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First Dawood Investment Bank Limited

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CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. Abdul Hamid Dagia Mr. Shamshad Ahmed Mr. Ansar Hussain AVM (R) Syed Javed Raza	Chairman & Chief Executive (Nominee of NIT) (Nominee of SLIC) (Nominee of DCM)
Audit Committee	Mr. Rasheed Y. Chinoy AVM (R) Syed Javed Raza Mr. Ayaz Dawood Mr. Abdul Hamid Dagia	Chairman Member 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 Advisors	Mohsin Tayebaly & Co.	
Bankers	Bank AL Habib Dawood Islamic Bank Limited 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 Ltd. Bank Al-Falah Ltd.	
Website	www.firstdawood.com	
Registered Office and Head Office	1500-A Saima Trade Towers, I. I. Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329663) PABX : 92-21-227-1974/1897 Fax : 92-21-227-1913 E-mail : dlc@cyber.net.pk : fdib@firstdawood.com	
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 : brrim@isb.paknet.pk 72 Main Boulevard, Siddique Trade Centre, Suite 210. 2nd Floor, Lahore. Tel : (042) 578-1891 Fax : (042) 578-1980 E-mail : brr@brain.net.pk	
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	



VISION AND MISSION STATEMENT/CORPORATE STRATEGY

VISION STATEMENT

Your Company's vision is to become the leading progressive and profitable organization in the financial sector through innovative, proactive and responsible management that provides the highest level of quality service to clientele. We will further develop strengths by introducing new products and services.

MISSION STATEMENT

- To offer value in terms of dividend yield and capital gains to shareholders.
- To effectively fulfill the needs of clients to their satisfaction.
- To endeavour to achieve a lasting relationship with clients and associates on the principles of mutualism.
- To fulfill all social responsibilities and be a good corporate citizen.
- To increase its contribution to the Industrial development of the country.
- To ensure that human resources is ready to take on new challenges.
- To reward employees according to the their achievements.

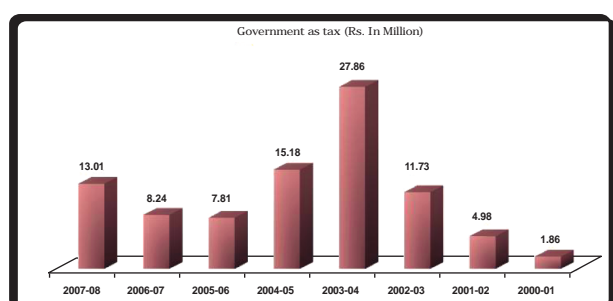
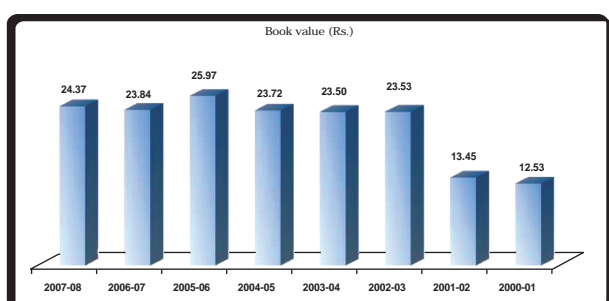
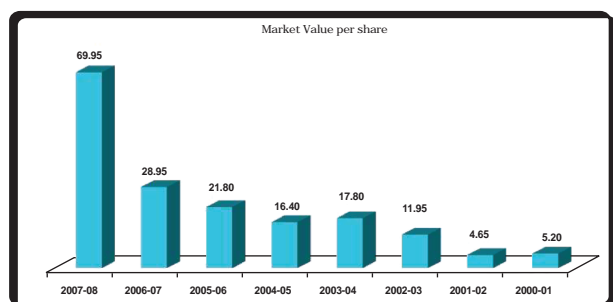
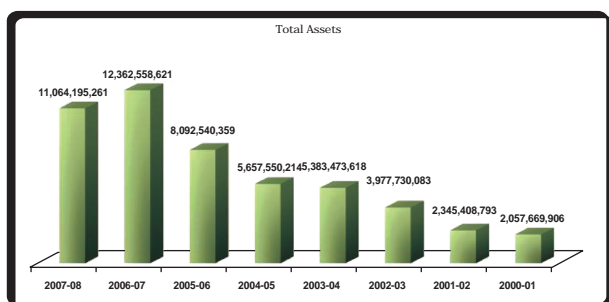
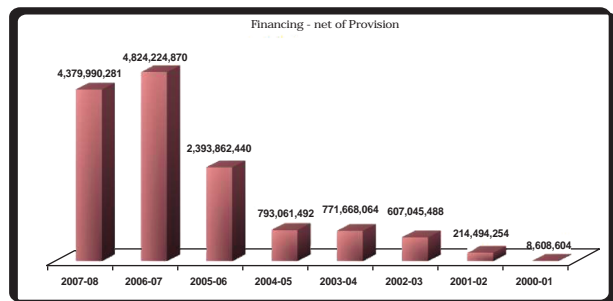
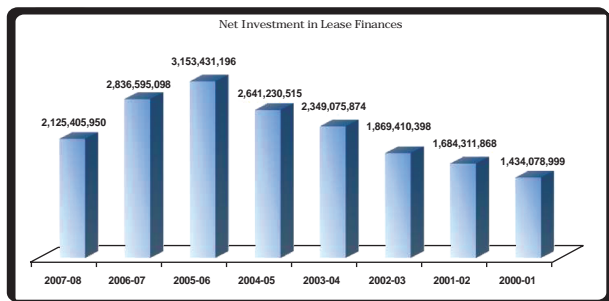
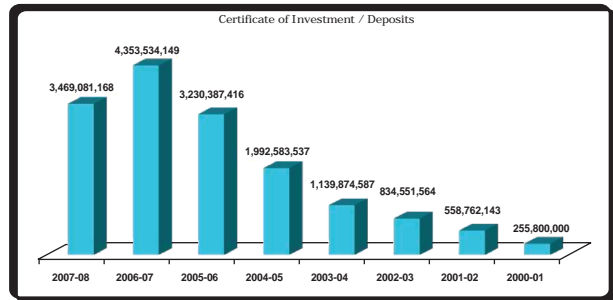
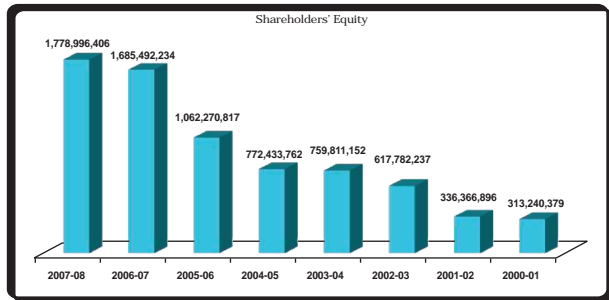
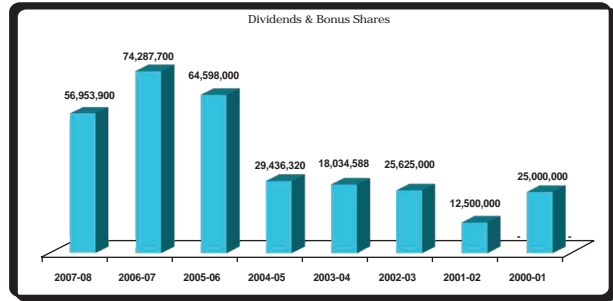
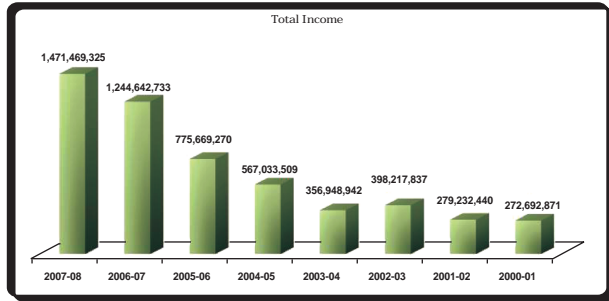
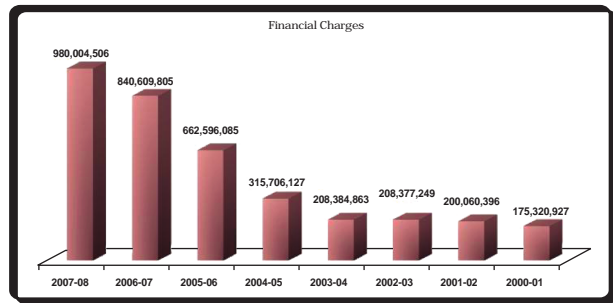
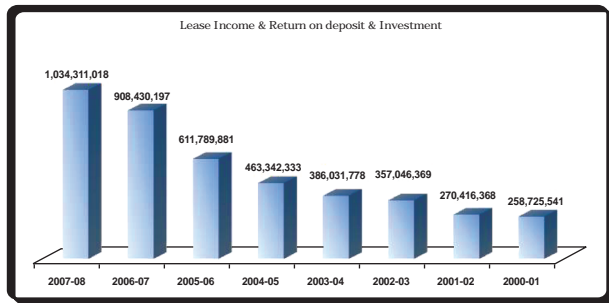
CORPORATE STRATEGY

- Ensuring shareholders' security and a high rate of return on investments.
- Striking the right balance between risks and rewards.
- Offering the optimal mix of products and services to customers.
- Maintaining highest standards of integrity, honesty and ethics.
- Building a long lasting relationship with customers.
- Providing growth & development opportunities to the management and staff of the company.
- Maintaining financial discipline and adhering to professional and moral codes.



FINANCIAL HIGHLIGHTS

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PROFIT & LOSS								
Lease income & return on deposit & investment	1,034,311,018	908,430,197	611,789,881	463,342,333	386,031,778	357,046,369	270,416,368	258,725,541
Financial charges	980,004,506	840,609,805	562,596,085	315,706,127	208,384,863	208,377,249	200,060,396	175,320,927
Fee, commission, brokerage & others	93,994,151	64,024,883	30,737,223	20,444,982	8,481,604	2,440,838	1,044,366	2,580,379
Dividend & capital gains	343,164,156	272,187,653	133,142,166	83,246,194	(37,564,440)	38,730,630	7,771,706	11,386,951
Total income	1,471,469,325	1,244,642,733	775,669,270	567,033,509	356,948,942	398,217,837	279,232,440	272,692,871
Provisions / (surplus) / deficit	357,975,763	149,610,232	11,990,078	146,445,129	49,085,450	(141,122,093)	20,924,216	23,192,433
Operating expenses	97,377,189	62,107,534	60,659,608	41,137,407	37,499,605	26,464,943	25,426,207	26,863,283
Operating profit / (loss) before tax and provision	394,087,630	341,925,394	152,413,577	210,189,975	111,064,474	163,375,645	53,745,837	70,508,661
Profit / (loss) after taxation	113,655,423	188,514,986	125,129,337	53,563,395	46,787,789	280,857,037	22,102,921	31,511,749
Profit / (loss) before taxation	36,111,867	192,315,162	140,423,499	63,744,846	61,979,024	304,497,738	32,821,621	47,316,228
Dividends	-	-	-	-	14,017,294	12,500,000	-	25,000,000
Bonus shares	56,953,900	74,287,700	64,598,000	29,436,320	14,017,294	13,125,000	12,500,000	-
BALANCE SHEET								
Shareholders' equity	1,778,996,406	1,685,492,234	1,062,270,817	772,433,762	759,811,152	617,782,237	336,366,896	313,240,379
Revaluation reserves	390,820,631	410,971,882	221,425,098	74,058,584	100,982,075	13,058,304	-	-
Certificate of investment / deposits	3,469,081,168	4,353,534,149	3,230,387,416	1,992,583,537	1,139,874,587	834,551,564	558,762,143	255,800,000
Borrowings from financial institutions	5,021,946,037	5,274,333,488	2,951,406,148	2,268,656,378	2,778,310,464	1,918,254,819	1,028,835,165	1,082,318,988
Net investment in lease finances	2,125,405,950	2,836,595,098	3,153,431,196	2,776,219,845	2,349,075,874	1,869,410,398	1,684,311,868	1,434,078,999
Financing - net of provision	4,379,990,281	4,824,224,870	2,393,862,440	793,061,492	771,668,064	607,045,488	214,494,254	8,608,604
Investment - net of provision	3,558,838,529	3,918,546,732	2,020,292,946	1,823,297,960	2,175,281,455	1,381,334,698	422,952,110	580,102,649
Total Assets	11,064,195,261	12,362,558,621	8,092,540,359	5,657,550,214	5,383,473,618	3,977,730,083	2,345,408,793	2,057,669,906
FINANCIAL RATIOS								
Gross spread ratio (%)	5.25%	7.47%	8.04	31.86	46.02	41.64	26.02	32.24
Income / expense ratio (Times)	1.37	1.38	1.24	1.59	1.45	1.70	1.24	1.35
Return on average equity (ROE) (%)	6.56%	13.72%	13.64	6.99	6.79	58.87	6.81	10.17
Return on average assets (ROA) (%)	0.97%	1.84%	1.82	0.97	1.00	8.88	1.00	1.76
Profit before tax ratio	0.02	0.15	0.18	0.11	0.17	0.76	0.12	0.17
Financing / deposit ratio (average) (%)	117.66%	95.18%	61.02	49.95	69.83	58.96	27.39	4.36
Total assets turnover ratio / Fixed assets turnover ratio (Times)	178.37	1,032.41	470.63	458.88	289.79	154.05	77.74	81.33
Price earning ratio	34.98	7.60	6.77	9.01	11.19	1.12	5.26	4.13
Market value per share	69.95	28.95	21.80	16.40	17.80	11.95	4.65	5.20
Earning per share (Rs.)	2.00	3.81	3.22	1.82	1.59	10.70	0.88	1.26
Book value per share (Rs.)	24.37	23.84	25.97	23.72	23.50	23.53	13.45	12.53
Book value per share - including surplus / (deficit) on revaluation	31.24	34.03	32.81	26.24	27.10	24.03	13.45	12.53
Employees as remuneration (Rs. In Million)	46.58	22.80	23.96	15.82	14.47	9.77	9.40	10.62
Government as tax (Rs. In Million)	13.01	8.24	7.81	15.18	27.86	11.73	4.98	1.86
Number of employees	52	45	43	28	28	22	22	22





NOTICE OF ANNUAL GENERAL MEETING (AGM XIV)

Notice is hereby given that the AGM XIV of First Dawood Investment Bank Limited will be held at its Registered Office, 1500-A, Saima Trade Towers, I. I.Chundrigar Road, Karachi on Tuesday, October 28, 2008 at 04:00 p.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XIII Annual General Meeting.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2008 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year 2009 and to fix their remuneration. A notice has been received from one of the shareholders of the Company u/s.253(1) of the Companies Ordinance, 1984 proposing the name of M/s. M. Yousf Adil Saleem Co., Chartered Accountants in place of retiring auditors M/s. KPMG Taseer Hadi & Co., the retiring auditors, being eligible, have also given their consent for reappointment.

Special Business:

4. To consider and if thought fit, approve the proposed resolution as an ordinary resolution in respect of issue of bonus shares in the ratio of 10%, as recommended by the Directors in the meeting.
5. To consider, approve and make an investment / disinvestment advances in associated companies u/s. 208 and 160 (1) (b) of the Companies Ordinance 1984 and pass the following Special resolution, with or without modification:
6. Any other Business with the permission of the Chair.

October 07, 2008
Karachi

By Order of the Board

Tahir Mehmood
Company Secretary



Notes:

1. The share transfer books of the Company shall remain closed from October 22, 2008 to October 28, 2008 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1700-A, Saima Trade Towers, I.I.Chundrigar Road, Karachi, if any change of address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account/sub-account holders are requested to bring with them their Computerized National ID Cards (CNIC) along with Participant(s) ID number and their account numbers at the time of attending this meeting in order to facilitate identification of the respective shareholder(s). In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2008.

Agenda item No.4

The Directors are of the view that the Company's financial position and its reserves justify the capitalization of un-appropriated profit amounting to Rs. 56,953,900/- be capitalized for the issue of bonus shares in the ratio of 10 bonus shares for every =100= ordinary shares held. The Directors directly or indirectly, are not personally interested in this issue except to the extent of their shareholding in the Company:

Proposed Resolution

"RESOLVED that a sum of Rs.56,953,900/- out of the un-appropriated profit for the issue of bonus shares be capitalized and applied for the issue of =5,695,390= ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to those members of the Company whose names appear in the register of members of the Company as on October 22, 2008 in the ratio of =10= shares for every =100= shares held and that such bonus shares shall rank pari passu in all respect with the existing ordinary shares of the Company."

"FURTHER RESOLVED that the Chief Executive and Company Secretary be and are hereby severally authorized to consolidate all fractions of bonus shares and sell in the stock market and pay the proceeds to charity."

Pursuant to rule 6 (iii) of the Companies (issue of capital) Rules 1996, the auditors have certified that the free reserves and surpluses retained after the issue of the bonus shares will not be less than 25% of the increased capital.

Agenda item No.5

Approval of Shareholders will be sought for investment /disinvestment / advance in the associated companies of the Company:

Proposed Special Resolution

"RESOLVED that the Company be and is hereby authorized, for the purpose of section 208 and 160 (1) (b) of the Companies Ordinance 1984 to make advances upto Rs. 200,000,000/- to Equity International (Pvt.) Ltd and to make equity investment upto Rs.20 million (m), 20 m, 80 m, 10 m and 120 m in the equity of Searle Pakistan Limited, Sui Southern Gas Company Limited, Pakistan Reinsurance Company Limited, Singer Pakistan Limited and Dawood General Takaful Limited (Proposed) respectively, subject to compliance of rules and regulations of Non-Banking Finance Companies and Notified Entities Regulations, 2007 and Companies Ordinance,1984 as applicable and approvals, if any, of the relevant authority(ies)"

Resolved that the Company be and is hereby authorized to sell the following mentioned number of shares of its associated companies through any of the recognized Stock Exchange Member(s) / Broker(s)/Interested party, at the market/break up/negotiated price prevailing at the date of sale transaction(s) will be made in one or more tranches:

Name of Company	No. of Shares to be Sold upto	Holding
Dawood Capital Management Limited	4,083,750	30%
B.R.R Investment (Private) Limited	4,762,100	41.63%

"RESOLVED further that the Chief Executive and Company Secretary be and are hereby authorized severally to do all the acts, deeds and things necessary to implement this Resolution and also empowered to make amendments/modifications to the Resolution as may be required and such amendments/modifications shall also be deemed as having been approved by the shareholders."



The terms and conditions for advances are as follows:

1.	Name of the Investee Company	Equity International (Pvt) Ltd.
2.	Nature, amount and extent of the investment	Advances upto Rs. 200 million
3.	Source of funds	Out of surplus funds available
4.	Purpose of investment	1. To earn a good return. 2. The surplus funds will not remain idle.

The terms and conditions for equity investments in subsidiaries and associates are as follows:

1	Name of the Investee Company	Searle Pakistan Limited	Dawood General Takaful Limited (Proposed)	Sui Southern Gas Company Limited	Pakistan Reinsurance Company Limited	Singer Pakistan Limited
2	Nature, amount and extent of the investment	Equity Investment upto Rs.20,000,000/-	Equity Investment upto Rs.120,000,000/-	Equity Investment upto Rs.20,000,000/-	Equity Investment upto Rs.80,000,000/-	Equity Investment upto Rs.10,000,000/-
3	Average Market price/Net Asset Value (NAV) of the shares/certificates/ units intended to be purchased during preceding six months.	67.98	Pre-IPO investment	25.88	405.53	85.90
4	Break-up value of shares/ certificates/units intended to be purchased on the basis of last published financial statements	31.03	/A, proposed to be Incorporated	14.51	117.91	15.88
5	Price at which shares will be purchased	Market Value	Face Value	Market Value	Market Value	Market Value
6	Source of funds	Out of surplus funds available	Out of surplus funds available	Out of surplus funds available	Out of surplus funds available	Out of surplus funds available
7	Basic Earning per share/ certificate/unit of the investee company in last three years	3.23 3.66 3.19	Not applicable	0.43 1.33 1.51	69.02 12.44 13.21	1.85 1.43 1.88
8	Period for which investment will be made	N/A or long term investment	N/A or long term investment	N/A or long term investment	N/A or long term investment	N/A or long term investment
9	Purpose of investment	1. Strategic investment 2. To earn a good return	1. Strategic investment 2. To earn a good return	1. Strategic investment 2. To earn a good return	1. Strategic investment 2. To earn a good return	1. Strategic investment 2. To earn a good return
10	Benefits likely to accrue to the company and its shareholders from the proposed investment or advances.	1. FDIB and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and will be invested in the most efficient manner.	1. FDIB and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and will be invested in the most efficient manner	1. FDIB and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and will be invested in the most efficient manner	1. FDIB and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and will be invested in the most efficient manner	1. FDIB and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and will be invested in the most efficient manner
11	Interest of directors and their relatives in the investee company	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company



DIRECTORS' REPORT

IN THE NAME ALLAH THE MOST COMPASSIONATE, THE MOST MERCIFUL

Dear Shareholders,

On behalf of the Board of Directors of First Dawood Investment Bank Limited ("FDIB" or the "Company") I am pleased to present to you the Annual Report and Audited Accounts for the financial year ending June 30, 2008.

Your Company even under difficult conditions & adverse business environment has shown good results.

Operations and Performance

Your Company continued to excel in all major business parameters during the year. The management of your company has made strenuous efforts in all areas of operations to improve the quality of its assets and to manage its liabilities in as cost effective a manner as possible.

The Company has diversified its sources of revenue to reduce its heavy dependence from leasing operations. It managed its equity portfolio in a prudent and an effective manner which resulted in the highest ever growth in gross revenue during the year through capital gains, dividend income and return on investment despite competitive market conditions and political & economic uncertainty in the country. The year 2007-08, as we all know, has turned out to be very challenging for the financial sector especially for the investment industry.

Financial expenses for the year amounted to Rs.980.00 million as against Rs.840.61 million last year. This increase was a consequence of sharp rise in mark-up rates and also in view of higher level of borrowings during the period to facilitate growing business requirements. However, total borrowings were Rs.8,491.03 million as at June 30, 2008 as against Rs.9,627.87 million as at June 30, 2007.

Your company's shares at KSE traded at Rs. 69.95 during the last trading day of the financial year, which reflects a growth of 141.62% as compared to last year when it traded at Rs. 28.95 Here it is pertinent to mention that a record high level of Rs.83.40 was attained during the period under review.

Our gross Revenues, Total Assets, Shareholders Equity, Deposits, Borrowings, Financing, Leasing, Investment, Placements and Net Assets per share all have shown significant growth, though in varying degrees.

However, Return on Capital Employed for this year is lower than that of the previous year. This was primarily in view of better returns earned last year, because of better investment environment.

- During the year under review, there was a general rise in interest rates as reflected in the increase in KIBOR. The yields on Investment & Financing activities could not match this increase and there was a consequential decrease in spreads. This is true for all NBFCs, particularly the Investment Banks. In the case of FDIBL, we were able to offset this deficit by a substantial increase in volume of our business.
- The sharp increase in the interest rates, the raising of cash reserve ratio and liquidity reserve requirement by the central bank to curtail excessive liquidity in the economy and to control rising inflation have exerted upward pressure resulting in considerable increase in KIBOR during the last one year. During the year, interest rates also increased steeply due to increased borrowing of commercial banks to enhance their year-end balance sheet through inter-bank money market operations on short-term basis. This increase in the interest rates significantly affected the cost of borrowing of the whole financial sector, which affected your Company also.
- The imploding of the American financial sector has resulted in higher risk presence and therefore a lower stock market index which has been frozen for the last month.



As indicated last year also, the Company has diversified its sources of revenue to reduce heavy dependence on leasing operations and to keep a constant and steady growth of its revenues. It managed its equity portfolio in a stable and effective manner, which resulted in better returns in the form of higher capital gain & dividends than last year due to investment in good companies. Your directors however feel that the pressure in this regard will continue for sometime due to prevailing political and international uncertainty but as soon as this situation settles down, stock markets would improve and company's income from this source will show positive improvement.

During the year ended June 30, 2008, contribution of lease income towards revenues decreased whereas other avenues contributed a bigger share. However, significant changes in market dynamics have drastically lowered returns on CFS compared to last year. Operating Profit for the period is lower compared to corresponding period due to prudent policy viz-a-viz loans portfolio by way of additional provisioning amounting to Rs.192.87 million on account of doubtful receivables and stricter compliance to Prudential Regulations. The management has immediately taken into account the regulatory changes for the commercial transport sector thus making significant allocation of provision discussed above.

Our income from fund placements and financing, including lease finance, increased from Rs. 687.72 million to Rs. 786.75 million and is in line with the strategy of the Bank. The income from investments decreased from Rs.560.37 million to Rs.335.97 million. The revenue generated from fee based lines of business i.e. brokerage, corporate finance and advisory and portfolio management also contributed to our non fund based income which increased from Rs.58.39 million to Rs.83.93 million.

Challenges

The Company has been facing major challenges of inflation, escalation in cost and general slowdown in business. It is apprehended that during the fiscal year 2008-09, the continuing devaluation of Pakistani Rupee will severely hurt investments, resulting in erosion in profitability. Any reversal of this trend will largely depend on economic policies of the newly elected government and political stability.

The significant loan impairment losses on leasing, financing during the current period can be attributed to monetary tightening in the country due to high inflation pressures and rising interest rates, leading to the consistent deterioration in the repayment capacity of individual as well as corporate borrowers. However, the Company is making all out efforts for recovering of non performing loans and aggressive targets have been assigned to the recovery team.

Dividend

The Board of Directors is pleased to recommend a bonus dividend of 10 shares for every 100 shares held for the year ended June 30, 2008 subject to the approval of the shareholders at the Annual General Meeting.

Future Strategy

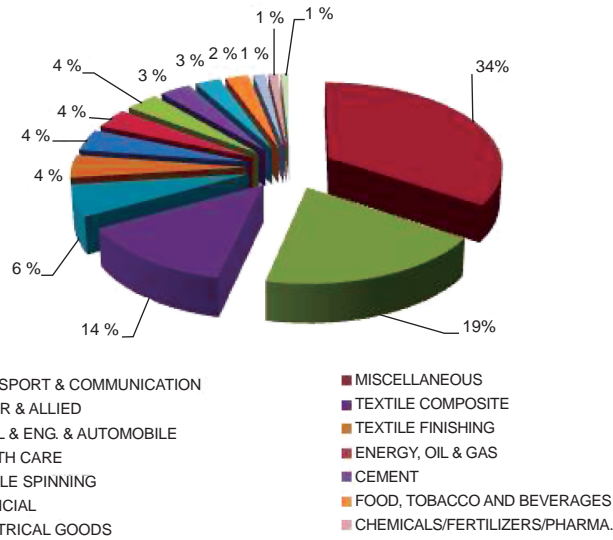
We will continue to place emphasis on top quality service with a focus on selected clients. The strategy of business plan of the Company is focused on better profitability through professional efficiency and best business practices. Our focus will continue to be a profitable growth in the existing lines of business with the ultimate objective of long term shareholders value creation. Needless to say that we will continue to observe our core values of integrity, innovation and fairness, which have always, been a hallmark of all Dawood Group Companies.

Trusteeships

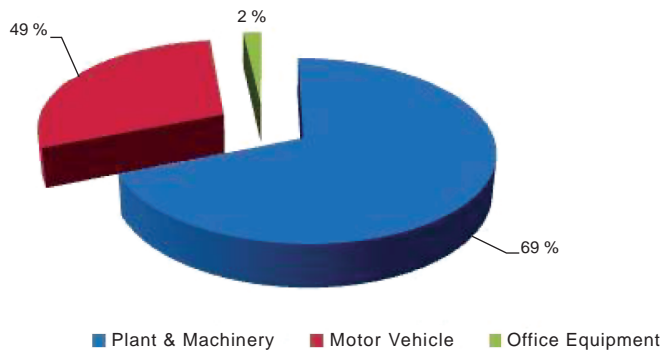
FDIB continues to be the leader in Trustee business and is currently the trustee of the following TFC's and funds:



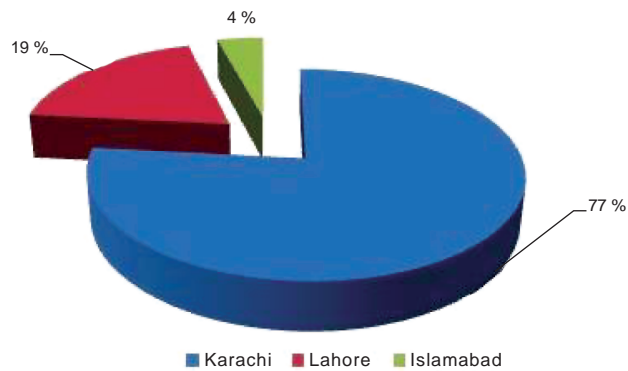
Sector-Wise Analysis



Asset-Wise Analysis



Location-Wise Analysis





Term Finance Certificates:

The Company is also acting as Trustees to Term Finance Certificates/Sukuk issued by Naimat Basal Oil & Gas Securitization Limited, Askari Commercial Bank Limited (2nd Issue), Soneri Bank Limited, Standard Chartered Bank (Pakistan) Limited (3rd Issue), 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, Azgard Nine Limited, Escorts Investment Bank Limited, Associated Builders (Private) Limited, Engro Chemicals Pakistan Limited, Sitara Energy Limited, KASB Securities Limited, Orix Leasing Pakistan Limited, Grays Leasing Limited, Saudi Pak Leasing Company, New Allied Electronics (Pvt) Ltd. Security Leasing Corporation Limited (sukuk), Trakkers (Pvt) Limited, Dewan Cement Limited, Sitara Chemical Industries Limited, Al-Zamin Leasing Corporation Limited, HBFC (sukuk).

Mutual Funds:

Mutual fund certificates issued by Namco Balanced Fund and Namco Income Fund and we have signed with Crosby Phenox Fund.

Treasury

During the year, the State Bank of Pakistan adopted a strict monetary policy to cope with the inflationary pressure due to which interest rates have risen sharply also SBP restricted banks from lending against unlisted rated TFCs & Sukuks adversely affecting your banks liquidity.

Human Resource Training and Development

The Company endeavors to ensure that its staff is highly professional and experienced to operate and develop its affairs. The team, which is a blend of experience and youth has got the ability to take the Company to newer peaks of excellence.

Training and Human Resource Development continues to be of prime importance at FDIB. We have always ensured that our employees get sufficient high quality professional training and exposure to meet the challenges of industry and customer satisfaction.

Management Information System

The computerized environment and efficient utilization of information technology has been the hallmark of your company's policy. To keep the system current and compatible to the future requirement, your company has dedicated its resources for continuous up-gradation of computer hardware and software. Our present software is operating on "Oracle" to give a better mileage to cover the entire requirements of the system operation and MIS.

Economic Scenario

The worldwide food and oil crises geo-political development in the region and the recent internal turmoil has obviously effected the growth of our economy also. The rising interest rates scenario and the current account deficit have further fuelled the problem. The aforesaid factors have exerted a lot of pressure on different sectors of the economy. But we are optimistic that the newly formed government would be able to introduce new investor and business friendly policies to ensure Pakistan come out from economic issues timely.



Statement of Compliance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2008. The external auditors review report on the statement of compliance with the Code of Corporate Governance is annexed with this report.

As per directives of SECP/Karachi Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices as required by clause (xix) of the Code:

- The financial statements prepared by management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Company has maintained proper book of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except for change in accounting policy as disclosed in Note 3.2 to the financial statements and accounting estimates are based on reasonable and prudent judgment.
- Relevant International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.

Trading/Dealing in Shares of the Company

During the year, no trade in the shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary, and their spouses of minor children except as stated here under

Directors /Minors	Purchased/Rights/Gift	Bonus	Sale
Rafique Dawood		1,051,489	Nil
Hamida Dawood		58,410	Nil
Ayaz Dawood	500	306,612	Nil
Shimaila Matri Dawood		37,855	Nil
Rasheed Y. Chinoy		29,359	Nil
Mohammad Ali s/o Ayaz Dawood		17,250	Nil

Statement of Ethics and Business Practices

The Board of Directors of FDIB has adopted the required Statement of Ethics and Business Practices. All employees are aware this statement and are requested to observe the rules of conduct of business and regulations.

Staff Retirement Benefits

First Dawood Group operates a provident scheme for all permanent employees. The value of investments to date is Rs.68.04 million in the provident scheme as on June 30, 2008.



Post Balance Sheet Events

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

Auditors

The retiring auditors of KPMG Taseer Hadi & Co., Chartered Accountant, have expressed their willingness to continue in office for the year ending June 30, 2009, a resolution relating to their re-appointment and the Board of Directors authorize the CEO to fix the remuneration of auditor and will be proposed at the forthcoming Annual General Meeting.

Key Financial Highlights

Key financial highlights are summarized and annexed to these financial statements.

Risk Management Framework

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, (the higher the risk the greater the reward). Our fundamental objective is to maximize shareholder's value, but this must be carried out in a clearly articulated risk tolerance framework.

Board Meeting

S.No.	Name	Designation	Entitlement to Attend Meeting	Meeting Attend	Leave of Absences
1	Mr. Rafique Dawood	Chairman & CEO	4	4	-
2	Mr. Rasheed Y. Chinoy	Director	4	3	1
3	Mr. Ayaz Dawood	Director	4	4	-
4	Mr. Ansar Hussain	Director	4	4	-
5	Mr. Shamshad Ahmed	Director	4	1	3
6	Mr. Abdul Hamid Dagia	Director	2	2	-
7	Mr. AVM (R) Syed Raza	Director	4	3	1
8	Mr. Safdar Rashid	Director	2	-	2

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating at "A+" (single A plus) and the short term rating at "A1" (single A one). These ratings are applicable to senior unsecured creditors and denote a low expectation of credit risk emanating from a strong capacity for the timely payments of financial commitments.

The rating of the secured TFC is "AA-" (Double A minus) which has matured subsequently. The company intends to issue a five years PPTFC of Rs. 345 million on September 11, 2007 and the rating of this TFC is also "AA-" (Double A minus). This rating denotes a very low expectation or credit risk emanating from a very strong capacity for timely payments of financial commitments.



Pattern of Shareholding

The pattern of shareholding as on June 30, 2008 along with disclosure as required under the Code of Corporate Governance is annexed.

Appreciation

The Board of Directors and the Management of the Company would like to place on record their gratitude to the Securities and Exchange Commission of Pakistan and other Regulatory Authorities for their continued support and guidance. We also take this opportunity to express our gratitude to our valued customer, business partner, stake holders, bankers and shareholders for their continued trust and patronage. Finally, we are also thankful to the staff for their commitment and continuous efforts to make FDIBL a success.

September 30, 2008

On Behalf of the Board of Directors
First Dawood Investment Bank Ltd

Rafique Dawood
Chairman / CEO



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

Statement of Compliance with the Code of Governance (As Required by the Listing Regulations).

This Statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 37 of listing regulations of Karachi Stock Exchange (Guaranteed) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes five (5) independent non-executive directors. This mean 71.43% of the directors of the Board are independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more then ten listed companies, including this Company.
3. All the directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFi, and none of them is a member of any stock exchange.
4. No casual vacancy occurred during the year.
5. The Company has prepared & circulated a "Statement of Ethics and Business Practices", which is approved by the Board and has been signed by all the directors and employees of the Company.
6. The Board of Directors has adopted a vision/mission statement and all the overall corporate strategy of the Company and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the Chief Executive Officer has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, alongwith the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the Company have been provided with copies of the Listing Regulations, Code of Corporate Governance, NBFCs Rules, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities. Most of the Directors have also attended talks, workshops, and seminars on the subject of Corporate Governance. Further, the directors of the Company at the time of filling their consent to act as such, have given a declaration of their consent that they are aware of their duties and powers under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchange.
10. The Board of Directors of the Company has approved the appointment of the Chief Financial Officer, Company Secretary and internal auditor during the year including their remuneration and terms and conditions of employment as determined by the Chief Executive Officer.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.



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12. Financial Statements for the half year ended December 31, 2007 quarter ended September 30, 2007, March 31, 2008 and full year ended June 30, 2008 presented to the Board for consideration and approval, were duly endorsed and signed by the Chief Executive Officer and Chief Financial Officer.
 13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
 14. The Company has complied with all the corporate and financial reporting requirements of the Code.
 15. The Board has formed an Audit Committee. It comprises 4 members, of whom 3 are non-Executive Directors including the Chairman of the Committee.
 16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the company and as required by the code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
 17. The Board has appointed a firm of Chartered Accountants, as Internal Auditors of the Company and has also approved their terms and conditions. They are considered suitably qualified and experienced for the purpose, are conversant with the policies and procedures of the Company and are involved in the internal audit on a full time basis.
 18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
 19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance to the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 20. We confirm that all other material principles contained in the Code have been complied.

On Behalf of the Board of Directors
FIRST DAWOOD INVESTMENT BANK LIMITED

September 30, 2008

Rafique Dawood
Chairman & Chief Executive Officer

Review Report To The Members On Statement Of Compliance With Best Practices Of Code Of Corporate Governance



KPMG Taseer Hadi & Co.

Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Karachi 75530 Pakistan

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Internet www.kpmg.com.pk

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First Dawood Investment Bank Limited ("the Company") to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2008.

Date: September 30, 2008
Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS



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

Telephone +92 (21) 568 5847
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Internet www.kpmg.com.pk

We have audited the annexed balance sheet of First Dawood Investment Bank Limited as at 30 June 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change specified in note 3.2 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: September 30, 2008
Karachi.

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan
and a member firm of the KPMG network of independence member
firms affiliated with KPMG International, a Swiss Cooperative

KPMG Taseer Hadi & Co.
Chartered Accountants



BALANCE SHEET AS AT JUNE 30, 2008

	Note	2008	2007 (Restated)
ASSETS			
NON CURRENT ASSETS			
Property and Equipment	4	62,027,770	11,974,473
Investment Property	5	863,624,534	217,120,000
Net Investment in Lease Finance	6	575,068,868	1,201,865,076
Investments in Equity Accounted Investees	7	297,550,896	233,085,060
Other Investments	8	191,879,240	271,425,131
Long-Term Finances	9	399,777,392	556,356,137
Mortgage Finances	10	-	87,109,389
Long-Term Loans	11	2,654,915	5,169,685
Long-Term Deposits		3,637,500	137,500
		2,396,221,115	2,584,242,451
CURRENT ASSETS			
Current Portion of Non-Current Assets	12	2,212,910,520	2,073,879,341
Other Investments	8	3,069,408,393	3,414,036,541
Placement and Finances	13	3,035,070,559	3,505,171,339
Advance Against Lease Commitments	14	66,611,106	148,832,208
Advances and Prepayments	15	52,564,215	96,193,443
Interest Accrued	16	168,721,583	195,858,110
Other Receivables	17	28,931,995	334,941,202
Cash and Bank Balances	18	33,755,775	9,403,986
		8,667,974,146	9,778,316,170
	<i>Rupees</i>	<u>11,064,195,261</u>	<u>12,362,558,621</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
75,000,000 (2007: 75,000,000)			
Ordinary Shares of Rs. 10/- each	<i>Rupees</i>	<u>750,000,000</u>	<u>750,000,000</u>
Issued, Subscribed and Paid-up Capital	19	569,539,000	495,251,300
Reserves and Unappropriated Profit	20	1,209,457,406	1,190,240,934
		1,778,996,406	1,685,492,234
NON CURRENT LIABILITIES			
Redeemable Capital	21	345,000,000	-
Long-Term Loans	22	1,050,375,581	1,198,648,044
Liabilities Against Assets Subject to Finance Lease	23	-	136,811
Certificates of Investment / Deposit	24	367,034,709	51,972,239
Deferred Liabilities	25	16,136,703	109,655,183
Deposits	26	403,948,853	486,816,154
		2,182,495,846	1,847,228,431
CURRENT LIABILITIES			
Current Portion of Long-term Liabilities	27	913,026,085	952,177,822
Mark-Up Accrued	28	185,620,882	188,026,714
Short-Term Borrowings	29	2,965,613,111	3,250,046,258
Certificates of Investment / Deposit	24	2,947,845,014	4,234,969,885
Accrued and Other Liabilities	30	59,341,932	184,306,844
Taxation		31,255,985	20,310,433
		7,102,703,009	8,829,837,956
Contingencies and Commitments	31		
	<i>Rupees</i>	<u>11,064,195,261</u>	<u>12,362,558,621</u>

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman & Chief Executive

Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007 (Restated)
Income			
Lease Income		169,303,513	195,328,256
Return on Placements, Finances, Deposits and Investments - Net	32	746,585,264	591,818,575
Gain on Sale of Securities - Net		318,450,659	211,923,096
Gain on Disposal of Investment in Associate		545,736	878,581
(Loss) / Gain on Sale of Government Securities		(30,306,499)	835,470
Mortgage Finance Income		-	8,911,187
Long Term Finance Income		172,326,362	134,732,874
Brokerage Income		10,064,015	5,632,840
Exchange (Loss) / Gain - Net		(2,017,854)	2,584,720
Gain on Derecognition of Interest in Subsidiaries		-	24,264,053
Other Income	33	83,930,136	58,392,043
		<u>1,468,881,332</u>	<u>1,235,301,695</u>
Provisions / Changes in Fair Value			
Provision for Lease Losses and Doubtful Recoveries	34	(192,867,336)	(290,758,497)
Surplus on Revaluation of Investment Property		83,561,934	3,065,200
Surplus in Fair Valuation of Interest Rate SWAP	31.2.1	5,869,066	10,160,249
Provision for Impairment in the Value of Available for Sale Investments	8.2.5.1	(34,104,833)	-
(Deficit) / Surplus on Revaluation of Held for Trading Securities		(220,434,594)	127,922,816
		<u>(357,975,763)</u>	<u>(149,610,232)</u>
		<u>1,110,905,569</u>	<u>1,085,691,463</u>
Expenditure			
Administrative and Operating Expenses	35	(97,377,189)	(62,107,534)
Financial Costs	36	(980,004,506)	(840,609,805)
		<u>(1,077,381,695)</u>	<u>(902,717,339)</u>
		<u>33,523,874</u>	<u>182,974,124</u>
Share of Profit of Equity Accounted Investees	37	<u>2,587,993</u>	<u>9,341,038</u>
Profit Before Taxation		<u>36,111,867</u>	<u>192,315,162</u>
Provision For Taxation			
Current	38	(10,945,539)	(11,841,095)
Prior Year's		-	(582,197)
Deferred		88,489,095	8,623,116
		<u>77,543,556</u>	<u>(3,800,176)</u>
Profit After Taxation	<i>Rupees</i>	<u>113,655,423</u>	<u>188,514,986</u>
Earning Per Share - Basic	39 <i>Rupees</i>	<u>2.00</u>	<u>3.31</u>
Earning Per Share - Diluted	39 <i>Rupees</i>	<u>2.00</u>	<u>3.31</u>

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman & Chief Executive

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Taxation		36,111,867	192,315,162
Adjustments:			
- Depreciation		5,516,375	5,388,496
- Gain on Sale of Investments		(318,450,659)	(211,923,096)
- Gain on Disposal of Investment in Associate		(545,736)	(878,581)
- Share of Profit of Equity Accounted Investees		(2,587,993)	(9,341,038)
- Gain on Derecognition of Interest in Subsidiaries		-	(24,264,053)
- Loss / (Gain) on Sale of Government Securities		30,306,499	(835,470)
- Financial Costs		980,004,506	840,609,805
- Gain on Sale of Property and Equipment		(17,750)	-
- Gain on Sale of Investment Property		(57,100)	-
- Provision for Gratuity		3,208,000	2,669,000
- Provision for Lease Losses and Doubtful Recoveries		192,867,336	290,758,497
- Provision for Impairment in the Value of Available for Sale Investments		34,104,833	-
- Deficit / (Surplus) on Revaluation of Securities at Fair Value through Profit or Loss		220,434,594	(127,922,816)
- Surplus on Revaluation of Investment Property		(83,561,934)	(3,065,200)
- Surplus in Fair Valuation of Interest Rate SWAP		(5,869,066)	(10,160,249)
- Exchange Loss / (Gain)		2,017,854	(2,584,720)
- Amortisation of Discount Income		(13,205,122)	(9,838,611)
- Amortisation of Investment Held to Maturity		(91,036)	110,149
		<u>1,044,073,601</u>	<u>738,722,113</u>
		1,080,185,468	931,037,275
Changes in Operating Assets and Liabilities			
<i>(Increase) / Decrease in Operating Assets</i>			
Net Investment in Lease Finance		711,189,148	588,383,247
Mortgage Finance		-	(52,125,840)
Long-Term Finances		(78,684,142)	(581,022,056)
Long-Term Loans		2,434,614	704,098
Placements and Finances		200,925,054	(1,797,214,534)
Advances and Prepayments		56,643,586	17,631,397
Advance Against Lease Commitments		29,661,243	(101,980,842)
Interest Accrued		27,136,527	(126,888,547)
Other Receivables		298,455,907	(181,523,853)
		<u>1,247,761,937</u>	<u>(2,234,036,930)</u>
		2,327,947,405	(1,302,999,655)
<i>Increase / (Decrease) in Operating Liabilities</i>			
Certificates of Investment / Deposits		(884,452,981)	1,123,146,733
Deposits		(45,083,428)	85,183,689
Short-Term Borrowings		(570,226,500)	1,635,210,116
Accrued and Other Liabilities		(119,068,889)	152,743,636
		<u>709,115,607</u>	<u>1,693,284,519</u>
Finance Cost Paid		(982,410,338)	(837,967,979)
Gratuity Paid		(559,358)	(853,845)
Tax Paid		(13,014,358)	(8,241,598)
Net Cash (Used in) / From Operating Activities		<u>(286,868,447)</u>	<u>846,221,097</u>



	Note	2008	2007 (Restated)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property and Equipment		(7,640,297)	(2,977,478)
Purchase of Investment Property		(562,960,500)	(56,484,800)
Proceeds From Sale of Property and Equipment		1,444,375	2,538,816
Proceeds From Sale of Investment Property		75,000	-
Investments in Equity Accounted Investees		(20,600,000)	(195,908,439)
Other Investments		599,274,447	(1,487,305,101)
Long-Term Deposits		(3,500,000)	-
Net Cash Flow From / (Used in) Investing Activities		6,093,025	(1,740,137,002)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-Term Loans Obtained		450,000,000	1,350,000,000
Repayment of Long-Term Loans		(429,963,728)	(406,917,293)
Redeemable Capital		-	(253,050,000)
Lease Liability Paid		(675,457)	(2,315,484)
Dividend Paid		(26,957)	151,910
Net Cash Flow From Financing Activities		19,333,858	687,869,133
Net Decrease in Cash and Cash Equivalents		(261,441,564)	(206,046,772)
Cash and Cash Equivalents at Beginning of the Year		(323,915,772)	(117,869,000)
Cash and Cash Equivalents at End of the Year	40 Rupees	(585,357,336)	(323,915,772)

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman & Chief Executive

Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Paid-Up Capital	Statutory Reserve*	Reserve for Issue of Bonus Shares	Premium on Right Issue	Capital Reserve on Acquisition	Surplus on Revaluation of Investment	General Reserve	Unappropriated Profit	Total
			Capital Reserve			Revenue Reserve			
Balance at 30 June 2006 as Previously Reported	323,799,480	143,551,029	-	-	2,596,484	221,425,098	250,000,000	120,898,726	1,062,270,817
Effect of Change in Accounting Policy with Respect to Accounting for Investment Property	-	-	-	-	-	-	-	84,878,917	84,878,917
Balance at 30 June 2006 - Restated	323,799,480	143,551,029	-	-	2,596,484	221,425,098	250,000,000	205,777,643	1,147,149,734
Changes in Equity for the Year Ended 30 June 2007									
Profit for the Year	-	-	-	-	-	-	-	188,514,986	188,514,986
Realisation of Surplus on Revaluation of Investments	-	-	-	-	-	(24,924,296)	-	-	(24,924,296)
Surplus on Revaluation of Investments	-	-	-	-	-	214,471,080	-	-	214,471,080
Total Recognised Income and Expenses for the Year	-	-	-	-	-	189,546,784	-	188,514,986	378,061,770
Right Shares Issued	106,853,820	-	-	-	-	-	-	-	106,853,820
Premium on Right Issue	-	-	-	53,426,910	-	-	-	-	53,426,910
Transfer to Statutory Reserve	-	35,904,037	-	-	-	-	-	(35,904,037)	-
Transfer to Reserve for Issue of Bonus Shares @ 15%	-	-	64,598,000	-	-	-	-	(64,598,000)	-
Bonus Shares Issued	64,598,000	-	(64,598,000)	-	-	-	-	-	-
Balance at 30 June 2007 - Restated	495,251,300	179,455,066	-	53,426,910	2,596,484	410,971,882	250,000,000	293,790,592	1,685,492,234
Profit for the Year	-	-	-	-	-	-	-	113,655,423	113,655,423
Realisation of Surplus on Revaluation of Investments	-	-	-	-	-	(143,739,399)	-	-	(143,739,399)
Surplus on Revaluation of Investments	-	-	-	-	-	123,588,148	-	-	123,588,148
Total Recognised Income and Expenses for the Year	-	-	-	-	-	(20,151,251)	-	113,655,423	93,504,172
Transfer to Statutory Reserve	-	22,731,085	-	-	-	-	-	(22,731,085)	-
Transfer to General Reserve	-	-	-	-	-	-	125,000,000	(125,000,000)	-
Transfer to Reserve for Issue of Bonus Shares @ 15% for the Year Ended 30 June 2007	-	-	74,287,700	-	-	-	-	(74,287,700)	-
Bonus Shares Issued	74,287,700	-	(74,287,700)	-	-	-	-	-	-
Balance at 30 June 2008	<i>Rupees</i> 569,539,000	202,186,151	-	53,426,910	2,596,484	390,820,631	375,000,000	185,427,230	1,778,996,406

* The statutory reserve is created by transferring not less than 20% after tax profit for the year which is required under Prudential Regulations issued by Securities and Exchange Commission of Pakistan under S.R.O.1132 (I) /2007 dated 21 November 2007 for Non-Banking Finance Companies (NBFC's).
The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman & Chief Executive

Director



NOTES OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

1. STATUS AND NATURE OF BUSINESS

First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The registered office of the Company is situated in Karachi, Pakistan. The Company has obtained the license of Leasing Business, Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2007 from the Securities and Exchange Commission of Pakistan (SECP).

Till last year the Company had license of Housing Finance Services (HFS). This license was not renewed by the Company during the period, as a result all mortgage finance facilities had been terminated and new agreements have been entered with the borrowers for long term finance. The principal outstanding at that time was Rs.105,867,218 and related interest income was Rs. 10,783,261.

The Company is also acting as Trustees to Term Finance Certificates/Sukuk issued by Naimat Basal Oil & Gas Securitization Limited, Askari Commercial Bank Limited (2nd Issue), Soneri Bank Limited, Standard Chartered Bank (Pakistan) Limited (3rd Issue), 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, Azgard Nine Limited, Escorts Investment Bank Limited, Associated Builders (Private) Limited, Engro Chemicals Pakistan Limited, Sitara Energy Limited, KASB Securities Limited, Orix Leasing Pakistan Limited, Grays Leasing Limited, Saudi Pak Leasing Company, New Allied Electronics (Pvt) Ltd., Security Leasing Corporation Limited (sukuk), Trakkers (Pvt) Limited, Dewan Cement Limited, Sitara Chemical Industries Limited, Al-Zamin Leasing Corporation Limited, HBFC (sukuk) and mutual fund certificates issued by Namco Balanced Fund and Namco Income Fund. The value of such assets as at 30 June 2008 amounted to Rs.36.675 billion (2007: 24.743 billion).

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules 2003), Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations 2007) or the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provision and directives issued under the Companies Ordinance 1984, NBFC Rules 2003 and NBFC Regulations 2007 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets and derivative financial instruments are stated at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company and rounded to the nearest rupee.

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from the other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the period the Company has changed the method of charging depreciation. Previously, depreciation on additions was charged for the whole year in the year of additions and no depreciation was charged in the year of disposal. Now, depreciation on additions is charged from the date on which asset is acquired till its disposal. The change in accounting estimate has been applied prospectively. Had there been no change in accounting estimate, the profit for the year ended 30 June 2008 would have been higher by 0.950 million. The carrying amount of property and equipment would have been higher by the same amount.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amount recognised in the financial statements are given in note 51 to these financial statements.

2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after 1 July 2008 are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

IFRS 2 (amendment)-Share-based payments (effective for annual periods beginning on or after 1 January 2009). IFRS 2 clarifies the vesting conditions and cancellations in the share-based payment arrangement.

IFRS 3 (amendment)-Business Combinations and consequential amendments to IAS 27-Consolidated and separate financial statements, IAS 28-Investment in associates and IAS 31-Interest in Joint Ventures. (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 July 2008). SECP has deferred the requirements of IFRS 7 for banks and such non-banking finance companies as are engaged in investment finance services, discounting services and housing finance services vide its notification till further orders.

IFRS 8 - Operating Segments: (effective for annual periods beginning on or after 1 January 2009).

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The objective of revising IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics.

Revised IAS 23-Borrowing costs (effective from 1 January 2009). Amendments relating to mandatory capitalisation of borrowing costs relating to qualifying assets.

IAS 29- Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 July 2008).

IAS 32 (amendment)-Financial instruments: Presentation and consequential amendment to IAS 1- Presentation of Financial Statements(effective for annual period beginning on or after 1 January 2009). IAS 32 amended classification of Puttable Financial Instruments.

IFRIC 12 – Service Concession Arrangements (effective for annual period beginning on or after 1 January 2008).

IFRIC 13- Customer Loyalty Programmes (effective for annual period beginning on or after 1 July 2008).



IFRIC 14-IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual period beginning on or after 1 January 2008).

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual period beginning on or after 1 October 2009).

IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual period beginning on or after 1 October 2008).

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Owned

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on straight line basis over the estimated useful life of the assets at the rate given in note 4 to the financial statement. Depreciation on additions is charged from the date on which asset is acquired till its disposal. Previously, depreciation on additions was charged for the whole year in the year of additions and no depreciation was charged in the year of disposal.

Normal repairs and maintenance are charged to income as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each balance sheet date.

Gain and losses on disposal of assets, if any, are included in the profit and loss account.

Capital work in progress is stated at cost less impairment, if any.

Leased

Assets subject to finance lease are initially recognised at lower of present value of minimum lease payments under the lease agreement and the fair value of the assets and are stated net of accumulated depreciation and impairment loss, if any. The related obligations under the lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liability. Depreciation on leased assets is charged on similar basis as owned fixed assets.

3.2 Investment property

Till last year the Company was using the "cost model" for measurement of its investment properties under which such properties were measured at cost less accumulated depreciation and any impairment losses. However, during the year 30 June 2008 the Company has adopted the "fair value model" for measurement of its investment properties. Under the fair value model, investment property is measured at fair value with any change therein recognised in the profit and loss account. A fair valuation of the investment properties was carried out at 30 June 2008 and the change in accounting policy has been applied retrospectively and corresponding figures have been restated in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The change in accounting policy had the following impact on these financial statements.



Profit and loss account for the year

	2008	2007
Surplus on revaluation of investment property	83,561,934	3,065,200
Reversal of depreciation charged in 2006-2007	-	10,773,088
	<u>83,561,934</u>	<u>13,838,288</u>
Increase in income tax expense	(29,246,677)	(4,843,401)
Increase in profit	<i>Rupees</i> <u>54,315,257</u>	<u>8,994,887</u>

Balance sheet as at

Increase in the value of investment property	<i>Rupees</i> <u>83,561,934</u>	<u>13,838,288</u>
Increase in deferred tax liability	<i>Rupees</i> <u>29,246,677</u>	<u>4,843,401</u>

Effect on accumulated profit prior to 1 July 2006

Increase in profit	130,582,949
Increase in tax expense	(45,707,032)
Increase in profit net of tax	<i>Rupees</i> <u>84,875,917</u>

3.3 Net investment in lease finance

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of the asset to the lessees are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, if any. The Company maintains provision for doubtful debts at a level that can be reasonably anticipated, keeping in view the nature of its overall business activities and regulatory requirements.

3.4 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.5 Investments

All investments are initially recognised at fair value, being the cost of the consideration given including transaction cost associated with the investment, except those classified as fair value through profit or loss, in which case the transaction costs are charged off to the profit and loss account.

The Company classifies its investments in the following categories:

Investments at fair value through profit or loss

An investment is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale of decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

After initial recognition, the above investments are remeasured at fair value determined with reference to the year-end quoted rates. Gains or losses on investments on remeasurement of these investments are recognised in profit or loss.



Held to maturity

Investments with fixed maturity where the management has both the intent and ability to hold till maturity are classified as held to maturity. These investments are stated at amortised cost less impairment losses, if any. Amortisation is determined using the effective yield method.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need of liquidity or changes in interest rates are classified as available for sale.

After initial recognition, quoted securities are remeasured at fair value, determined with reference to the year-end quoted rates. Whereas unquoted equity securities excluding investment in associates are carried at cost. Provision for impairment in value, if any, is taken to profit and loss account.

Gains or losses on remeasurement of these investments are recognised directly in the statement of changes in equity until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sale of assets.

3.6 Investment in equity accounted investees

Investment in associates are accounted for under the equity method of accounting, whereby the investment in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. After application of equity accounting, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in associate. The profit or loss reflects the investor's share of the results of the operations of the associates and distribution received from the investee by reducing the carrying amount of the investment. Where there has been a change recognised directly in equity of the associates, the Company recognises its share of any changes in the statement of changes in equity.

3.7 Loans and advances

Loans and advances are stated net of provisions against non-performing advances. Provisions are made in accordance with the guidance in the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted-off against advances.

3.8 Sale and repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under continuous funding system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repos) are not recognised in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions/continuous funding system and accrued over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.



3.9 Derivatives

Derivative instruments held by the Company comprise of interest rate swap (IRS). Derivatives are stated at fair value at the balance sheet date, if any. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet.

3.10 Staff retirement benefits

The Company operates the following staff retirement benefit schemes for its employees:

- (a) an unfunded gratuity scheme (defined benefit plan) covering all permanent employees of the Company who attained the minimum qualifying period.

The Company accounts for the defined benefit plan in accordance with IAS 19 'Employee Benefits'. The Company's net obligation in respect of staff gratuity is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognized actuarial losses and past service costs and the fair value of any plan assets are deducted. The calculation is performed by a qualified actuary using Projected Unit Credit Method. To the extent that benefits vest immediately following the introduction of a change to defined benefit plan, the resulting past service costs are recognized immediately. The Company recognizes a portion of its actuarial gains and losses as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

- 1) 10% of the present value of the defined-benefit obligation at that date; or,
- 2) 10% of the fair value of any plan asset at that date.

The portion of actuarial gains and losses to be recognized is the excess above 10% under 1 or 2 divided by the expected average remaining working lives of the employees participating in that plan.

The portion of actuarial gains and losses to be recognized is the excess above 10% under 1 or 2 divided by 5 years.

- (b) contributory provident fund, in which equal monthly contribution at the rate of 10% of basic salary is made by the Company and employees.

3.11 Long term loans and redeemable capital

Long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction cost. Subsequently, these are carried at amortized cost using effective interest rate method. Transaction cost relating to the long term finance are being amortized over the period of agreement using the effective interest rate method.

3.12 Borrowing costs

Borrowing costs are interest or other auxiliary costs incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account.



3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration tax credits available, if any, or one half of one percent of turnover, whichever is higher.

Deferred

Deferred tax is provided using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rate enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Impairment

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit and loss account.

3.15 Revenue recognition

The Company follows the finance method in recognizing income on lease contracts. Under this method, the unearned income i.e., the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortized over the term of the lease applying the annuity method, so as to produce a constant rate of return on net investment in the leases. Revenue on finance lease is not accrued when rent is past due by one hundred eighty days or more in which case it is recognised on receipts basis. Front end fee, documentation charges, commitment fee and other commissions, if any, are taken to income when earned.

Profit on long term finances, mortgage finances, long term loans and morabaha finances are accrued on time proportion basis on effective yield basis.

Return on preference shares and term finance certificate is recognised under the effective interest rate method on a time proportion basis.

Dividend income from investments is recognized when the right to receive is established.

Income from capital gain is recognised on trade date. Brokerage and underwriting commission is recognised as and when earned.

Unrealised capital gains / (losses) arising on the revaluation of securities classified as financial assets at fair value through profit or loss are included in the income statement in the year in which they arise.

Income on continuous funding system transactions, term finance certificates and bank deposits are recognised using effective yield method on a time proportionate basis.



Rental income on investment property is recognised on an accrual basis.

Guarantee income is recognised on time proportion basis.

Consultancy and Corporate Advisory Fees are recognised as and when services are provided.

Trusteeship and custodianship fees are recognized as and when services are provided

3.16 Foreign currencies

Transaction in foreign currencies are accounted for in Rupees at the exchange rate on the date of transaction. Monetary assets and liabilities in foreign currencies are converted into Rupees at the rate of exchange on the balance sheet date. In cases, where exchange risk cover has been obtained from the State Bank of Pakistan, the foreign currency amounts are translated into rupees at the contracted rates.

Exchange risk fee and differences arising due to hedging mechanism are accounted for as deferred revenue or costs, as the case may be, and are credited to income or amortized respectively over the term of the transaction.

3.17 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly.

3.18 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.

3.19 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly are not included in these financial statements.

3.20 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management.

3.21 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.22 Segment reporting

As segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The company's primary format for segment reporting is based on business segments.



3.23 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

4	PROPERTY AND EQUIPMENT	Note	2008	2007
	Operating fixed assets	4.1	12,671,770	11,974,473
	Capital work in progress	4.3	49,356,000	-
		Rupees	<u>62,027,770</u>	<u>11,974,473</u>

4.1 The following is a statement of operating fixed assets:

	Cost at 01 July 2007	Additions/ (Deletion)	Transfer 4.2	Cost at 30 June 2008	Accumulated Depreciation at 01 July 2007	Transfer 4.2	Depreciation/ (Adjustment) for the year	Accumulated Depreciation at 30 June 2008	Book Value at 30 June 2008	Rate %
Owned										
Furniture and Fixtures	3,968,150	20,900	-	3,989,050	2,534,716	-	398,208	2,932,924	1,056,126	10
Equipment and Appliances	6,917,366	1,897,507 (8,500)	-	8,806,373	4,309,922	-	1,767,175	6,077,097	2,729,276	20
Vehicles	5,417,025	5,557,890 (2,068,950)	7,324,578	16,230,543	2,380,092	4,777,031	1,247,577 (1,060,525)	7,344,175	8,886,368	20
	16,302,541	7,476,297 (2,077,450)	7,324,578	29,025,966	9,224,730	4,777,031	3,412,960 (1,060,525)	16,354,196	12,671,770	
Leased Assets										
Vehicles	11,023,578	164,000 (3,863,000)	(7,324,578)	-	6,126,916	(4,777,031)	2,103,415 (3,453,300)	-	-	20
2008	<i>Rupees</i> 27,326,119	7,640,297 (5,940,450)	-	29,025,966	15,351,646	-	5,516,375 (4,513,825)	16,354,196	12,671,770	
	Cost at 01 July 2006	Additions/ (Deletion)	Transfer 4.2	Cost at 30 June 2007	Accumulated Depreciation at 01 July 2006	Transfer 4.2	Depreciation/ (Adjustment) for the year	Accumulated Depreciation at 30 June 2007	Book Value at 30 June 2007	Rate %
Owned										
Furniture and Fixtures	3,968,150	-	-	3,968,150	2,137,901	-	396,815	2,534,716	1,433,434	10
Equipment and Appliances	6,411,466	543,900 (38,000)	-	6,917,366	2,541,765	-	1,783,357 (15,200)	4,309,922	2,607,444	20
Vehicles	3,445,334	1,896,000 (523,309)	599,000	5,417,025	1,525,222	239,600	1,003,605 (388,335)	2,380,092	3,036,933	20
	13,824,950	2,439,900 (561,309)	599,000	16,302,541	6,204,888	239,600	3,183,777 (403,535)	9,224,730	7,077,811	
Leased Assets										
Vehicles	15,031,000	537,578 (3,946,000)	(599,000)	11,023,578	5,456,000	(239,600)	2,204,716 (1,294,200)	6,126,916	4,896,662	20
2007	<i>Rupees</i> 28,855,950	2,977,478 (4,507,309)	-	27,326,119	11,660,888	-	5,388,493 (1,697,735)	15,351,646	11,974,473	

4.2 Represents assets and corresponding accumulated depreciation transferred from Leased Assets to Owned Assets.

4.3 This amount represents the payment made by the Company to Jofa Construction for the construction of the ground floor acquired in the project Jofa Tower located in Karachi. The total cost of the project is 82.26 million to be paid as per agreement entered between the Company and Jofa Construction.



4.4 Disposal of Property, Plant and Equipment

Particulars	Cost	Accumulated depreciation	Book Value	Sale Proceeds	Name & Address of Purchaser	Mode of disposal
Equipment	8,500	-	8,500	3,500	Micron Electronics Suite # B-713, Saima Trade Tower B, I.I.Chundrigar Road, Karachi	Negotiation
Vehicle	529,000	317,400	211,600	320,000	Syed Ahmed Tauseef (Ex-Employee) 327/2-C-II, Township, Lahore. CNIC # 271-87-196578	Negotiation
Vehicle	1,287,500	1,287,500	-	-	Rafique Dawood (Chief Executive) House # F-12, Dawood Colony, Stadium Road, Karachi. CNIC # 42201-0438107-3	Company Policy
Vehicle	1,197,500	1,197,500	-	-	Ayaz Dawood (Director) House # F-12, Dawood Colony, Stadium Road, Karachi. CNIC # 42201-0438110-3	Company Policy
Vehicle	849,000	650,900	198,100	198,100	Muhammad Rizwan ul Haq (Employee) B/1, Street # 23, Khayaban-e- Tanzeem, DHA V, Karachi. CNIC # 42301-0842091-9	Company Policy
Vehicle	348,500	209,100	139,400	139,400	Ibrahim Najmuddin (Employee) Flat No.1, Plot No. E-44, Memorial Market, Block-E, North Nazimabad, Karachi. CNIC # 42201-8647671-1	Company Policy
Vehicle	333,500	66,700	266,800	310,000	New Jubilee Insurance Tariq Road Branch 106-K/2, Block 2, Khalid Bin Waleed Road, PECHS, Karachi.	Insurance Claim
Vehicle	879,000	351,600	527,400	400,000	Raheel Hameed A-17, Memon Nagar, Scheme-33, Gulshan Town, Sector 13-A, Karachi CNIC # 42501-1383883-3	Negotiation
Vehicle	50,450	-	50,450	49,000	New Jubilee Insurance Tariq Road Branch 106-K/2, Block 2, Khalid Bin Waleed Road, PECHS, Karachi.	Insurance Claim
Vehicle	399,000	399,000	-	-	Syed Ahmed Tauseef (Ex-Employee) 327/2-C-II, Township, Lahore. CNIC # 271-87-196578	Company Policy
Vehicle	58,500	34,125	24,375	24,375	Khurram Alam (Ex-Employee) 214-A, Block-2, First Floor, PECHS, Karachi CNIC # 42201-0558669-1	Company Policy
2008	<i>Rupees</i>	5,940,450	4,513,825	1,426,625	1,444,375	
2007	<i>Rupees</i>	4,507,309	1,697,735	2,809,574	2,538,816	



5. INVESTMENT PROPERTY		Note	2008	2007				
Balance at 01 July			217,120,000	157,570,000				
Acquisitions during the year			562,960,500	56,484,800				
Deletion during the year	5.3		(17,900)	-				
Changes in fair value			83,561,934	3,065,200				
Balance at 30 June		Rupees	<u>863,624,534</u>	<u>217,120,000</u>				
5.1 Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains a period ranging from 11 months to 10 years. Subsequent renewals are based on mutual consent between lessor and lessee.								
5.2 As at 30 June 2008, the investment property is valued by J&M Associates, enlisted with Pakistan Banks Association (PBA) and Leasing Association of Pakistan (LAP). The main criteria of valuation for the assessment of investment property includes:								
- property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for the properties of the same nature in the immediate neighbourhoods and adjoining areas.								
- properties which are recently sold and their respective selling prices.								
- properties which are up for sale and their asking price in prevailing market.								
- nature of property.								
5.3 This represents the parking area which was sold to First Modarba Management Limited for an amount of Rs.75,000 having book value at the time of disposal Rs. 17,900.								
6. NET INVESTMENT IN LEASE FINANCE			2008	2007				
	Note		Less than one year	More than one year and less than five years	Total	Less than one year	More than one year and less than five years	Total
Minimum lease payments receivables	6.1	1,293,219,845	769,549,609	2,062,769,454	1,519,835,953	1,361,132,306	2,880,968,259	
Residual value of leased assets		103,187,302	336,496,058	439,683,360	68,443,474	472,899,152	541,342,626	
		<u>1,396,407,147</u>	<u>1,106,045,667</u>	<u>2,502,452,814</u>	<u>1,588,279,427</u>	<u>1,834,031,458</u>	<u>3,422,310,885</u>	
Unearned finance income		(147,366,680)	(229,680,184)	(377,046,864)	(359,232,270)	(226,483,517)	(585,715,787)	
Net investment in lease finance		<u>1,249,040,467</u>	<u>876,365,483</u>	<u>2,125,405,950</u>	<u>1,229,047,157</u>	<u>1,607,547,941</u>	<u>2,836,595,098</u>	
Provision for lease losses	6.2			(301,296,615)			(405,682,865)	
Net investment in lease finance				<u>1,824,109,335</u>			<u>2,430,912,233</u>	
Current portion of net investment in Lease finance	12			(1,249,040,467)			(1,229,047,157)	
	Rupees			<u>575,068,868</u>			<u>1,201,865,076</u>	
6.1 The Company has entered into various lease agreements with different parties having mark-up return ranging from 9% to 30% (2007: 9% to 17%). The lease agreements are usually for a period of three to five years. Lease assets are held as securities against financing of the same assets. As at 30 June 2008 the balance of non-performing lease portfolio amounts to Rs. 861.5 million (2007: Rs. 882.7 million). The forced sales value considered against these non-performing lease portfolio amounts to Rs. 437.4 million (2007: Nil).								
6.2 The following is the movement of provision for lease losses:		Note	2008	2007				
Opening balance			405,682,865	134,135,716				
Amount (reversed) / provided during the year - net	34		(104,386,250)	271,547,149				
Closing balance		Rupees	<u>301,296,615</u>	<u>405,682,865</u>				



7. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

	Note	2008	2007
Balance at beginning of the year		233,085,060	58,765,161
Gain on derecognition of interest in subsidiaries		-	24,264,053
Share of profits	37	2,587,993	9,341,038
Increase in interest of associates		20,600,000	126,356,947
Share of surplus on revaluation of investments		41,277,843	14,357,861
Balance at end of the year	Rupees	<u>297,550,896</u>	<u>233,085,060</u>

Summary of financial information as at 30 June 2008 for equity accounted investees, not adjusted for the percentage ownership held by the company.

2008						
	Ownership	Assets	Liabilities	Equity	Revenue	Profit/Loss
Associates						
Dawood Capital Management Limited 4,083,750 shares of Rs. 10 each Market value of investment as at 30 June 2008 Rs. 113.936 million Name of Chief Executive: Tara Uzra Dawood	30%	506,927,314	116,814,611	390,112,703	84,185,332	17,749,498
Dawood Islamic Bank Limited* (Formerly First Dawood Islamic Bank Limited) 12,360,000 shares of Rs. 10 each Name of Chief Executive: Nicholas Rafiq Schwarz	3.089%	8,490,856,000	4,383,441,000	4,107,415,000	219,326,000	70,255,000
B.R.R. Investments (Private) Limited 4,762,100 shares of Rs. 10 each Name of Chief Executive: Ayaz Dawood	41.63%	454,638,527	325,789,752	128,848,775	36,397,983	(11,787,092)
	Rupees	<u>9,452,421,841</u>	<u>4,826,045,363</u>	<u>4,626,376,478</u>	<u>339,909,315</u>	<u>76,217,406</u>

2007						
	Ownership	Assets	Liabilities	Equity	Revenue	Profit/Loss
Associates						
Dawood Capital Management Limited 3,630,000 shares of Rs. 10 each Market value of investment as at 30 June 2007 Rs. 38.115 million Name of Chief Executive: Tara Uzra Dawood	30%	347,453,820	88,394,872	259,058,947	48,771,211	43,948,826
First Dawood Islamic Bank Limited* 10,300,000 shares of Rs. 10 each Name of Chief Executive: Nicholas Rafiq Schwarz	3.43%	3,621,061,000	592,790,000	3,028,271,000	58,110,000	9,186,000
B.R.R. Investments (Private) Limited 4,762,100 shares of Rs. 10 each Name of Chief Executive: Ayaz Dawood	41.63%	377,001,870	235,241,276	141,760,594	24,221,640	(8,420,342)
	Rupees	<u>4,345,516,690</u>	<u>916,426,148</u>	<u>3,429,090,541</u>	<u>131,102,851</u>	<u>44,714,484</u>

* The investment in this company has been accounted for using equity method of accounting based on common directorship and the Company's ability to exercise significant influence on the economic decision making of the investee.



8. OTHER INVESTMENTS	Note	2008	2007
<i>Non-current Investments</i>			
Held to maturity investments	<i>Rupees</i> 8.1	<u>191,879,240</u>	<u>271,425,131</u>
<i>Current Investments</i>			
Available for sale investments	8.2	2,090,565,090	2,453,089,765
Investments designated at fair value through profit or loss	8.3	51,973,544	59,399,819
Investments held for trading	8.4	926,869,759	901,546,957
	<i>Rupees</i>	<u>3,069,408,393</u>	<u>3,414,036,541</u>
8.1 Held to maturity investments			
Term Finance Certificates	8.1.1	-	98,648,644
US Dollar Bonds	8.1.2	4,012,472	3,567,258
Pakistan Bonds	8.1.3	17,818,096	12,092,400
Bank Markazi Iran Bonds		-	24,432,690
HBOS Capital Funding Perpetual Bonds		-	4,534,650
Target Redemption Bonds	8.1.4	6,800,800	6,046,200
WAPDA Bonds		-	100,000,000
Debt Instruments - preference shares	8.1.5	134,695,708	134,695,708
Pakistan Investment Bonds	8.1.6	46,166,236	55,618,265
		<u>209,493,312</u>	<u>439,635,815</u>
Current portion	12	<u>(17,614,072)</u>	<u>(168,210,684)</u>
	<i>Rupees</i>	<u>191,879,240</u>	<u>271,425,131</u>
8.1.1 Term Finance Certificates (TFCs)			
<i>Un-quoted</i>			
Dewan Cement Limited			
Series A		-	181,412,048
Series B		-	2,089,846
		<u>-</u>	<u>183,501,894</u>
Profit Capitalized on TFC's of Series A		-	39,682,243
Less: Suspended		-	(39,682,243)
		<u>-</u>	<u>-</u>
Less : Provision	8.1.1.1	-	(84,853,250)
	<i>Rupees</i>	<u>-</u>	<u>98,648,644</u>



8.1.1.1 Particulars of provision against TFCs	Note	2008	2007
Opening balance		84,853,250	84,853,250
Reversal during the year	34	(84,853,250)	-
Closing balance	<i>Rupees</i>	<u><u>-</u></u>	<u><u>84,853,250</u></u>

8.1.2 These represent 7 year bonds of US \$ 59,000 (2007: US \$ 59,000) having a maturity date of 22 March 2009. Interest rate is 4% (2007: 4%) over LIBOR received on a semi-annual basis.

8.1.3 These represent 5 & 10 year bonds of US \$ 200,000 & 62,000 (2007: US\$ 200,000) having a maturity date of 19 February 2009 and 01 June 2017 respectively. Interest rate is 6.75% & 6.875% (2007: 6.75%) per annum respectively received on a semi-annual basis.

8.1.4 These represents 10 year bonds of US \$ 100,000 (2007: US\$ 100,000) having a maturity date of 26 April 2014. Interest rate is 8.20% (2007: 8.20%) per annum received on a semi-annual basis.

8.1.5 Debt Instruments - Preference Shares

	Date of Maturity	(No. of shares)		2008	2007
		2008	2007		
Quoted					
Azgard Nine Limited	Sep 2010	3,064,078	3,064,078	30,654,358	30,654,358
Chenab Limited	Sep 2008	1,820,000	1,820,000	18,200,000	18,200,000
Shakarganj Mills Limited	Sep 2010	3,584,135	3,584,135	35,841,350	35,841,350
Un-quoted					
Jamshoro Joint Venture Limited	Feb 2009	5,000,000	5,000,000	50,000,000	50,000,000
				<i>Rupees</i> <u><u>134,695,708</u></u>	<u><u>134,695,708</u></u>

These represent cumulative redeemable convertible preference shares carrying dividend from 8.5% to 15% (2007: 8.5% to 15%) per annum. Market value of quoted preference shares at 30 June 2008 is Rs.139.278 million (2007: Rs.105.44 million).

8.1.6 The investment carries mark-up at the rate of 10% (2007: 10%) and will mature on various dates till 20 January 2024. The said investment has been pledged against borrowings from financial institutions.

8.2 Investments - available for sale	Note	2008	2007
Term Finance Certificates	8.2.1	1,121,655,811	1,118,873,809
Pakistan Investment Bonds	8.2.2	222,845,580	678,846,700
Sukuk Bonds	8.2.3	160,000,000	-
Commercial Papers		-	18,201,221
National Investment Trust	8.2.4	80,377	93,774
Quoted securities	8.2.5	585,983,322	637,074,261
	<i>Rupees</i>	<u><u>2,090,565,090</u></u>	<u><u>2,453,089,765</u></u>



	No. of Certificates		2008	2007
	2008	2007		
8.2.1 Term Finance Certificates (TFCs)				
Quoted (8.2.1.1)				
Allied Bank of Pakistan Limited	4,409	4,409	23,362,492	22,908,990
Al-Noor Sugar Mills Limited	-	3,000	-	2,502,500
Al-Zamin Leasing Modaraba (Managed by Al-Zamin Modaraba Management (Private) Limited)	8,000	1,800	33,305,224	22,120,000
Askari Bank Limited	4,000	-	20,675,304	-
Bank Al-Habib Limited	4,350	4,350	20,746,324	21,732,599
Crescent Leasing Limited - II	-	1,000	-	5,117,650
Escorts Investment Bank Limited	6,090	12,090	31,326,604	30,450,000
Grays Leasing Limited	-	1,000	-	1,250,000
Ittehad Chemicals Limited	-	4,000	-	6,661,440
Jahangir Siddiqui & Company Limited	-	5,000	-	25,000,000
Maple Leaf Cement Limited	-	1,000	-	199,920
MCB Bank Limited	-	1,000	-	2,995,200
Naimat Basal Oil & Gas Securitization Limited	9,826	9,826	19,692,682	30,006,638
Orix Leasing Limited	6,000	-	30,476,804	-
Pace Pakistan Limited	10,230	-	51,809,159	-
Pak Elektron Limited	-	25,000	-	125,000,000
Pakistan International Airline Corporation	29,000	29,000	122,245,991	130,493,980
Pakistan Mobile Communications Limited	2,000	2,000	2,150,200	6,000,000
Pakistan Services Limited	6,000	6,000	4,305,844	12,849,428
Searle Pakistan Limited	7,806	7,806	29,603,142	39,014,378
Shahmurad Sugar Mills Limited	-	7,000	-	35,000,000
Standard Chartered Bank (Pakistan) Limited - I	-	3,260	-	10,740,790
Standard Chartered Bank (Pakistan) Limited - II	3,933	3,933	20,709,675	19,645,414
Trust Investment Bank Limited	903	903	2,276,237	3,160,500
United Bank Limited - I	10,000	10,000	43,855,978	36,333,586
United Bank Limited -II	15,928	15,928	71,173,689	79,633,628
United Bank Limited -III	4,000	-	20,971,410	-
United Bank Limited -IV	10,000	-	49,725,000	-
Worldcall Communication Limited	-	3,000	-	2,462,748
			598,411,759	671,279,389
Un-quoted				
Associated Builders (Private) Limited	50,000	47,500	187,502,334	237,500,334
Chaudhry Sugar Mills Limited	25	5,000	4,411,751	10,294,086
Avari Hotels Limited	1,000	-	5,066,667	-
Gharibwal Cement Limited	32,000	-	155,000,000	-
Trakker ((Private)) Limited	150	-	13,125,000	-
Optimus Limited	10,000	-	50,154,967	-
Zaver Petroleum Limited	40,000	40,000	107,983,333	199,800,000
			523,244,052	447,594,420
			<i>Rupees</i>	
			1,121,655,811	1,118,873,809

8.2.1.1 The listed TFCs are redeemed semi-annually and earn expected profit ranging from 8% to 15.25% (2007: 8% to 15.25%) . TFCs of Rs.582.24 million (2007: Rs. 146.97 million) have been placed as collateral against borrowings. All listed TFCs have the face value of Rs. 5,000 each.

8.2.2 The investment has been financed through borrowings which is secured against pledge of the said investment. The interest rate on investment is 9.60% (2007: 9.60%) received on semi annual basis.



8.2.3 The unlisted Sukuks are redeemed semi-annually/quarterly and earn expected profit ranging from 11.17% to 12.84% having maturity of 5 to 7 years. (2007: Nil) .

8.2.4 This represents investment in 1,531 (2007: 1,531) units having a face value of Rs.10 each.

8.2.5 *Quoted securities*

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

Shares/Certificates/Units	No. of shares/Certificates		2008	2007
	2008	2007		
ABN Amro Bank (Pakistan) Limited	1,023	1,023	24,623	53,195
Adamjee Insurance Company Limited	16,372	16,372	4,432,228	5,336,453
American Life Insurance Company Limited	2,013,576	1,273,300	98,665,224	58,826,460
Arif Habib Bank Limited	75,000	-	1,438,500	-
Arif Habib Securities Limited	614,598	1,149,572	99,245,285	134,040,095
Atlas Insurance Company Limited	54,519	35,938	4,274,834	4,671,939
Bank Alfalah Limited	37,386	23,348	1,535,069	1,519,955
Bank Al Habib Limited	167,572	117,209	7,074,890	7,794,399
Callmate Tellips Telecom Limited	210,309	211,809	4,185,575	10,484,545
Central Insurance Company Limited	-	11,550	-	2,096,903
Cherat Cement Limited	22,968	22,968	622,203	1,297,692
Crescent Commercial Bank Limited	476	476	5,022	10,686
D.G. Khan Cement Limited	25,942	25,942	1,741,746	3,022,243
Dawood Equities Limited	1,800,500	-	31,958,875	-
Dawood Lawrencepur Limited	1,840	1,840	260,599	150,880
Eye Television Network Limited	504,317	504,317	29,704,280	25,165,427
Fauji Fertilizer Company Limited	34,171	34,171	4,521,507	4,143,234
Faysal Bank Limited	181,743	143,795	6,368,274	10,640,829
First Equity Modaraba (Managed by Premier Financial Services (Private) Limited)	593,300	593,300	8,899,500	2,847,840
First National Equities Limited	23,225	1,619,000	1,954,479	60,874,400
GlaxoSmithKline Pakistan Limited	67,248	46,944	11,432,160	8,802,000
Habib Metropolitan Bank Limited (Formerly Metropolitan Bank Limited)	115,898	60,415	4,771,520	4,651,954
International Industries Limited	13,867	9,479	1,739,754	1,405,262
Invest Capital Investment Bank Limited	64,594	-	1,336,547	-
Kohinoor Textile Mills Limited	29,136	29,136	404,116	779,388
Maple Leaf Cement Limited	209,763	209,763	4,051,455	5,118,218
MCB Bank Limited	33,459	33,459	10,920,348	12,212,535
National Bank of Pakistan	90,360	67,075	13,328,100	17,573,650
New Jubilee Life Insurance Limited	289,000	289,000	16,594,380	14,522,250
NIB Bank Limited	11,245	5,056	231,439	218,278
Nishat Chunian Limited	24,545	24,545	589,324	1,010,026
Packages Limited	1,606	93	404,535	29,672
Pakistan Industrial Credit & Investment Corporation	-	2,822	-	231,686
Pakistan Oilfields Limited	33,060	62,160	12,061,610	19,704,720
Pakistan Re-Insurance Company Limited	206,308	100,600	17,909,598	22,428,770
Pakistan Strategic Allocation Fund (Managed by Arif Habib Investment Management Limited)	1,500,000	1,500,000	13,815,000	15,750,000
Pakistan Telecommunication Company Limited	13,000	93,000	502,321	5,301,000
PICIC Insurance Limited	53,428	30,531	926,977	1,531,131
Pioneer Cement Limited	1,336,594	1,663,169	37,651,728	62,202,521
Premier Insurance Company Limited (Rs. 5 each)	114,428	87,596	3,229,158	3,871,743
Sapphire Textile Mills Limited	1,750	1,750	237,125	178,238
The Bank of Punjab Limited	14,075	39,953	438,154	4,654,524
			459,488,062	535,154,741



	No. of shares/Certificates		2008	2007
	2007	2008		
			459,488,062	535,154,741
Balance brought forward				
TRG Pakistan Limited	5,000,000	5,000,000	52,414,593	82,000,000
Wyeth Pakistan Limited (Rs. 100 each)	930	930	2,185,500	1,919,520
			514,088,155	619,074,261
Un-quoted				
Dawood Equities Limited	-	1,800,000	-	18,000,000
Dawood Family Takaful Limited	7,000,000	-	70,000,000	-
First Pakistan Securities Limited-Pre IPO	2,518,454	-	36,000,000	-
World Bridge Connect (Private) Limited	2,396,881	2,396,881	23,968,810	23,968,810
			129,968,810	41,968,810
Less. Provision for diminution in value of investments		8.2.5.1	(58,073,643)	(23,968,810)
			585,983,322	637,074,261

The SECP has imposed penalty on certain existing and former Directors of the Company for non compliance of NBFC Rules 2003, relating to investments made by the Company in prior years in certain unlisted Companies without taking prior approval of SECP. The Directors have filed an appeal against the decision. The matter is pending with the Commission. At present, there are no investments in unlisted companies which is violation of law.

8.2.5.1 Particulars of provision for diminution in the value of investments

Opening balance		23,968,810	23,968,810
Charge for the year		34,104,833	-
Closing balance	<i>Rupees</i>	58,073,643	23,968,810

8.3 Investments - Initially Designated at Fair Value

Fully paid ordinary shares of Rs. 10 each unless stated otherwise:

Shares/Certificates/Units	No. of shares/Certificates		2008	2007
	2007	2008		
<i>Quoted</i>				
Al-Ghazi Tractors Limited (Rs. 5 each)	105,750	46,750	28,801,013	13,323,750
Arif Habib Securities Limited	-	230,026	-	26,821,027
Cherat Cement Company Limited	8,475	8,475	229,588	478,838
First Equity Modaraba (Managed by Premier Financial Services (Private) Limited)	602,300	627,300	1,776,785	3,011,040
First Imrooz Modaraba (Managed by A.R. Management Services (Private) Limited)	1,500	1,500	54,300	63,000
First National Bank Modaraba (Managed by National Bank of Pakistan)	24,500	585,000	1,960,000	5,060,250
First Prudential Modaraba (Managed by Prudential Modaraba Management (Private) Limited)	2,057	2,057	8,741	3,907
Gillette Pakistan Limited	3,200	3,200	427,552	416,000
Habib Modaraba (Managed by Habib Modaraba Management Limited)	40,000	20,000	310,800	270,000
National Asset Leasing Corporation Limited	196,700	496,200	121,954	496,200
Pakistan Tobacco Company Limited	12,500	10,000	1,462,501	1,570,000
Sanofi Aventis Limited	100	300	23,215	94,500
Standard Chartered Modaraba (Managed by Standard Chartered Services Pakistan (Private) Limited)	1,247	1,188	14,964	16,157
Suraj Cotton Mills Limited	5,000	5,000	267,500	296,250
Tripack Films Limited	65,600	20,000	11,297,631	2,696,000
Unilever (Pakistan) Limited (Rs. 50 each)	2,220	2,140	5,217,000	4,782,900
			51,973,544	59,399,819



8.4 Investments - Held for Trading

Fully paid ordinary shares of Rs. 10 each unless stated otherwise,

Shares/Certificates/Units	No. of shares/Certificates		2008	2007
	2007	2008		
<i>Quoted</i>				
Abbot Laboratories Pakistan Limited	50,000	-	8,870,000	-
Adamjee Insurance Company Limited	113,267	31,767	30,663,642	10,354,214
Agri Auto Industries Limited (Rs. 5 each)	30,500	-	2,523,875	-
AKD Opportunity Fund (Managed by AKD Investment Management Limited)	-	60,000	-	3,765,000
Al-Abbas Cement Limited	-	10,000	-	146,500
Alfalah GHP Income Multiplier Fund (Managed by Alfalah GHP Investment Management Limited)	-	2,000,000	-	100,332,000
Alfalah GHP Value Fund (Managed by Alfalah GHP Investment Management Limited)	-	1,792,396	-	112,204,029
Allied Bank of Pakistan Limited	21,240	200	1,811,135	27,789
Al-Zamin Leasing Modarba (Formerly Crescent Leasing Corporation Limited) (Managed by Al-Zamin Modaraba Management (Private) Limited)	1,048	1,048	3,878	8,384
American Life Insurance Limited	1,085,500	-	53,189,500	-
AMZ Venture Limited	592,500	692,500	1,635,300	4,778,250
Arif Habib Bank Limited	48,714	-	934,335	-
Arif Habib Limited	17,500	-	4,322,326	-
Artistic Denim Mills Limited	10,000	-	425,700	-
Askari Commercial Bank Limited	29,425	53,000	1,182,589	5,612,697
Atlas Battery Limited	55,900	-	8,657,792	-
Atlas Insurance Company Limited	26,000	26,000	2,038,660	3,380,000
Atlas Investment Bank Limited	20,172	12,608	211,404	216,227
Attock Refinery Limited	43,518	40,515	10,874,278	4,722,042
Attock Cement Limited	27,500	27,500	2,121,075	3,367,375
Attock Petroleum Limited	5,000	2,500	2,161,399	1,253,375
Azgard Nine Limited	20,000	-	1,231,200	-
Bank Alfalah Limited	61,691	77,691	2,533,032	5,057,687
Bank Al Habib Limited	80,670	50,670	3,405,888	3,369,555
Bank Islami Pakistan Limited	406	-	6,013	-
Bawany Air Product Limited	16,500	-	258,060	-
BOC Pakistan Limited	69,100	-	15,103,187	-
Bosicor Pakistan Limited	415,808	50,000	5,571,832	887,503
Bosicor Pakistan Limited - Right	-	160,000	-	745,000
BRR Guardian Modaraba (Managed by BRR Investments (Private) Limited)	1,810,529	2,086,029	12,909,067	18,148,448
Callmate Telips Telecom Limited	-	76,000	-	3,762,000
Central Insurance Company Limited	9,350	-	1,522,180	-
Century Paper & Board Mills Limited	20,780	6,000	1,039,000	375,300
Chenab Limited	31,500	81,500	207,900	1,214,350
Cherat Paper Sack Limited	61,268	3,715	7,758,980	573,968
Clairant Pakistan Limited	38,100	-	8,445,627	-
Crescent Commercial Bank Limited	-	10,000	-	224,500
Crescent Steel & Allied Product Limited	20,000	-	1,234,600	-
Crosby Dragon Fund (Managed by Crosby Asset Management (Pakistan) Limited)	128,899	-	21,975,991	-
Balance carried forward			214,829,445	284,526,193



	No. of shares/Certificates		2008	2007
	2007	2008		
	Balance brought forward		214,829,445	284,526,193
D.G. Khan Cement Limited	207,809	82,809	13,952,296	9,647,251
Dandot Cement Limited	81,500	-	1,784,850	-
Dawood Hercules Chemicals Limited	14,439	7,866	5,623,990	2,193,827
Dawood Lawrancepur Limited	25,945	-	3,674,590	-
Dawood Money Market Fund (Rs. 100 per unit) (Managed by Dawood Capital Management Limited)	361,366	573,755	40,035,811	63,784,010
Dewan Cement Limited	75,399	371,632	4,556,207	6,447,814
Dewan Farooque Motors Limited	325	41,825	2,248	665,020
Dewan Salman Fibre Limited	20,298	45,298	100,474	477,893
Ecopak Limited	996,280	1,011,280	9,962,800	21,641,392
EFU General Insurance	29,150	-	10,519,069	-
EFU Life Assurance Limited	32,250	-	12,295,635	-
Engro Chemicals Pakistan Limited	110,779	62,438	31,107,851	15,796,814
Engro Polymer & Chemical Limited	273,378	-	4,920,804	-
Escorts Investment Bank Limited	45,125	45,125	572,185	740,050
Fauji Cement Company Limited	82,500	52,500	834,900	1,034,249
Fauji Fertilizer Bin Qasim Limited	76,712	61,712	2,759,334	2,406,769
Fauji Fertilizer Company Limited	9,744	119,744	1,289,326	14,518,961
Faysal Bank Limited	8,000	13,000	280,320	962,000
First Capital Securities Corporation Limited	15,000	-	888,000	-
First Dawood Mutual Fund (Managed by Dawood Capital Management Limited)	1,118,650	1,139,650	7,987,161	10,256,850
First Habib Bank Modaraba (Rs. 5 each) (Managed by Habib Bank Financial Services (Private) Limited)	10,040	10,040	78,613	99,396
First Habib Income Fund (Managed by Habib Asset Management Limited)	108,595	100,000	11,103,846	10,159,000
First Punjab Modaraba (Managed by Punjab Modaraba Services (Private) Limited)	335,556	335,556	2,449,559	2,684,448
Flying Cement Company Limited	15,000	-	107,850	-
Gharibwal Cement Limited	8,727	-	168,867	-
GlaxoSmithKline Pakistan Limited	34,272	34,272	5,826,240	6,426,000
Gul Ahmed Textile Mills Limited	164	164	6,560	7,487
Habib ADM Limited	-	16,000	-	238,411
Habib Bank Limited	5,610	-	1,170,415	-
Habib Insurance Limited	90	3,375	6,175	237,769
Highnoon Laboratories Limited	45,000	-	2,539,800	-
Honda Atlas Cars Pakistan Limited	34,040	3,000	1,280,925	189,600
Hub Power Company Limited	270,500	570,500	7,736,300	20,937,353
Ibrahim Fibres Limited	124	15,124	6,511	862,068
ICI Pakistan Limited	88,027	2,527	14,204,917	422,261
IGI Investment Bank Limited	6,500	-	51,415	-
Indus Motor Company Limited	15,500	5,200	3,100,775	1,588,600
International General Insurance Limited	71,325	5,760	16,099,479	2,304,000
International Industries Limited	35,000	-	4,391,100	-
Invest Capital Investment Bank Limited (Formerly Asset Investment Bank Limited)	53	200	628	970
Investec Securities Limited	-	5,500	-	6,600
Jahangir Siddiqui & Company Limited	28,272	-	14,988,401	-
	Balance carried forward		453,295,672	481,263,056



	No. of shares/Certificates		2008	2007
	2007	2008		
		Balance brought forward	453,295,672	481,263,056
Javed Omar Vohra & Company Limited	100,280	26,700	5,352,945	6,234,450
JS Bank Limited	300	1,200	4,124	23,101
JS Income Fund (Managed by JS Investments Limited)	973,615	-	101,197,543	-
JS Investments Limited	55,000	-	5,228,850	-
Karachi Electric Supply Corporation Limited (Rs. 5 each)	400	400	2,188	2,700
KASB Bank Limited	64,837	49,875	1,249,409	1,092,263
Kohat Cement Limited	13,570	1,800	497,069	98,100
Kohinoor Textile Mills Limited	12,601	48,101	174,775	1,286,701
Kot Addu Power Company Limited	10,000	-	470,001	-
Lucky Cement Limited	52,249	27,749	5,116,745	3,822,420
MacPac Films Limited	-	21,000	-	354,900
Maple Leaf Cement Factory Limited	75,399	80,399	822,604	1,961,737
Mari Gas Company Limited	47,500	-	12,802,675	-
MCB Bank Limited	23,900	32,300	7,800,482	11,789,490
Merit Packaging Limited	25,000	-	2,274,250	-
Millat Tractors Limited	131,000	-	34,846,000	-
Murree Brewery Company Limited	28,877	5,107	4,851,048	592,412
My Bank Limited	25,000	-	468,000	-
Namco Balanced Fund (Managed by National Asset Management Limited)-Pre IPO	1,440,800	1,440,800	13,413,848	14,047,800
Namco Income Fund (Managed by National Asset Management Limited)	250,000	-	25,000,000	-
National Bank of Pakistan	142,280	82,280	20,986,300	21,557,321
National Refinery Limited	88,400	7,500	26,296,347	2,557,500
Nestle Milk Pak Pakistan Limited	15,700	15,700	25,748,000	24,256,500
Netsol Technology Limited	26,699	-	2,597,278	-
New Jubilee Insurance Company Limited	106,260	31,050	17,898,434	3,757,050
New Jubilee Life Insurance Company Limited	68,000	-	3,904,561	-
NIB Bank Limited	100,000	45,000	1,136,997	1,980,000
NIB Bank Limited - Right	-	25,000	-	226,600
Nimir Industrial Chemicals Limited (Rs. 5 each)	2,125	849,625	7,187	3,823,317
Nishat Chunian Limited	-	10,010	-	411,911
Nishat Mills Limited	63,359	35,859	5,446,973	4,677,808
Oil & Gas Development Corporation	116,207	306,200	14,451,503	36,683,131
Orix Investment Bank Limited	272,000	94,000	1,346,441	2,049,200
Orix Leasing Pakistan Limited	16,725	16,725	417,959	497,570
Otsuka Pakistan Limited	104,500	104,500	8,673,500	6,029,650
Pace Pakistan Limited	10,000	-	283,400	-
Packages Limited	12,000	5,000	3,022,679	1,595,249
Pak Electron Limited	107,492	78,994	6,019,551	6,793,483
Pak Suzuki Motor Company Limited	100,635	57,635	12,055,067	22,592,920
Pakistan Capital Market Fund (Managed by Arif Habib Investment Management Limited)	256,343	230,574	2,778,760	3,368,686
Pakistan Cement Limited	119,950	106,000	815,662	1,531,702
Pakistan International Air Lines Corporation	50,000	-	250,000	-
Pakistan International Container Terminal Limited	12,578	57,149	1,565,710	4,846,235
Pakistan National Shipping Corporation Limited	-	12,500	-	1,175,000
Pakistan Oilfields Limited	9,000	63,000	3,283,560	19,971,001
		Balance carried forward	833,854,097	692,950,964



	No. of shares/Certificates		2008	2007
	2007	2008		
		Balance brought forward	833,854,097	692,950,964
Pakistan Petroleum Limited	3,050	76,000	750,270	19,946,328
Pakistan Premier Fund (Managed by Arif Habib Investment Management Limited)	22,458	19,529	300,263	292,935
Pakistan PTA Limited	325	196,825	1,375	1,082,538
Pakistan Refinery Limited	43,952	7,100	6,653,454	1,575,862
Pakistan Re-Insurance Company Limited	37,500	6,100	3,255,375	1,359,996
Pakistan State Oil Company Limited	12,454	40,154	5,196,309	15,718,283
Pakistan Telecommunication Company Limited	-	25,000	-	1,425,001
Pakistan Tobacco Company Limited	-	4,500	-	706,500
Pervaiz Ahmed Securities Limited	9,375	-	464,719	-
PICIC Growth Fund (Managed by PICIC Asset Management Company Limited)	167,561	142,561	3,982,923	4,818,560
Pioneer Cement Company Limited	-	25,000	-	934,999
POBOP Advantage Plus Fund (Managed by Pak Oman Asset Management Company Limited)	51,021	-	2,722,480	-
Premier Insurance Company Limited (Rs. 5 each)	46,565	42,565	1,314,064	1,881,373
Reliance Income Fund (Managed by Noman Abid Investment Management Limited)	-	200,000	-	10,676,000
Sanofi Aventis Limited	-	300	-	94,500
Saudi Pak Commercial Bank Limited	-	5,000	-	125,751
Samin Textile Mills Limited	19,500	-	540,540	-
Searle Pakistan Limited	40,350	38,500	3,693,644	1,472,625
Security Leasing Corporation Limited	386	386	2,660	4,228
Security Papers Limited	6,000	-	459,960	-
Shakarganj Sugar Mills Limited	-	5,000	-	255,000
Shell Pakistan Limited	18,200	28,000	7,589,400	11,481,400
Siddiqsons Tin Plate Limited	36,500	11,500	705,180	372,025
Singer Pakistan Limited	33,760	6,756	1,743,366	408,738
Sitara Chemical Industries Limited	-	10,000	-	1,592,501
Sitara Peroxide Limited	75,000	-	4,074,000	-
Soneri Bank Limited	90,396	61,164	2,245,437	3,452,708
Standard Chartered Bank Pakistan Limited	112,500	27,500	2,644,875	1,456,125
Sui Northern Gas Pipelines Limited	32,500	37,500	1,416,025	2,653,125
Sui Southern Gas Company Limited	22,329	17,329	626,551	447,088
Telecard Limited	75,000	-	477,000	-
Thal Limited (Rs. 5 each)	25,200	-	4,939,704	-
The Bank of Khyber	183,757	1,108,257	2,609,349	18,286,249
The Bank of Punjab Limited	-	25,011	-	2,913,782
TRG Pakistan Limited	2,899,925	5,255,925	18,124,531	86,197,179
United Bank Limited	74,875	7,375	6,371,113	1,622,131
World Call Payphone Limited	-	5,907	-	108,393
World Call Telecom Limited	115,904	59,997	1,682,926	1,100,944
Zephyr Textile Mills Limited	1,723,552	1,723,552	8,428,169	14,133,126
			<u>926,869,759</u>	<u>901,546,957</u>

9. LONG-TERM FINANCE

Term finance facility	9.1	1,424,949,021	1,234,771,494
Current portion	12	(945,142,330)	(658,723,849)
		479,806,691	576,047,645
Less: Provision for doubtful receivables	9.2&9.3	(80,029,299)	(19,691,508)
	<i>Rupees</i>	<u>399,777,392</u>	<u>556,356,137</u>



9.1 These are secured against mortgage of immovable properties. The mark-up/profit rates ranges from 8% to 24.15% (2007: 8% to 18.18%) per annum subject to change in SBP discount rate and KIBOR, receivable on monthly / quarterly basis. The principal is receivable in installments upto March 2012.

9.2 Long term finance include Rs. 508.798 million (2007: Rs.133.547 million) which have been placed under non-performing finances. The forced sales value considered against these non-performing finances amounts to Rs. 376.821 million (2007: Nil).

9.3 Particulars of provision for doubtful receivables		2008	2007
Opening balance	<i>9.3.1</i>	27,211,348	-
Charge for the year	<i>34</i>	52,817,951	19,691,508
Closing balance	<i>Rupees</i>	<u>80,029,299</u>	<u>19,691,508</u>

9.3.1 This includes the amount of provision for doubtful receivables relating to mortgage finance at the beginning of the year.

10. MORTGAGE FINANCE		2008	2007
Housing Finance against Mortgage		-	111,493,385
Current Portion		-	(16,864,156)
		<u>-</u>	<u>94,629,229</u>
Less: Provision for doubtful receivables		-	(7,519,840)
	<i>Rupees</i>	<u>-</u>	<u>87,109,389</u>

11. LONG TERM LOANS
Considered good

Chief Executive		514,446	844,684
Director		1,546,011	1,797,307
Other Staff		1,708,109	3,561,189
		<u>3,768,566</u>	<u>6,203,180</u>
Current portion	<i>12</i>	(1,113,651)	(1,033,495)
	<i>Rupees</i>	<u>2,654,915</u>	<u>5,169,685</u>
Outstanding for Period:			
- Within Three Years		2,666,931	2,760,170
- Exceeding Three Years		1,101,635	3,443,010
	<i>Rupees</i>	<u>3,768,566</u>	<u>6,203,180</u>

11.1 Reconciliation of long term loans

Opening balance		6,203,180	6,907,278
Loan disbursed during the period		400,000	2,763,000
Loan repaid during the period		(2,834,614)	(3,467,098)
Closing balance	<i>Rupees</i>	<u>3,768,566</u>	<u>6,203,180</u>

The loans have been provided to Chief Executive and Director of the Company to facilitate purchase of house, which are repayable over a period of 10 years with service charge @ 10% and 5% (2007: 10% and 5%) per annum, respectively.

The loans provided to other staff are at 5% (2007: 5%) service charge per annum, which are repayable over a period of 3 to 20 years.

Maximum aggregate amount outstanding during the year in respect of Chief Executive and Director was Rs.2,641,991 (2007: Rs. 3,180,150).



12. CURRENT PORTION OF NON-CURRENT ASSETS		2008	2007
Net investment in lease finance	6	1,249,040,467	1,229,047,157
Investments-held to maturity	8.1	17,614,072	168,210,684
Long-term finances	9	945,142,330	658,723,849
Mortgage finance		-	16,864,156
Long-term loans	11	1,113,651	1,033,495
	<i>Rupees</i>	<u>2,212,910,520</u>	<u>2,073,879,341</u>

13. PLACEMENTS AND FINANCES

Placements and finances- unsecured	13.1	660,849,464	660,917,474
Provision for doubtful finances	13.1.1	(25,000,000)	-
		635,849,464	660,917,474
Financing against shares	13.2	958,303,291	1,179,815,737
Provision for doubtful finances	13.2.1	(214,981,349)	-
		743,321,942	1,179,815,737
Short-term finance - secured	13.3	1,157,653,681	886,623,692
Provision for doubtful finances	13.3.1	(42,500,000)	(10,000,000)
		1,115,153,681	876,623,692
Certificates of deposit		5,000,000	9,217,000
Provision for doubtful deposits	13.4	(5,000,000)	(9,217,000)
		-	-
Morabaha / musharika finances	13.5	553,937,858	145,028,300
Provision for doubtful finances	13.5.1	(15,205,711)	(14,294,334)
		538,732,147	130,733,966
Receivable against continuous funding system	13.6	2,013,325	157,080,470
Reverse repo transactions		-	500,000,000
	<i>Rupees</i>	<u>3,035,070,559</u>	<u>3,505,171,339</u>

13.1 The unsecured placements and finances includes Rs.418.36 million (2007: Rs. 125 million) due from related parties / associated undertakings. Maximum aggregate balance at the end of any month during the year was Rs.566.25 million (2007 : Rs. 225.50 million). Profit rates range from 1.50% to 17% (2007: 13% to 24%) per annum with profit being receivable on maturity. These placements mature on various dates by 11 June 2009 and are renewable.

13.1.1 The unsecured placement and finances include Rs.50 million (2007: Nil) which have been placed under non-performing status.

<i>Particular of provision for doubtful finance</i>		2008	2007
Opening balance		-	-
Charge for the year	34	25,000,000	-
Closing balance	<i>Rupees</i>	<u>25,000,000</u>	<u>-</u>

13.2 These are secured against listed equity securities with market value of securities held as collateral as at 30 June 2008 being Rs.951.277 million (2007: Rs. 1,892.998 million). Short-term placements and financing are made to financial institutions, companies and individuals in the normal course of business with profit rates ranging from 12% to 24% (2007: 1.5% to 14.50%) per annum. Profit is receivable on maturity. The financing mature on various dates by 30 June 2009 and are renewable.



13.2.1 The financing against shares include Rs. 431.647 million (2007: Nil) which have been placed under non-performing status. The forced sales value considered against these non-performing finances amounts to Rs. 93.28 million. The market value of shares pledged against these finances amount to Rs.151.414 million.

<i>Particular of provision for doubtful finance</i>		2008	2007
Opening balance		-	-
Charge for the year	34	214,981,349	-
Closing balance	<i>Rupees</i>	<u>214,981,349</u>	<u>-</u>

13.3 These are secured by ranking charge over hypothecation of stock and mortgage of immovable properties. The mark-up/profit rates range from 13.87% to 20% (2007: 13.27% to 24.15%) per annum. These facilities mature on various dates by 30 June 2009 and are renewable.

13.3.1 Short term finances include Rs. 82.5 million (2007: Rs.60 million) which have been placed under non-performing status.

<i>Particular of provision for doubtful finance</i>		2008	2007
Opening balance		10,000,000	-
Charge for the year	34	32,500,000	10,000,000
Closing balance	<i>Rupees</i>	<u>42,500,000</u>	<u>10,000,000</u>

13.4 Particular of provision for doubtful finance

Opening balance		9,217,000	9,217,000
Reversal for the year	34	(4,217,000)	-
Closing balance	<i>Rupees</i>	<u>5,000,000</u>	<u>9,217,000</u>

13.5 These are secured by hypothecation of all present and future stocks, receivables, demand promissory note and personal guarantee of directors. The mark-up/profit rate ranges from 8.50% to 17% (2007: 8.5% to 22%) per annum subject to change in KIBOR. These facilities mature on various dates by 30 June 2009 and are renewable.

13.5.1 The morabaha / musharika finances include Rs. 18.851 million (2007: Rs.20.351 million) which have been placed under non-performing finances. The forced sales values considered against these finances amount to Rs. 3.893 million (2007: Nil).

Particular of provision for doubtful finance

Opening balance		14,294,334	14,294,334
Charge for the year	34	911,377	-
Closing balance	<i>Rupees</i>	<u>15,205,711</u>	<u>14,294,334</u>

13.6 This represents financing under continuous funding system which is secured against equity securities. The rates of return on these transactions is 24 % (2007: 14% to 15%) per annum with maturities ranging from overnight to 34 (2007: 22) working days. Fair value of the collaterals accepted against the above receivable balance as at 30 June 2008 amounted to Rs.1.66 million (2007: Rs. 150.025 million).



14. ADVANCE AGAINST LEASE COMMITMENTS	2008	2007
Considered good	53,960,348	148,832,208
Considered doubtful	<u>65,210,617</u>	<u>-</u>
	119,170,965	148,832,208
Less : Provision for doubtful receivables	14.1 <i>Rupees</i> (52,559,859)	<u>-</u>
	<u>66,611,106</u>	<u>148,832,208</u>

Advance against lease commitments are subject to mark-up rate ranging from 13% to 17.85% (2007: 13% to 17.85%) per annum.

14.1 Particular of provision for doubtful receivables

Opening balance	-	18,000,000
Charge/(reversal) for the year	34 <i>Rupees</i> 52,559,859	<u>(18,000,000)</u>
Closing balance	<u>52,559,859</u>	<u>-</u>

15. ADVANCES AND PREPAYMENTS - *Considered good*

Advance against purchase of shares	-	63,816,362
Advance income tax	30,433,049	17,418,691
Income tax refunds	9,396,649	9,396,649
Prepayments	2,934,767	4,753,565
Others	9,799,750	808,176
	<i>Rupees</i> <u>52,564,215</u>	<u>96,193,443</u>

16. INTEREST ACCRUED

Pakistan investment bonds	5,252,305	10,135,892
Foreign currency bonds	2,643,694	3,187,484
Advance against lease commitment	1,732,707	13,631,856
Placement and finances	31,699,057	57,075,204
Term finance certificates / Sukuk bonds	40,605,375	41,408,838
Interest rate swap	496,364	1,985,461
Loans and advances	86,102,470	57,625,527
Bank deposits	189,611	-
Reverse repo	-	9,050,958
Wapda bonds	-	1,593,055
Mortgage finance	-	163,835
	<i>Rupees</i> <u>168,721,583</u>	<u>195,858,110</u>

17. OTHER RECEIVABLES

Considered good

Receivable from brokers against sale of securities	7,816,577	312,953,887
Brokerage receivable	4,833,104	2,168,215
Receivable against lease termination	8,520,080	14,338,300
Others	17.1 <i>Rupees</i> 7,762,234	5,480,800
	<u>28,931,995</u>	<u>334,941,202</u>

Considered doubtful

Decretal amount receivable	17.2 <i>Rupees</i> 37,302,430	37,302,430
Receivable against lease termination	7,553,300	<u>-</u>
	<u>44,855,730</u>	<u>37,302,430</u>

Less : Provision for doubtful receivables	17.3 <i>Rupees</i> (44,855,730)	(37,302,430)
	<u>28,931,995</u>	<u>334,941,202</u>



17.1 This includes Rs. NIL (2007: Rs. 1.712 million) receivable from an associated undertaking. Maximum aggregate outstanding balance during the year was Rs.4.97 million (2007: Rs. 1.712 million).

17.2 This includes decree of recovery for Rs. 64.412 million which was awarded by the Banking Court under the Banking Companies (Recovery of Loans, Advances, Credits and Finance), Act of 1997. The Company has the possession of leased out assets, the forced sale value of that is fairly higher than the carrying value. Further, the Company also holds additional security by way of equitable mortgage on factory land and building, the possession of which is now in the Company's hand. However, the Company has made provision on the basis of prudence.

17.3 Particulars of provision for doubtful receivables	2008	2007
Opening balance	37,302,430	37,302,430
Charge for the year	7,553,300	-
Closing balance	<i>Rupees</i> <u>44,855,730</u>	<u>37,302,430</u>

18. CASH AND BANK BALANCES

In hand	120,648	70,231
With banks		
- In deposit accounts	<u>23,253,620</u>	592,558
- In current accounts	<u>10,381,507</u>	8,741,197
	33,635,127	9,333,755
	<i>Rupees</i> <u>33,755,775</u>	<u>9,403,986</u>

19. ISSUED, SUBSCRIBED & PAID UP CAPITAL

Fully paid ordinary shares of Rs. 10 each.

(No. of shares)			2008	2007
<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
35,685,382	35,685,382	Issued for fully paid in cash	356,853,820	356,853,820
20,796,431	13,367,661	Issued as fully paid bonus	207,964,310	133,676,610
472,087	472,087	Shares issued on acquisition	4,720,870	4,720,870
<u>56,953,900</u>	<u>49,525,130</u>		<i>Rupees</i> <u>569,539,000</u>	<u>495,251,300</u>

Associated undertakings of the Company, namely Dawood Capital Management Limited hold 2,166,038 (2007: 1,633,512), BRR Guardian Modaraba hold 3,036,295 (2007: 2,640,256) and BRR Investments (Private) Limited hold 445,992 (2007: 339,787) shares of Rs.10 each of the Company at 30 June 2008.

20. RESERVES AND UNAPPROPRIATED PROFIT

Capital reserves				
Statutory reserve			202,186,151	179,455,066
Premium on right shares			53,426,910	53,426,910
Capital reserve on acquisition			2,596,484	2,596,484
			<u>258,209,545</u>	<u>235,478,460</u>
Revenue reserves				
Surplus on revaluation of investments		<i>20.1</i>	<u>390,820,631</u>	410,971,882
General reserve			375,000,000	250,000,000
Unappropriated profit			185,427,230	293,790,592
			<u>951,247,861</u>	954,762,474
		<i>Rupees</i>	<u>1,209,457,406</u>	<u>1,190,240,934</u>



20.1 Surplus on revaluation of investments - net of deferred tax	2008	2007
Fully paid up ordinary shares and units	354,796,101	405,599,695
Pakistan Investment Bonds	(19,725,640)	452,300
Term Finance Certificates	(10,445,397)	(12,311,058)
Share of surplus on revaluation of investments of equity accounted investees	<u>55,635,704</u>	14,357,861
	380,260,768	408,098,798
Related deferred tax assets	<u>10,559,863</u>	2,873,084
	<u>390,820,631</u>	<u>410,971,882</u>

21. REDEEMABLE CAPITAL - secured-non-participatory

Term Finance Certificates - listed	-	345,000,000
Term Finance Certificates - unlisted	<i>21.1</i> 345,000,000	-
	<u>345,000,000</u>	<u>345,000,000</u>
Current portion	-	(345,000,000)
	<i>Rupees</i> <u>345,000,000</u>	<u>-</u>

21.1 This represents privately placed Term Finance Certificates (TFCs) repayable after 5 years. Profit is payable semi-annually at the rate of six months KIBOR + 1.60 percent. The redemption of principal is due on September 12, 2012. The TFCs are secured by way of a charge on leased assets and associate rentals receivable ranking pari passu with long term-loans (Refer Note 22.1 and 22.2) and short term borrowings (Refer 29.2)

22. LONG TERM LOANS

	2008	2007
<i>Secured</i>		
<i>Foreign Currency</i>		
Asian Development Bank	<i>22.1</i> 135,332,928	134,476,497
<i>Local Currency</i>		
Commercial Banks	<i>22.2</i> 1,425,999,998	1,542,666,666
<i>Unsecured</i>		
Non Banking Financial Institutions	150,000,000	1,468,610
	<u>1,711,332,926</u>	<u>1,678,611,773</u>
Payable within one year shown under current liabilities	<i>27</i> (660,957,345)	(479,963,729)
	<i>Rupees</i> <u>1,050,375,581</u>	<u>1,198,648,044</u>

22.1 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 (Refer Note 21.1) and short term borrowings (Refer Note 29.2).

22.2 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 (Refer Note 21.1) and short term borrowings (Refer Note 29.2). These are subject to mark-up rate ranging from 11.59% to 12.60% (2007: 7.5% to 13.02%) per annum payable on quarterly / half yearly basis.



23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2008			2007		
	Minimum Lease Payments	Future Period Financial Charges	Principal Outstanding	Minimum Lease Payments	Future Period Financial Charges	Principal Outstanding
Not later than one year	-	-	-	608,135	69,489	538,646
Later than one year and not later than five years	-	-	-	146,113	9,302	136,811
<i>Rupees</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,248</u>	<u>78,791</u>	<u>675,457</u>

Till last year, the Company had lease agreements with leasing modarba for financing acquisition of motor vehicles. During the year, the Company has settled its lease obligation and transferred the respective leased assets into the owned assets at their respective written down value.

24. CERTIFICATES OF INVESTMENT/DEPOSITS

	2008	2007
Long Term Certificates of Investment / Deposits	521,236,154	118,564,264
Maturing Within One Year	27 (154,201,445)	(66,592,025)
<i>Rupees</i>	<u>367,034,709</u>	<u>51,972,239</u>
Short Term Certificates of Investment / Deposits	<i>Rupees</i> 2,947,845,014	4,234,969,885

These represent the mobilization of funds under the scheme of certificates of investment and deposits issued with the permission of Securities and Exchange Commission of Pakistan. The scheme is based on profit and loss sharing basis. The certificates are for the terms ranging from three months to five years. The expected rate of profit ranges from 7% to 16.40% (2007: 7% to 16%) payable on various dates by 25 June 2012. The above amount includes Rs. 644.5 million which has been raised from depositors other than financial institutions and the amount of un-encumbered listed securities is Rs. 100.5 million.

25. DEFERRED LIABILITIES

	2008	2007
Taxation	25.1 5,592,906	101,760,028
Staff Gratuity	25.2 10,543,797	7,895,155
<i>Rupees</i>	<u>16,136,703</u>	<u>109,655,183</u>

25.1 As at 30 June 2008 deferred tax liabilities and assets related to the following:

Deferred Tax Liabilities

Difference in accounting and tax base of net investment in lease finance	376,896,515	497,929,185
Difference in accounting and tax base of own fixed assets	849,218	-
Surplus on revaluation of Investments	-	9,427,881
Surplus on revaluation of investment property	79,794,124	50,547,433
Share of profit on equity accounted investees	22,735,386	3,810,796
	480,275,243	561,715,295

Deferred Tax Assets

Difference in accounting and tax base of own fixed assets	-	(6,288,336)
Deficit on revaluation of Investments	(10,559,863)	-
Retirement benefits	(3,690,329)	(2,763,304)
Provision for lease & other doubtful receivables	(273,499,997)	(214,385,513)
Carry forward assessed losses	(186,932,148)	(236,518,114)
	(474,682,337)	(459,955,267)

Net deferred tax (asset)/ liability	<i>Rupees</i> 5,592,906	101,760,028
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25.2 STAFF RETIREMENT BENEFITS

The actuarial valuation of gratuity schemes was carried out as at 30 June 2008. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

- Discount rate is 12% per annum (2007: 10%).
- Expected rate of increase in salaries 12% per annum (2007: 10%).
- EOBI wage limit increase 2.78%
- Employee turnover 18.18% (2007:18.18%)

The amounts recognised in balance sheet are as follows:

		2008	2007
Present value of defined benefit obligation	25.2.1	20,264,797	14,943,155
Total unrecognised actuarial losses	25.2.2	<u>(9,721,000)</u>	<u>(7,048,000)</u>
Liability in the balance sheet	<i>Rupees</i>	<u>10,543,797</u>	<u>7,895,155</u>

25.2.1 Movement of present value of defined benefit obligation over the year ended 30th June 2008

Actuarial liability as at 30th June 2007		14,943,155	10,296,000
Service cost for the year		1,254,000	1,354,000
Interest cost for the year		1,527,000	1,087,000
Liability (gain) / loss		3,100,000	3,060,000
Actual benefits paid during the year		<u>(559,358)</u>	<u>(853,845)</u>
Actuarial liability as at 30th June 2008	<i>Rupees</i>	<u>20,264,797</u>	<u>14,943,155</u>

25.2.2 Determination of (gain) or Loss as at 30th June 2007

Unrecognised loss at 30th June 2007		7,048,000	4,216,000
Amount recognised during the year		<u>(427,000)</u>	<u>(228,000)</u>
Remaining unrecognised Loss		6,621,000	3,988,000
Liability loss during the year		3,100,000	3,060,000
Unrecognised loss as at 30th June 2008	<i>Rupees</i>	<u>9,721,000</u>	<u>7,048,000</u>

Movement in the net liability recognised in the balance sheet is as follows:

		2008	2007
Opening balance		7,895,155	5,916,863
Current service cost		1,254,000	1,354,000
Interest cost		1,527,000	1,087,000
Actuarial loss recognised during the year		427,000	228,000
Liability loss		-	163,137
Benefits paid		<u>(559,358)</u>	<u>(853,845)</u>
Present value of defined benefit obligation as at 30 June 2008	<i>Rupees</i>	<u>10,543,797</u>	<u>7,895,155</u>



The following amounts have been charged in the profit and loss account in respect of these benefits:

	2008	2007
Current service cost	1,254,000	1,354,000
Interest cost	1,527,000	1,087,000
Recognition of actuarial loss	427,000	228,000
	<i>Rupees</i> <u>3,208,000</u>	<u>2,669,000</u>
Accumulated experience adjustment arising on defined benefit obligation	<i>Rupees</i> <u>3,100,000</u>	<u>3,060,000</u>
Expected contributions to funds in the following year	<i>Rupees</i> <u>4,229,000</u>	<u>3,208,000</u>
Expected benefit payments to retirees in the following year	<i>Rupees</i> <u>-</u>	<u>-</u>

Historical information:	2008	2007	2006	2005	2004
 (Rupees in '000)				
Present value of defined benefit obligation	<u>20,264,797</u>	14,943,155	9,500,691	7,052,000	<u>7,545,000</u>
Experience adjustments arising on plan liabilities	<u>3,100,000</u>	3,060,000	1,720,000	(991,000)	<u>3,821,000</u>

26. DEPOSITS		2008	2007
Lease deposit	26.1	419,958,923	521,014,983
Others		<u>81,857,225</u>	<u>25,884,593</u>
		<u>501,816,148</u>	<u>546,899,576</u>
Current portion of lease deposits	27	<u>(97,867,295)</u>	<u>(60,083,422)</u>
	<i>Rupees</i>	<u>403,948,853</u>	<u>486,816,154</u>

26.1 This represent interest free security deposits received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases.

27. CURRENT PORTION OF LONG TERM LIABILITIES		2008	2007
Redeemable capital	21	-	345,000,000
Long-term loans	22	660,957,345	479,963,729
Liabilities against assets subject to finance lease		-	538,646
Certificates of investment / deposits	24	154,201,445	66,592,025
Deposits	26	97,867,295	60,083,422
	<i>Rupees</i>	<u>913,026,085</u>	<u>952,177,822</u>

28. MARK-UP ACCRUED		2008	2007
Mark-up on secured:			
- Redeemable capital		12,290,694	18,078,958
- Long-term loans		50,454,761	55,458,129
- Short-term borrowings		16,270,180	8,412,656
Mark-up on unsecured:			-
- Short-term borrowings		27,140,065	27,156,794
- Certificates of investment / deposit		79,465,182	78,920,177
	<i>Rupees</i>	<u>185,620,882</u>	<u>188,026,714</u>



29. SHORT TERM BORROWINGS		2008	2007
<i>Secured</i>			
Repurchase agreement borrowings	29.1	256,500,000	1,390,008,500
Running finance	29.2	619,113,111	333,319,758
Morabaha finance		-	300,000,000
<i>Unsecured</i>			
From commercial banks - call borrowings	29.3	700,000,000	650,000,000
Non-banking finance companies - call borrowings	29.4	1,260,000,000	576,400,000
Individuals	29.5	130,000,000	318,000
	<i>Rupees</i>	<u>2,965,613,111</u>	<u>3,250,046,258</u>

29.1 These facilities are secured against Term Finance Certificates and Pakistan Investment Bonds. The rate of mark-up ranges from 10.25% to 13% (2007: 9% to 12.03%) per annum. The facilities from commercial banks expire on various dates by 18 September 2008.

29.2 These facilities aggregating to Rs.840 million are secured against hypothecation of assets including book debts of the Company ranking pari passu with the charge created to secure redeemable capital (Refer Note 21.1) and long term-loans (Refer Note 22.1 and 22.2) and against Term Finance Certificates. The sanctioned running finance facilities from commercial banks expire on various dates by 30 June 2009 and are renewable. The rate of mark-up ranges from 11.11% to 12.51% (2007: 11.11% to 13.13%) per annum.

29.3 These facilities are subject to mark-up rate ranging from 10% to 17% (2007: 9.7% to 11%) per annum. These facilities mature on various dates by 28-Sep-2008 and are renewable.

29.4 These facilities are subject to mark-up rate ranging from 10.50% to 16.75% (2007 : 9% to 10.95%) per annum. These facilities mature on various dates by 7 September 2008 and are renewable.

29.5 This facility has been obtained from individual and are subject to mark-up at the rate of 16% (2007: 14.5%) per annum. These facility matures on 25 July 2008.

30. ACCRUED AND OTHER LIABILITIES		2008	2007
Advance against letters of comfort		-	376,065
Accrued expenses		5,555,215	3,742,115
Guarantee commission		3,786,448	1,753,606
Payable to brokers against purchase of listed securities		12,350,461	803,443
Unrealised loss on revaluation interest rate SWAP		1,459,167	7,328,233
Subscription account - banker's to the issue		7,171,313	154,592,416
Unclaimed dividend		2,382,053	2,409,010
Others		26,637,275	13,301,956
	<i>Rupees</i>	<u>59,341,932</u>	<u>184,306,844</u>

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingent Liability

Letters of comfort / guarantee	<i>Rupees</i>	<u>2,588,210,000</u>	<u>2,532,306,170</u>
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31.2 Commitments		2008	2007
Commitment to provide lease financing	<i>Rupees</i>	-	27,079,000
Underwriting commitment of TFCs / shares	<i>Rupees</i>	<u>329,908,325</u>	<u>420,000,000</u>
Interest rate SWAP-IRS	31.2.1 <i>Rupees</i>	<u>50,600,000</u>	<u>151,800,000</u>
Capital expenditure	31.2.2 <i>Rupees</i>	<u>32,904,000</u>	-

31.2.1 The Company had initially executed the transaction for a notional amount of Rs. 253 million.

Company will receive fixed rate of 3.85 percent per annum against this transaction and it will have to pay simple average of the last 3 cut-off yields of six month PKR T-Bill auction before the commencements 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.

31.2.2 The Company has entered into an agreement with Jofa Construction for the construction of the ground floor in Jofa Tower in Karachi, under which the Company has to pay Rs. 32.904 million upto 10 December 2009.

32. RETURN ON PLACEMENTS, FINANCES, DEPOSITS AND INVESTMENTS - Net		2008	2007
Return on investments / deposits / placements and finances		665,229,033	496,621,281
Rental income from investment property		9,978,255	6,778,429
Amortisation of discount income		13,205,122	9,838,611
Interest earned on reverse repo / (paid) on repo transactions - net		3,119,254	19,738,566
Profit on bank deposits		579,340	291,182
Dividend income		54,474,260	58,550,506
	<i>Rupees</i>	<u>746,585,264</u>	<u>591,818,575</u>

33. OTHER INCOME

- *On financial assets*
Service charges on staff loan

	238,667	350,033
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- *On non - financial assets*

Fee and commission and other charges	33.1 83,140,886	57,695,333
Custodian fee	475,733	346,677
Gain on disposal of property and equipment	17,750	-
Gain on disposal of investment property	57,100	-
	83,691,469	58,042,010
	<i>Rupees</i> <u>83,930,136</u>	<u>58,392,043</u>

33.1 It includes underwriting commission of Rs.14,901,693 (2007: Rs. 1,725,000).



34. PROVISION / (REVERSAL) FOR LEASE LOSSES AND DOUBTFUL RECOVERIES		2008	2007
Net investment in finance lease	6.2	(104,386,250)	271,547,149
Long term finances	9.3	52,817,951	19,691,508
Mortgage finances		-	7,519,840
Placement and finances - unsecured	13.1.1	25,000,000	-
Financing against shares	13.2.1	214,981,349	-
Short term finance - secured	13.3.1	32,500,000	10,000,000
Certificates of deposits	13.4	(4,217,000)	-
Morabaha / musharika finance	13.5.1	911,377	-
Advance against lease commitment	14.1	52,559,859	(18,000,000)
Other receivables	17.3	7,553,300	-
Other investments	8.1.1.1	(84,853,250)	-
	<i>Rupees</i>	<u>192,867,336</u>	<u>290,758,497</u>
35. ADMINISTRATION AND OPERATING EXPENSES			
Salaries and benefits	35.1	46,577,842	22,797,511
Directors' meeting fees		118,000	70,000
Rent, rates and taxes		5,454,414	3,511,848
Insurance		623,695	1,315,396
Legal, professional and consultancy		7,682,698	7,044,824
Travelling and conveyance		2,135,613	715,641
Postage and telephone		2,524,360	1,994,084
Utilities		5,226,397	3,272,414
Printing and stationery		674,353	980,203
Vehicles running and maintenance		5,439,934	2,302,522
Entertainment		1,542,948	1,483,921
Advertisement		385,940	148,250
Repairs and maintenance		2,523,199	1,433,707
Auditors remuneration	35.2	605,000	465,000
Credit rating		-	917,500
Depreciation	4.1	5,516,375	5,388,496
Fees and subscription		3,542,540	2,067,804
Share registrar services		224,899	279,922
Brokerage expense		6,018,196	5,071,947
Donation	35.4	560,786	575,786
Loss on disposal of property and equipment		-	270,758
	<i>Rupees</i>	<u>97,377,189</u>	<u>62,107,534</u>

35.1 Salaries and benefits include Rs.5,727,858 (2007: Rs. 4,027,822) in respect of retirement benefits.

35.2 Auditors remuneration

Statutory audit	350,000	250,000
Half year review	140,000	100,000
Other services	90,000	90,000
Out of pocket expenses	25,000	25,000
	<i>Rupees</i>	<u>605,000</u>

35.3 None of the directors or their spouse had any interest in the donees.



36. FINANCIAL COST	2008	2007
Mark-up / return on:		
Redeemable capital	35,260,799	49,094,851
Long-term loans	221,524,479	156,318,482
Lease-liabilities	59,286	376,177
Long-term certificates of investment / deposits	27,583,910	12,630,589
Short-term borrowings	288,774,733	266,244,544
Short-term certificates of investment / deposits	397,055,736	344,336,215
Documentation, project examination, guarantee commission, trusteeship fee and bank charges	9,745,563	11,608,947
	<i>Rupees</i> <u>980,004,506</u>	<u>840,609,805</u>
37. SHARE OF PROFIT FROM EQUITY ACCOUNTED INVESTEEES	2008	2007
Dawood Capital Management Limited	5,324,849	11,916,116
Dawood Islamic Bank Limited	2,170,156	930,260
B.R.R. Investment (Private) Limited	(4,907,012)	(3,505,338)
	<i>Rupees</i> <u>2,587,993</u>	<u>9,341,038</u>
38. TAXATION		
38.1 Relationship between tax expense and accounting profit		
Accounting profit	<i>Rupees</i> <u>36,111,867</u>	<u>192,315,162</u>
Tax @ 35%	12,639,154	67,310,307
Tax effect of income exempt from tax / taxed at reduced rates	(101,128,249)	(93,146,446)
Tax effect of income taxed under minimum tax	10,945,539	29,636,227
	<i>Rupees</i> <u>(77,543,556)</u>	<u>3,800,088</u>
Current tax	10,945,539	11,841,095
Prior year	-	582,197
Deferred tax	(88,489,095)	(8,623,204)
	<i>Rupees</i> <u>(77,543,556)</u>	<u>3,800,088</u>
38.2 Income tax assessments of the Company have been finalised upto and including assessment year 2002-2003. Return of income for tax years 2003, 2004, 2005, 2006 and 2007 were filed on due dates under the provisions of section 120 of the Income Tax Ordinance, 2001 are treated as assessment orders on self assessment basis. The department has power to reopen these assessments within five years of their filing.		
38.3 Deferred tax assets amounting to Rs. 89 million approximately is recorded on unabsorbed tax depreciation on leased assets relating to previous years, as it is now probable that taxable profit will be available against such unabsorbed tax depreciation on lease assets can be utilised.		
39. EARNINGS PER SHARE	2008	2007
		Restated
Earnings per share of the Company is calculated as under:		
Profit after taxation	<i>Rupees</i> <u>113,655,423</u>	<u>188,514,986</u>
Weighted average number of ordinary shares	<i>Rupees</i> <u>56,953,900</u>	<u>56,953,900</u>
Earnings per share - basic	<i>Rupees</i> <u>2.00</u>	<u>3.31</u>
Earnings per share - diluted	<i>Rupees</i> <u>2.00</u>	<u>3.31</u>



40. CASH AND CASH EQUIVALENTS		2008	2007
Cash and bank balances	18	33,755,775	9,403,986
Short term borrowings	29	<u>(619,113,111)</u>	<u>(333,319,758)</u>
	<i>Rupees</i>	<u><u>(585,357,336)</u></u>	<u><u>(323,915,772)</u></u>

41. REMUNERATION TO DIRECTORS AND EXECUTIVES

	2008			2007		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Managerial remuneration	4,800,000	4,600,000	8,926,000	3,200,004	2,666,668	5,820,229
Housing and utilities	2,400,000	2,300,000	4,463,000	1,599,996	1,833,332	2,912,771
Bonus	1,200,000	1,150,000	1,631,500	993,471	1,250,000	987,000
Gratuity	3,207,671	3,093,836	1,250,684	1,949,088	1,862,967	676,349
Provident fund	480,000	459,998	892,600	320,004	266,800	560,875
	<i>Rupees</i> <u>12,087,671</u>	<u>11,603,834</u>	<u>17,163,784</u>	<u>8,062,563</u>	<u>7,879,767</u>	<u>10,957,224</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>1</u>	<u>1</u>	<u>5</u>

41.1 The Chief Executive, Directors and Executives are also provided with free use of company cars, medical insurance cover and traveling allowance. The monetary value of these are Rs.3,858,391 (2007: Rs. 2,218,049) approximately.

Executive means an employee other than director and chief executive, whose basic salary exceeds Rs.500,000 (2007:500,000) in a financial year.

42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, 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.

Contributions 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 full time working directors and executives are determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances with them except for those disclosed elsewhere in the financial statements as at the year-end were as follows:

With Subsidiary Company		2008	2007
<i>Loans</i>			
Opening balance		-	16,326,712
Loans provided during the year		-	-
		<u>-</u>	<u>16,326,712</u>
Loans repaid / transferred during the year		-	(16,326,712)
Closing balance	<i>Rupees</i>	<u>-</u>	<u>-</u>



	2008	2007
With associated undertakings		
<i>Loans</i>		
Opening balance	125,000,000	25,000,000
Loans provided / transferred during the period	<u>1,278,210,178</u>	<u>1,320,826,712</u>
	1,403,210,178	1,345,826,712
Loans repaid during the period	<u>(984,854,442)</u>	<u>(1,220,826,712)</u>
Closing balance	<i>Rupees</i> <u>418,355,736</u>	<u>125,000,000</u>
Profit earned on loans	<i>Rupees</i> <u>29,566,175</u>	<u>18,033,547</u>
Lease facilities obtained	<i>Rupees</i> <u>-</u>	<u>537,578</u>
Lease rentals paid	<i>Rupees</i> <u>668,790</u>	<u>3,229,265</u>
Share of common expenses paid	<i>Rupees</i> <u>18,365,940</u>	<u>8,566,994</u>
Share of common expenses received	<i>Rupees</i> <u>10,351,046</u>	<u>14,642,389</u>
<i>Placement / deposits of funds</i>		
Opening balance	110,000,000	25,000,000
Deposits received during the period	<u>3,383,069,117</u>	<u>610,000,000</u>
	3,493,069,117	635,000,000
Deposits repaid during the period	<u>(3,063,069,117)</u>	<u>(525,000,000)</u>
Closing balance	<i>Rupees</i> <u>430,000,000</u>	<u>110,000,000</u>
Profit paid on deposit	<i>Rupees</i> <u>31,462,630</u>	<u>8,292,979</u>
Proceeds from sale of vehicles	<i>Rupees</i> <u>-</u>	<u>15,000</u>
<i>Investments held for trading</i>		
B.R.R. Guardian Modaraba		
Opening balance	18,148,452	31,964,831
Certificates purchased during the year	44,400	652,700
Revaluation of certificates	<u>(2,903,736)</u>	<u>(1,408,859)</u>
	15,289,116	31,208,672
Certificates sold during the year	<u>(2,380,049)</u>	<u>(13,060,220)</u>
Closing balance	<i>Rupees</i> <u>12,909,067</u>	<u>18,148,452</u>
Dawood Money Market Fund		
Opening balance	63,784,010	-
Units purchased during the year under various tranches	135,000,000	951,928,324
Revaluation of units	35,811	36,363
	<u>198,819,821</u>	<u>951,964,687</u>
Units redeemed during the year under various tranches	<u>(158,784,010)</u>	<u>(888,180,677)</u>
Closing balance	<i>Rupees</i> <u>40,035,811</u>	<u>63,784,010</u>



	2008	2007
First Dawood Mutual Fund		
Opening balance	10,256,850	9,216,300
Certificates purchased during the year	43,500	-
Revaluation of certificates	(2,099,956)	1,040,550
	<u>8,200,394</u>	<u>10,256,850</u>
Certificates sold during the year	(213,233)	-
Closing balance	<i>Rupees</i> <u>7,987,161</u>	<u>10,256,850</u>
Singer Pakistan Limited		
Opening balance	408,738	410,075
Shares purchased during the year	1,411,105	-
Revaluation of shares	(76,477)	(1,337)
	<u>1,743,366</u>	<u>408,738</u>
Shares sold during the year	-	-
Closing balance	<i>Rupees</i> <u>1,743,366</u>	<u>408,738</u>
<i>Investments Available for Sale</i>		
Eye Television Network		
Opening balance	25,165,418	27,428,219
Shares purchased during the year	-	2,296,600
Revaluation of shares	4,538,853	40,357,480
	<u>29,704,271</u>	<u>70,082,299</u>
Shares sold during the year	-	(44,916,881)
Closing balance	<i>Rupees</i> <u>29,704,271</u>	<u>25,165,418</u>
Dawood Equities Limited		
Opening balance	18,000,000	-
Shares purchased during the year	8,750	18,000,000
Revaluation of shares	13,950,125	-
	<u>31,958,875</u>	<u>18,000,000</u>
Shares sold during the year	-	-
Closing balance	<i>Rupees</i> <u>31,958,875</u>	<u>18,000,000</u>
With Key Management Personnel		
Remuneration to Chief Executive Officer	<i>Rupees</i> <u>12,087,671</u>	<u>8,062,563</u>
Remuneration to Director	<i>Rupees</i> <u>11,603,834</u>	<u>7,879,767</u>
Remuneration to Executives	<i>Rupees</i> <u>17,163,784</u>	<u>10,957,224</u>
Short Term Borrowings	<i>Rupees</i> <u>10,000,000</u>	<u>-</u>
Profit paid on borrowings	<i>Rupees</i> <u>48,219</u>	<u>-</u>
Certificate of Investment Matured	<i>Rupees</i> <u>-</u>	<u>400,000</u>
Return on Certificate of Investment	<i>Rupees</i> <u>-</u>	<u>290,159</u>

Maximum aggregate balance of placements at the end of any month during the period was Rs.566.25 million (2007: Rs. 225.5 million).



43. SEGMENT ANALYSIS

A business segment is a distinguishable component within the Company that is engaged in providing an individual product or service or a group of related products or services and which are subject to risks and returns that are different from those of other business segments.

The company has following reportable business segments on the basis of product/service characteristics:

1. Leasing
2. Investments
3. Long term finances
4. Placement & finances

Primary segment information

Leasing	Principally engaged in providing finance to individual and corporate customers in acquiring plant & machinery, vehicles and equipments.
Investments	Principally engaged in trading of equity securities and debt instruments like term finance certificates, commercial papers, asset backed certificates and government securities.
Long Term Finances	Principally involved in providing term finance facilities to individual and corporate customers.
Placement & Finances	Principally involved in providing money market facilities against marketable securities and letter of placements. It also includes short term financing and musharika financing facilities.

Segment information for the year ended 30 June 2008

	Leasing		Investments		Long Term Finances		Placements & Finance		Fee & Commission		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total External Revenue	169,303,513	195,328,256	581,248,492	429,390,792	172,326,362	143,644,061	472,341,109	370,484,666	83,930,136	58,392,043	1,479,149,612	1,197,239,818
Unallocated Revenue											(10,268,280)	38,061,877
Total Segment Revenue	<i>Rupees</i> 169,303,513	195,328,256	581,248,492	429,390,792	172,326,362	143,644,061	472,341,109	370,484,666			1,468,881,332	1,235,301,695
Segment results	120,791,429	158,948,321	399,235,659	349,416,653	118,363,883	116,890,320	324,431,662	301,481,807	-	-	962,822,633	926,737,101
Unallocated profits											50,705,747	89,246,476
Results from operating activities											1,013,528,380	1,015,983,577
Net finance cost											(980,004,506)	(840,609,805)
Share of profit of equity accounted investees											2,587,993	9,341,038
Taxation											77,543,556	3,800,176
Profit for the period											<i>Rupees</i> 113,655,423	188,514,986
Other information												
Segment assets	1,824,109,335	2,430,912,233	3,278,901,705	3,853,672,356	1,344,919,722	1,215,079,986	3,019,082,132	3,505,171,339	-	-	9,467,012,894	11,004,835,914
Investment in equity accounted investees											297,550,896	233,085,060
Unallocated assets											1,299,631,471	1,124,637,647
Total assets											<i>Rupees</i> 11,064,195,261	12,362,558,621
Segment liabilities	1,523,084,795	2,114,244,904	2,759,557,846	3,351,666,519	1,131,898,454	1,056,795,319	2,540,890,986	3,048,563,639	-	-	7,955,432,081	9,571,270,381
Unallocated liabilities											1,329,766,774	1,105,796,006
Total liabilities											<i>Rupees</i> 9,285,198,855	10,677,066,387
Capital expenditure											<i>Rupees</i> 619,956,797	59,462,278
Depreciation											<i>Rupees</i> 5,516,375	5,388,496



44. CREDIT RISK AND CONCENTRATIONS OF SIGNIFICANT CREDIT RISK

Credit risk is the risk faced when one party to a financial instrument fail to discharge its obligations and cause the other party to incur a financial loss.

The Group follows an operating policy and the Prudential Regulations for NBFC's issued by the Securities & Exchange Commission of Pakistan. The operating policy defines the extent of exposure with reference to a particular sector or group. The exposures are classified on the basis of Prudential Regulations guidelines.

The Group believes in maintaining a balance between profitability and portfolio friskiness. Diversification of lease portfolio is the focal point of Company's exposure policy. Extra care is taken to ensure that per party and per sector exposures remain within limits prescribed by the operating policy and Prudential Regulations.

Amount exposed to credit risk is Rs.7.911 billion (2007: Rs. 9.452 billion) at the year end.

Details of the industry / sector analysis of lease portfolio and other financing is given below:

Segment by class of business

	2008						2007					
	Leasing Operations	Investments	Long Term Finance	Mortgage Finance	Total	%	Leasing Operations	Investments	Long Term Finance	Mortgage Finance	Total	%
Transport and Communication	440,336,925	122,500,000	75,751,788	-	638,588,713	9.37%	618,658,063	398,913,578	105,444,311	-	1,123,015,952	13.57%
Sugar and Allied	138,685,496	-	-	-	138,685,496	2.04%	230,998,715	83,892,936	150,000,000	-	464,891,651	5.62%
Textile Composite	369,083,513	156,468,666	-	-	525,552,179	7.71%	307,612,280	25,486,126	-	-	333,098,406	4.03%
Textile Finishing	98,316,278	400,000,000	-	-	498,316,278	7.31%	158,466,932	48,854,358	-	-	207,321,290	2.51%
Food, Tobacco and Beverages	55,021,440	162,834,932	337,770,549	-	555,626,921	8.15%	75,271,116	26,533,000	50,000,000	-	151,804,116	1.83%
Steel, Engineering and Automobile	93,999,019	158,618,158	23,382,556	-	275,999,733	4.05%	82,082,137	-	68,294,465	5,108,375	155,484,977	1.88%
Health Care	80,129,795	-	4,625,235	-	84,755,030	1.24%	74,391,177	-	-	-	74,391,177	0.90%
Energy, Oil and Gas	84,645,290	255,000,000	256,178,660	-	595,823,950	8.74%	128,304,613	540,660,532	362,379,806	-	1,031,344,951	12.46%
Chemicals, Fertilizers and Pharmaceuticals	23,164,978	-	29,362,135	-	52,527,113	0.77%	30,815,560	109,382,647	29,362,135	-	169,560,342	2.05%
Cement	74,071,765	28,520,156	90,000,000	-	192,591,921	2.83%	117,541,232	199,960,223	50,000,000	-	367,501,455	4.44%
Electrical Goods	19,831,877	-	12,183,421	-	32,015,298	0.47%	23,819,322	131,793,483	9,067,030	-	164,679,835	1.99%
Financial	29,361,770	249,278,725	100,000,000	-	378,640,495	5.56%	38,005,683	1,352,317,312	40,000,000	-	1,430,322,995	17.29%
Miscellaneous	618,757,804	1,745,681,068	495,694,677	-	2,860,133,549	41.76%	950,628,268	935,878,161	370,223,747	106,385,010	2,363,115,186	31.43%
<i>Rupees</i>	2,125,405,950	3,278,901,705	1,424,949,021	-	6,829,256,676	100.00%	2,836,595,098	3,853,672,356	1,234,771,494	111,493,385	8,036,532,333	100.00%

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

The carrying value of all financial instruments reflected in the financial statements approximates their fair values. Investments carried at cost and amortised cost have a fair value of Rs. 176.40 million (2007: Rs. 105.44 million).



46. LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company matches availability of liquid funds before committing for liabilities and also on a timely basis an analysis of liquid funds with maturities of liabilities due is performed.

47. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. Payable exposed to foreign currency risk is covered through matching investments in foreign currency assets. There were no forward cover contracts outstanding at year end. The company is exposed to fluctuations in US Dollar and Euro only.

48. MATURITIES OF ASSETS AND LIABILITIES

	Total	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 year	Over 5 year
Assets					
Property and equipment	62,027,770	-	-	-	62,027,770
Investment property	863,624,534	-	-	-	863,624,534
Net investment in lease finance	1,824,109,335	447,914,703	514,211,850	846,010,495	15,972,287
Investment in equity accounted					
Investees	297,550,896	-	-	-	297,550,896
Other investments	3,278,901,705	1,644,067,777	117,303,936	871,687,435	645,842,557
Long-term finances	1,344,919,722	381,923,174	552,793,755	363,649,240	46,553,553
Long-term loans	3,768,566	280,893	871,220	2,294,869	321,584
Deferred cost	3,637,500	-	-	-	3,637,500
Placement and finances	3,019,082,132	2,194,599,552	824,482,580	-	-
Advance against lease commitments	66,611,106	66,611,106	-	-	-
Advances and prepayments	68,552,642	28,722,944	39,829,698	-	-
Interest accrued	168,721,583	168,721,583	-	-	-
Other receivables	28,931,995	28,931,995	-	-	-
Cash and bank balances	33,755,775	33,755,775	-	-	-
	<u>11,064,195,261</u>	<u>4,995,529,502</u>	<u>2,049,493,039</u>	<u>2,083,642,039</u>	<u>1,935,530,681</u>
Liabilities					
Redeemable capital	345,000,000	-	-	345,000,000	-
Long-term loans	1,711,332,926	191,777,950	419,179,395	1,100,375,581	-
Certificates of investment / deposit	3,469,081,168	1,692,025	3,100,354,434	367,034,709	-
Deferred liabilities	16,136,703	-	-	10,543,797	5,592,906
Deposits	501,816,148	27,983,409	69,883,886	403,948,853	-
Accrued mark-up	185,620,882	185,620,882	-	-	-
Short-term borrowings	2,965,613,111	2,880,613,111	85,000,000	-	-
Accrued and other liabilities	59,341,932	57,882,765	1,459,167	-	-
Taxation	31,255,985	-	31,255,985	-	-
	<u>9,285,198,855</u>	<u>3,345,570,142</u>	<u>3,707,132,867</u>	<u>2,226,902,940</u>	<u>5,592,906</u>
Net Assets	<i>Rupees</i> <u>1,778,996,406</u>	<u>1,649,959,360</u>	<u>(1,657,639,828)</u>	<u>(143,260,901)</u>	<u>1,929,937,775</u>
Share capital	569,539,000				
Reserves and unappropriated profit	1,209,457,406				
	<i>Rupees</i> <u>1,778,996,406</u>				



49. INTEREST RATE RISK MANAGEMENT

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liability that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities.

The Company's exposure to interest rate risk on its financial assets and liabilities based on contractual repricing or maturity dates whichever is earlier is as follows:

Effective Rate	2008							Total	
	One year or less	More than one year but not more than two years	More than two year but not more than three years	More than three years but not more than four years	More than Four years but not more than five years	More than five years	Not exposed to Interest rate risk		
FINANCIAL ASSETS									
Net Investment in Lease Finance	15.75%	962,126,553	433,901,591	331,057,940	63,212,573	17,838,391	15,972,287	-	1,824,109,335
Investment in Equity Accounted Investees	0.00%	-	-	-	-	-	-	297,550,896	297,550,896
Other Investments	14.95%	1,761,371,713	209,930,310	269,157,167	247,465,990	145,133,968	645,842,557	-	3,278,901,705
Long-Term Finances	15.26%	934,716,929	166,963,043	95,645,921	39,639,653	61,400,623	46,553,553	-	1,344,919,722
Long-Term Loans	5.00%	1,152,113	894,861	619,957	380,183	399,868	321,584	-	3,768,566
Placements and Finances Advance Against Lease Commitments	12.88%	3,035,070,559	-	-	-	-	-	-	3,035,070,559
Advances & Prepayments	16.15%	66,611,106	-	-	-	-	-	-	66,611,106
Interest Accrued	0.00%	-	-	-	-	-	-	68,552,642	68,552,642
Other Receivables	0.00%	168,721,583	-	-	-	-	-	-	168,721,583
Cash and Bank Balances	0.00%	-	-	-	-	-	-	28,931,995	28,931,995
	5.00%	33,755,775	-	-	-	-	-	-	33,755,775
	<i>Rupees</i>	<u>6,963,526,331</u>	<u>811,689,805</u>	<u>696,480,985</u>	<u>350,698,399</u>	<u>224,772,850</u>	<u>708,689,981</u>	<u>395,035,533</u>	<u>10,150,893,884</u>
FINANCIAL LIABILITIES									
Redeemable Capital	11.66%	-	-	-	345,000,000	-	-	-	345,000,000
Long Term Loans	11.13%	610,957,345	522,710,771	265,851,189	217,475,954	38,017,182	22,242,058	34,078,427	1,711,332,926
Deposits	0.00%	-	-	-	-	-	-	501,816,148	501,816,148
Certificates of Investment / Deposits	10.72%	3,102,046,459	11,000,000	6,615,000	29,157,819	320,261,890	-	-	3,469,081,168
Accrued Mark-Up	0.00%	185,620,882	-	-	-	-	-	-	185,620,882
Short Term Borrowings	10.43%	2,965,613,111	-	-	-	-	-	-	2,965,613,111
Accrued and Other Liabilities	0.00%	10,800,830	-	-	-	-	-	48,541,102	59,341,932
	<i>Rupees</i>	<u>6,875,038,627</u>	<u>533,710,771</u>	<u>272,466,189</u>	<u>591,633,773</u>	<u>358,279,072</u>	<u>22,242,058</u>	<u>584,435,677</u>	<u>9,237,806,167</u>
On Balance Sheet Gap	<i>Rupees</i>	<u>88,487,704</u>	<u>277,979,034</u>	<u>424,014,796</u>	<u>(240,935,374)</u>	<u>(133,506,222)</u>	<u>686,447,923</u>	<u>(189,400,144)</u>	<u>913,087,717</u>



	Effective Rate	2007						Not exposed to Interest rate risk	Total
		One year or less	More than one year but not more than two years	More than two year but not more than three years	More than three years but not more than four years	More than four years but not more than five years	More than five years		
FINANCIAL ASSETS									
Net Investment in Lease Finance	15.75%	1,114,153,088	450,209,336	309,862,493	370,628,048	157,703,949	28,355,319	-	2,430,912,233
Investment in Equity									
Accounted Investees	0.00%	-	-	-	-	-	-	233,085,060	233,085,060
Other Investments	14.95%	2,008,301,477	339,246,177	622,815,920	3,567,258	-	745,045,815	134,695,708	3,853,672,355
Long-Term Finances	15.49%	658,723,849	222,542,455	100,144,105	105,151,310	77,110,960	51,407,307	-	1,215,079,986
Mortgage Finance	15.35%	16,864,156	17,421,879	20,906,253	21,951,566	16,097,815	10,731,876	-	103,973,545
Long-Term Loans	5.00%	1,033,495	1,036,005	690,670	1,377,204	1,239,484	826,322	-	6,203,180
Placements and Finances	16.73%	3,505,171,339	-	-	-	-	-	-	3,505,171,339
Advance Against Lease									
Commitments	16.15%	148,832,208	-	-	-	-	-	-	148,832,208
Advances & Prepayments	0.00%	-	-	-	-	-	-	64,624,538	64,624,538
Interest Accrued		195,858,110	-	-	-	-	-	-	195,858,110
Other Receivables	0.00%	-	-	-	-	-	-	334,941,202	334,941,202
Cash and Bank Balances	5.00%	9,403,986	-	-	-	-	-	-	9,403,986
	<i>Rupees</i>	7,658,341,708	1,030,455,852	1,054,419,441	502,675,386	252,152,208	836,366,639	767,346,508	12,101,757,742
FINANCIAL LIABILITIES									
Redeemable Capital	12.41%	345,000,000	-	-	-	-	-	-	345,000,000
Long Term Loans	11.15%	479,963,729	321,374,011	431,460,775	387,828,064	17,475,954	40,509,240	-	1,678,611,773
Liability Against Assets									
Subject to Finance Lease	18.00%	538,646	54,724	49,252	32,835	-	-	-	675,457
Deposits	0.00%	-	-	-	-	-	-	546,899,576	546,899,576
Certificates of Investment / Deposits	11.58%	4,301,561,910	10,394,448	12,473,337	17,462,672	11,641,782	-	-	4,353,534,149
Accrued Mark-Up		188,026,714	-	-	7,328,233	-	-	-	188,026,714
Short Term Borrowings	10.95%	3,250,046,258	-	-	-	-	-	-	3,250,046,258
Accrued and Other Liabilities	0.00%	5,871,786	-	-	-	-	-	171,106,825	184,306,844
	<i>Rupees</i>	8,571,009,043	331,823,183	443,983,364	412,651,804	29,117,736	40,509,240	718,006,401	10,547,100,771
On Balance Sheet Gap	<i>Rupees</i>	(912,667,335)	698,632,669	610,436,077	90,023,582	223,034,472	795,857,399	49,340,107	1,554,656,971

50. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, to maintain a strong capital base to support the sustained development of its business and to comply with the capital requirements of NBFC Regulations 2007.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

In accordance with the rule 3 of NBFC Regulations 2007, the minimum equity requirement for Investment finance services is Rs. 500 million as at 30 June 2008 and Rs. 1,000 million to be achieved in a phased manner by 30 June 2010, further the minimum equity requirement for Leasing is Rs. 350 million as at 30 June 2008 and Rs. 700 million to be achieved in a phased manner by 30 June 2010.



51. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

51.1 Loans and advances

The Company reviews its portfolios in respect of leases, long-term finances, mortgage finances, placements and other finances to assess the amount of provision for non performing leases and doubtful receivables required there against on a quarterly basis. The provision is made in accordance with the Prudential Regulations issued by SECP and the Company's own criteria based on payment status of markup and principal, expected future cash flows of the business, security position and personal wealth of the directors and owners.

51.2 Property and equipment

The Company reviews the rate of depreciation / useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

51.3 Investment property

An external, independent valuer, having appropriate recognised professional qualifications and experience in the location and category of property being valued, values the Company's investment properties at every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion.

51.4 Income taxes

In making the estimates for income taxes currently payable by the Company the management looks at the current income tax law and the decisions of appellate authorities on disputed issues in the past. These estimates are continually reviewed and based on decision of Income Tax Appellate Tribunal the charge is revised in the year of decision.

51.5 Investments stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, cannot be determined with precision.

51.6 Unfunded gratuity scheme

The Company has adopted certain actuarial assumptions as disclosed in note 25.2 to the financial statements of determining present value of defined benefit obligation, based on actuarial advice. Any change in the assumptions from actual results would change the amount of unrecognised gains and losses for the next year.

52. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have approved bonus dividend @ 10% (2007: Bonus dividend @ 15%) for the year ended 30 June 2008. These financial statements do not reflect this proposed issue.



53. GENERAL

Corresponding figures have been rearranged and reclassified, whenever necessary, for better presentation and disclosure.

Reclassified from	Reclassification to	2007 Rupees
Other receivables	Interest accrued	195,858,110
Accrued and other liabilities	Mark-up accrued	188,026,714

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2008 by the Board of Directors of the Company.

Chairman & Chief Executive

Director



Pattern of Shareholding as at June 30, 2008

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
982	1	100	36,393
422	101	500	105,425
646	501	1,000	528,745
300	1,001	5,000	519,442
32	5,001	10,000	224,919
11	10,001	15,000	138,836
10	15,001	20,000	181,915
8	20,001	25,000	177,875
3	25,001	30,000	77,029
2	30,001	35,000	69,125
3	40,001	45,000	130,227
3	50,001	55,000	152,877
2	55,001	60,000	111,984
2	70,001	75,000	142,237
3	75,001	80,000	234,327
1	80,001	85,000	84,201
1	85,001	90,000	88,000
1	95,001	100,000	98,500
2	110,001	115,000	226,987
1	120,001	125,000	123,719
1	130,001	135,000	132,250
1	155,001	160,000	159,411
5	165,001	170,000	835,003
1	170,001	175,000	171,098
2	175,001	180,000	356,477
1	180,001	185,000	182,425
2	185,001	190,000	371,371
1	195,001	200,000	198,447
2	210,001	215,000	420,961
1	220,001	225,000	223,976
1	250,001	255,000	253,000
1	270,001	275,000	274,505
1	280,001	285,000	282,137
1	290,001	295,000	290,222
1	305,001	310,000	307,588
2	360,001	365,000	725,910
1	370,001	375,000	374,900
1	395,001	400,000	396,750
1	445,001	450,000	447,813
1	455,001	460,000	455,920
1	480,001	485,000	481,065
1	560,001	565,000	565,000
1	675,001	680,000	677,185
1	745,001	750,000	749,052
1	800,001	805,000	804,425
1	985,001	990,000	989,242
1	1,285,001	1,290,000	1,289,566
1	1,360,001	1,365,000	1,361,613
1	1,745,001	1,750,000	1,746,728
1	2,005,001	2,010,000	2,008,634
1	2,125,001	2,130,000	2,129,032
1	2,350,001	2,355,000	2,350,700
1	2,485,001	2,490,000	2,486,877
1	2,560,001	2,565,000	2,561,689
1	3,335,001	3,340,000	3,337,500
1	5,605,001	5,610,000	5,606,113
1	8,060,001	8,065,000	8,061,424
1	9,435,001	9,440,000	9,435,125
2,481			56,953,897



Categories of Shareholders as at June 30, 2008

S. No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage %
1.	Individuals	2,394	27,382,805	48.08
2.	Investment Companies	6	831,227	1.46
3.	Joint Stock Companies	45	3,356,152.00	5.89
4.	Insurance Companies	3	9,810,383	17.23
5.	Financial Institution	11	7,230,538	12.70
6.	Modaraba Management	3	789,679	1.39
7.	Modaraba	10	3,239,743	5.69
8.	Mutual Fund	2	566,000	0.99
9.	Cooperative Societies	1	10,350	0.02
10.	Others	6	3,737,020	6.56
		2,481	56,953,897	100.00

Additional Information

S. No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage %
1.	Associated Companies	3	5,648,325	9.92
	B.R.R. Guardian Modaraba		3,036,295	5.33
	Dawood Capital Management Limited		2,166,038	3.80
	B.R.R. Investment (Pvt.) Ltd.		445,992	0.78
2.	NIT & ICP	2	5,048,779	8.86
	National Bank of Pakistan Trustee Deptt.		5,048,566	8.86
	Investment Corporation of Pakistan		213	0.00
3.	Directors, CEO and their Spouses and Minor Childern	6	11,507,496	20.20
	Ayaz Dawood		2,350,700	4.13
	Hamida Dawood		447,813	0.79
	Rafique Dawood		8,061,424	14.15
	Shimaila Matri Dawood		290,222	0.51
	Rasheed Y. Chinoy		225,087	0.40
	Mohammad Ali s/o Ayaz Dawood		132,250	0.23
4.	Public Sector Companies and Corporation	2	9,435,170	16.57
5.	Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds	85	14,876,632	26.12
6.	Certificate Holders holding ten percent or more in the Company	2	17,496,549	30.72
	State Life Insurance Corp. of Pakistan		9,435,125	16.57
	Rafique Dawood		8,061,424	14.15



FORM OF PROXY XIV ANNUAL GENERAL MEETING

First Dawood Investment Bank Limited
Karachi.

I/We _____ of
_____ (full address)

being a member of **First Dawood Investment Bank Limited** Folio No./CDC A/c. No. _____ do hereby
appoint Mr./Ms _____ Folio No./CDC A/c No. _____
of _____ (full address)

(or failing him/her) Mr./Ms. _____ Folio No./CDC A/c No. _____
of _____ (full address)

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the
XIV Annual General Meeting of the Company to be held on October 28, 2008 at 04:00 p.m. and to evert adjournment
thereof.

And witness my/our hand/seal this _____ day of _____ 2008, signed by the said

Mr./Ms. _____
of _____ (full address)

REVENUE STAMP Rs. 5/-

Signature of Witness

Signature(s) and or Seal

Important Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appointed a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
 2. Duty completed forms of Proxy must be deposited with the Company Secretary at the Registered Office of the Company no later than 48 hours before the time appointed for the meeting.
 3. This form should be signed by the Member of by his/her attorney duly authorized in writing. If the Member is a Corporation, its Common seal should be affixed to the instrument.
 4. If more than one instrument of Proxy, appointing more than one person is deposited with the Company, all such instrument of proxy shall be rendered invalid.
 5. The signature on the Instrument of Proxy must confirm to the Specimen Signature recorded with the Company,.
 6. Attested copy of NIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 7. The proxy shall produce his/her original NIC or original passport at the time of meeting.
 8. Account holders and sub-account holders holding book entry securities of the Company in Central Depository System of Central Depository Company of Pakistan Limited who wish to attend the Annual General Meeting are requested to please bring original I.D. Card with copy thereof duly attested by their bankers for identification purpose.
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