,00</u>

**Placement / Deposits of Funds**

Opening Balance	<b>25,000,000</b>	-
Deposits Received During the Period	<b>50,000,000</b>	647,000,00
	<u><b>75,000,000</b></u>	<u>647,000,00</u>
Deposits Repaid During the Period	<b>(35,000,000)</b>	(622,000,000)
Closing Balance	<i>16.3 Rupees</i> <b>40,000,000</b>	<u>25,000,000</u>

**Leasing of Company's Vehicles**

Opening Balance	<b>2,990,941</b>	3,337,000
Lease Facilities obtained during the Period	<b>434,000</b>	1,690,741
	<u><b>3,424,941</b></u>	<u>5,027,741</u>
Principal Paid during the period	<b>(1,050,405)</b>	(2,036,800)
Closing Balance	<i>16.4 Rupees</i> <b>2,375,536</b>	<u>2,990,941</u>

**16.3** Maximum aggregate balance of placements at the end of any month during the period was Rs. 156.50 million (June 30, 2006: Rs. 160 million).

**16.4** All the lease facilities obtained by the Company are from its associates.

**17. DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorised for issue on 15 February 2007 by the Board of Directors of the Company.

**18. GENERAL**

Figures have been rounded off nearest to Rupee