



**FIRST DAWOOD
INVESTMENT
BANK LIMITED**



ANNUAL

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FIRST DAWOOD INVESTMENT BANK LIMITED
ANNUAL REPORT 2011

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CORPORATE INFORMATION

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Board of Directors	Mr. Rafique Dawood Mr. Abdus Samad Khan Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. AVM (R) Syed Javed Raza Mr. Omar Hasan Khan Bangash Mr. M. Riyazul Haque	Chairman Chief Executive Officer Director Director Director (Nominee of DCM) Director Director (Nominee of NIT)
Audit Committee	Mr. Rasheed Y. Chinoy Mr. Omar Hasan Khan Bangash Mr. M. Riyazul Haque	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Abbas Qurban	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants	
Legal Advisor	Mohsin Tayebaly & Co.	
Bankers	Bank Al-Habib Habib Metropolitan Bank National Bank of Pakistan Oman International Bank Al-Baraka Islamic Bank Standard Chartered Bank United Bank	
Registered Office Head Office	1900-B, Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000 PABX +92 (21) 3227-1874-84, 3701-0960-65, 3701-4641-44 Fax +92 (21) 3227-1913 Email fdib@firstdawood.com URL www.firstdawood.com	
Branch Offices	Islamabad Branch Office No. 20 & 21, Beverly Centre, 1st Floor, 56-G-7, Jinnah Avenue, Islamabad-7400. Tel +92 (051) 227-6367 & 227-4194-5 Fax +92 (051) 227-1280 Email brrim@isb.paknet.com.pk Lahore Branch Suite No. 210, 5th Floor, Siddiq Trade Centre, Main Boulevard, Gulberg III, Lahore Tel +92 (42) 3578-1888 Fax +92 (42) 3578-1890 Email fdibl@yahoo.com	
Share Registrar	F.D. Registrar Services (SMC-Pvt) Ltd. 1108, 11th Floor, Trade Centre I.I. Chundrigar Road, Karachi-74000 Tel +92 (21) 3547 8192-93 Fax +92 (21) 3262 1233 Email fdregistrar@hotmail.com , fdregistrar@yahoo.com	

VISION AND MISSION STATEMENT/ CORPORATE STRATEGY



FIRST DAWOOD INVESTMENT BANK LIMITED
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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 term 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 their achievements.

CORPORATE STRATEGY

- * Ensuring shareholder's 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.

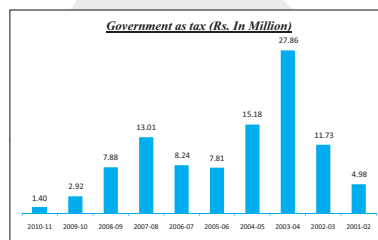
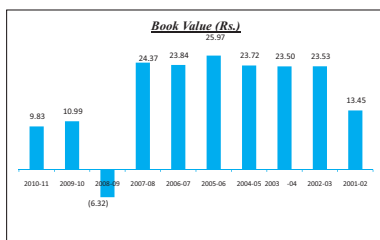
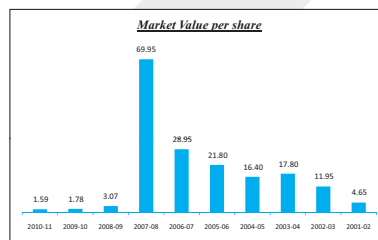
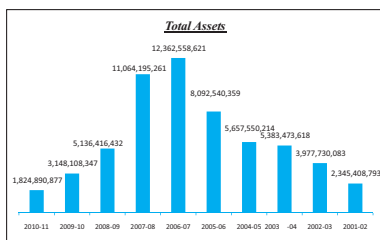
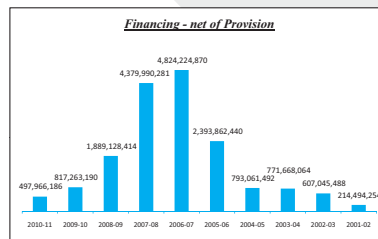
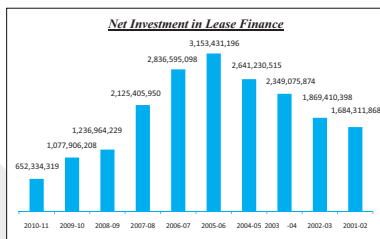
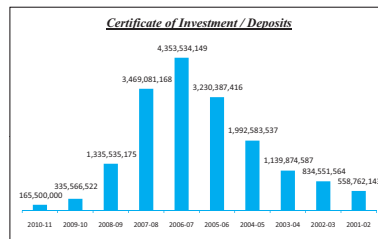
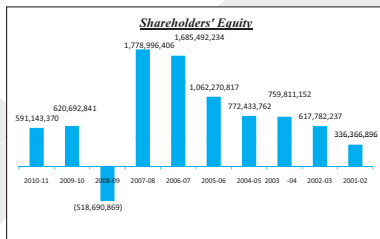
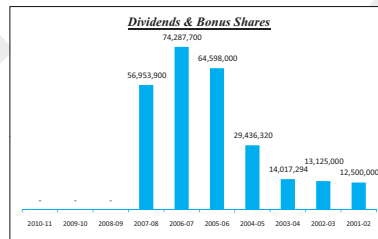
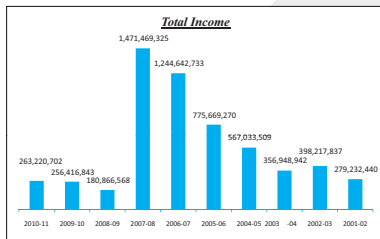
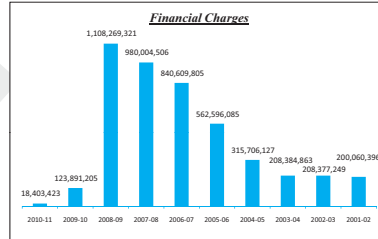
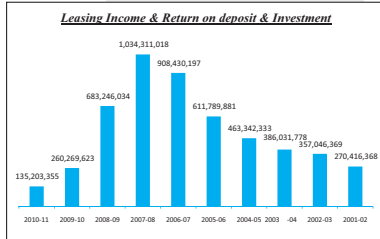


FINANCIAL HIGHLIGHTS

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
PROFIT & LOSS										
Lease income & Return on deposit & Investment										
Financial Charges	135,203,355	260,269,623	683,246,034	1,034,311,018	908,430,197	611,789,881	463,342,333	386,031,778	357,046,369	270,416,368
Fee, commission, brokerage & others	18,403,423	123,891,205	1,108,269,321	980,004,506	840,609,805	562,596,085	315,706,127	208,384,863	208,377,249	200,060,396
Dividend & capital gain/(loss)	78,589,971	56,576,610	2,555,994	93,994,151	64,024,883	30,737,223	20,444,982	8,481,604	2,440,838	1,044,366
Total Income	49,447,376	(60,429,390)	(504,935,460)	343,164,156	272,187,653	133,142,166	83,246,194	(37,564,440)	38,730,630	7,771,706
Provisions / (Surplus) / Deficit	263,220,702	256,416,843	180,866,568	1,471,469,325	1,244,642,733	775,669,270	567,033,509	356,948,942	398,217,837	279,232,440
Operating expenses	74,474,521	(201,350,448)	773,852,970	357,975,763	149,610,232	11,990,078	146,445,129	(141,122,093)	(141,122,093)	20,924,216
Operating profit / (loss) before tax and provision	88,027,391	99,622,885	94,049,058	97,377,189	62,107,534	60,659,608	41,137,407	37,499,605	26,464,943	25,426,207
Profit / (loss) after taxation	156,789,888	32,902,753	(1,021,451,811)	394,087,630	341,925,394	152,413,577	210,189,975	111,064,474	163,375,645	53,745,837
Profit / (loss) before taxation	(44,284,223)	377,676,221	(1,784,152,012)	113,655,423	188,514,986	125,129,337	53,563,395	46,787,789	280,857,037	22,102,921
Dividends	12,644,688	234,253,201	(1,795,304,781)	36,111,867	192,315,162	140,423,499	63,744,846	61,979,024	304,497,738	32,821,621
Bonus shares	-	-	-	56,953,900	74,287,700	64,598,000	29,436,320	14,017,294	12,500,000	-
BALANCE SHEET										
Equity	591,143,370.00	620,692,841	(518,690,869)	1,778,996,406	1,685,492,234	1,062,270,817	772,433,762	759,811,152	617,782,237	336,366,896
Revaluation Reserves	(24,502,432.00)	(67,870,626)	(115,444,739)	390,820,631	410,971,882	221,425,098	74,058,584	100,982,075	13,058,304	-
Certificate of Investment / Deposits	165,500,000.00	335,566,522	1,335,535,175	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
Borrowings from financial institutions	769,890,505.00	1,668,756,721	3,547,552,301	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
Net Investment in Lease Finances	652,334,319.00	1,077,906,208	1,236,964,229	2,125,405,950	2,836,595,098	3,153,431,196	2,641,230,515	2,349,075,874	1,869,410,398	1,684,311,868
Financing - net of Provision	497,986,186.00	817,263,190	1,889,128,414	4,379,990,281	4,824,224,870	2,393,862,440	793,061,492	771,668,064	607,045,488	214,494,254
Investment - net of provision	213,833,608.00	601,779,989	951,915,585	3,568,838,529	3,918,546,732	2,020,292,946	1,823,297,960	2,175,281,455	1,381,334,698	422,952,110
Total Assets	1,824,890,877.00	3,148,108,347	5,136,416,432	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
FINANCIAL RATIOS										
Gross spread ratio (%)	86.39%	52.40%	-62.21%	5.25%	7.47%	8.04%	31.86%	46.02%	41.64%	26.02%
Income / expense ratio (Times)	2.47	1.15	0.15	1.37	1.38	1.24	1.59	1.45	1.70	1.24
Return on Average Equity (ROE) (%)	-7.31%	740.53%	-283.13%	6.56%	13.72%	13.64%	6.99%	6.79%	58.87%	6.89%
Return on Average Assets (ROA) (%)	-1.78%	9.12%	-22.03%	0.97%	1.84%	1.82%	0.97%	1.00%	8.88%	1.35%
Profit before tax ratio	0.05	0.91	(9.93)	0.02	0.15	0.18	0.11	0.17	0.76	0.12
Financing / Deposit Ratio (Average) (%)	262.49%	161.95%	130.48%	117.66%	95.18%	61.02%	49.95%	69.83%	58.96%	32.64%
Total assets turnover ratio / Fixed assets turnover ratio	3.79	27.19	2.11	178.37	1,032.41	470.63	458.88	289.79	154.05	77.74
Price Earning ratio	(4.82)	0.30	(0.11)	34.98	7.60	6.77	9.94	11.19	1.12	5.26
Market Value per share	1.59	1.78	3.07	69.95	28.95	21.80	16.40	17.80	11.95	4.65
Earning per share (Rs.)	(0.33)	6.03	(28.00)	2.00	3.81	3.22	1.65	1.59	10.70	0.88
Book value per share (Rs.)	9.83	10.99	(6.32)	24.37	23.84	25.97	23.72	23.50	23.53	13.45
Book value per share - including surplus / (deficit) on revaluation	9.44	9.91	(8.16)	31.24	34.03	32.81	26.24	27.10	24.03	13.45
Employees remuneration (Rs. in Million)	48.59	52.97	47.54	46.58	22.80	23.96	15.82	14.47	9.77	9.40
Government tax (Rs. in Million)	1.40	2.92	7.88	13.01	8.24	7.81	15.18	27.86	11.73	4.98
Number of employees	33.00	34.00	35	52	45	43	28	28	22	22



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NOTICE OF ANNUAL GENERAL MEETING (AGM XVII)



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Notice is hereby given that the AGM XVII of First Dawood Investment Bank Limited will be held at its Registered Office, 1900-B, Saima Trade Towers, I. I. Chundrigar Road, Karachi on Tuesday, October 25, 2011 at 08:00 p.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XVI Annual General Meeting held on October 26, 2010.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2011 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year 2012 and to fix their remuneration.
4. Any other Business with the permission of the Chair.

Special Business

To consider, approve limit enhancement of investment in associated company u/s. 208 and 160 (1) (b) of the Companies Ordinance, 1984 and pass the following Special resolution, with or without modification.

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 enhance investment limit in **Dawood Family Takaful Limited**, an associated company as approved in AGM-XI Resolution # 3/2005, from Rs.100 million to Rs.210 Million at par, subject to the compliance of rules and regulations as applicable and approvals, if any, of the relevant authority(ies)"

This enhancement is needed to meet the section 208 requirement as the company has received 10.966 million shares of Dawood Family Takaful Limited in settlement from two non-performing debts.

"**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."

By Order of the Board

October 03, 2011
Karachi

Abbas Qurban
CFO & Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from October 18, 2011 to October 25, 2011 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1108, 11th Floor, Trade Center, 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.



DIRECTOR'S REPORT

FIRST DAWOOD INVESTMENT BANK LIMITED
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IN THE NAME ALLAH THE MOST COMPASSIONATE, THE MOST MERCIFUL

Dear Shareholders,

The Board of Directors of First Dawood Investment Bank Limited ("FDIB" or the "Company") is pleased to present the Annual Report and Audited Accounts for the financial year ended June 30, 2011.

General Overview

In FY11, the domestic macroeconomic landscape was affected badly by the overall law and order situation, floods and related fiscal slippages, and more particularly the higher interest rate regime in a recessionary economy. The economic recovery therefore slow-paced compared to the projected growth. On the other hand the double digit inflation and good crop during the year 2010 with higher demand and commodity prices both locally and internationally drove the agriculture incomes very high, which resulted into demands surfacing at the rural level which somehow helped sustain the domestic economy.

The central bank has recently started lowering the discount rate to bring it to a level where the frozen private sector growth could be melted. It is hoped that single digit discount rate would mean a boost to the economy and will help ease the burden of the exchequer in meeting servicing its mounting domestic debt. It is also expected that the dying activity at equity markets and real estate will also jump up in case the central bank initiate some tough decisions by softening the future interest rate scenario.

The uplift of the economy in general and the current liquidity situation at the NBFC sector which has entered into a red zone mainly due to non availability of cash from its usual resource base (the commercial banks) is totally now dependent on the reduction of the Government reliance on borrowing from banks. Several strategies are being formulated at the central bank and SECP level, so as to divert the flow of finances to the private sector with corresponding uplift of the NBFC sector. The financial strength of the small commercial banks as well as the NBFC sector is a must to look after and assist financially the fragile SME sector to give boost to a sustainable growth across the country.

Company's overview

In the above scenario FDIB being a part of the NBFC sector heavily relies on the macro and micro economic dynamics at the country level. The whole of the NBFCs sector is in disarray and unfortunately has been placed in situation where normal business functions have almost been halted. This state of affairs is directly hitting the SME sector of the country which is causing a great threat to the country domestic growth.

However on a pleasant note, it is to inform that the regulators have come forward and are in the process of stepping ahead to let the NBFC sector not only to survive but to play its real role as has been desired of this sector. The steps so far taken and in the pipeline are well tailored and it is hoped that your company will be one of the beneficiary of these steps.

Dear shareholders, despite extremely unfavorable economic and financial environment, your company has with the support of shareholders / Board and facilitative guidance of SECP has managed to sustain its financial achievement it has made during the last two years. The company now looks forward to more promising business activities for the benefits of all its stakeholders.

Operations and Performance

Your company during the financial year 2010-11 has gained a profit before provisioning and tax of Rs 87.38 million, however as per prudence desired, your company made further provisioning of Rs 74 million thereby reporting before tax profit of Rs.12.90 million as compared to profit of Rs.234.25 million last year. The company adjusted deferred tax assets of Rs 49.41 million and made further tax assessment of Rs 7.52 million, resulting into net loss of Rs 44.02 million. Gross revenue for the year is Rs.192.26 million as compared to Rs.292.80 million last year. This is primarily due to settlement of our liabilities with earning assets to pacify the creditors.

Administrative expenses for the period under review shows declining trend and stands at Rs.88.03 million as compared to Rs.99.62 million last year. The financial cost also has been declined substantially to Rs18.40 million from Rs.123.89 million as during the year most of the liabilities were settled off.

Credit Rating

As of December 31, 2009, PACRA downgraded FDIB to "D" despite the fact that reasonable restructuring/ settlements had been achieved since their last update in November 2009. FDIB in view of settling its creditors have yet to start fresh business. As such, fresh credit rating will be sought once the company meets all its current challenges particularly disposing off the court cases and settling off with the remaining two creditors.

Future Strategy

A revised five years business plan has been approved by the Board, which clearly spells out the future business intake based on ground realities. The emphasis is now on the functioning of the company in the absence of large size fresh funding for at least the next two years, by which time



it is anticipated that the country economy in general and the financial health at the NBFC in particular will improve and pave the way for this entity to excel in its normal business functions.

The management of FDIB has now diverted its efforts to recoveries. A sizeable lease and long term portfolio provides a good cushion for a reasonable recovery within the next two years. The recovery team have been re-enforced with enhanced and competent workforce. The recovery drive is expected to yield very satisfactory results which will enhance the company's financial health and corresponding values. Further strategies are being carried at the regulators and NBFC platform to have some innovative revised business modules for the NBFC sector. With the approval of new business intake policy, the sector in general and FDIB in particular will offer bright prospects to the shareholders and new investors.

Dividend

The current liquidity position does not allow the Board to recommend any payout.

Key Financial Highlights

A summary of the key operating and financial data for the last ten years appears at the beginning of this annual report.

Statement of Compliance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2011. 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:

1. 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.
2. Your Company has maintained proper book of accounts.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. 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 Exchange Commission of Pakistan have been followed in the preparation of financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts over the ability to continue as going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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, and Company Secretary and their spouses or minor children.

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 advised 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.17.46 million in the provident scheme as on June 30, 2011.

Post Balance Sheet Events

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

Directors

During the year, casual vacancy occurred in the Board. Mr. Siddique Khokhar (Nominee NIT) resigned and Mr. M. Riyazul Haque (Nominee NIT) appointed Director to fill casual vacancy with the prior approval of SECP

The Board wishes to place on record its appreciation for the valuable contribution made by the outgoing Director and welcomes the new Director.



Auditors

The retiring auditors M.Yousuf Adil Saleem & Co., Chartered Accountant, have expressed their willingness to continue in office for the year ending June 30, 2012, 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.

Board Meetings

During the year under review, the Board met six times. The attendance of each Director at the Board Meetings is as follows:

S.No	Name	Designation	Entitlement to Attend Meeting	Meeting Attend	Leave of Absences
1	Mr. Rafique Dawood	Chairman	6	6	-
2	Mr. Abdus Samad Khan	CEO	6	6	-
3	Mr. Ayaz Dawood	Director	6	5	1
4	Mr. Rasheed Y. Chinoy	Director	6	6	-
5	Mr. AVM (R) Syed Raza	Director	6	6	-
6	Mr. Omar Hasan Khan Bangash	Director	6	5	1
7	Mr. M. Riyazul Haque	Director	4	3	1

Pattern of Shareholding

The pattern of shareholding as on June 30, 2011 along with disclosure as required under the Code of Corporate is annexed.

Acknowledgement

The Board of Directors acknowledges and deeply appreciates the management and employees for their dedication, commitment, in these hard times being faced by the company. The management role in the on time decisions and continuous efforts for bringing out the company from severe financial crisis is being acknowledged and appreciated. We also take this opportunity to express our gratitude to our valued customers, business partners, external auditors, stake holders, bankers and shareholders for their support, trust and patronage. Last, but not the least, we humbly pay our gratitude to our regulator SECP, who kept on rendering their immense support and facilitative role, enabling FDIB not only to face these tough challenges, but to let it revive and once again to stand on its own strong footings.

October 3, 2011
Karachi

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

Rafique Dawood
Chairman

**STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2011**



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This statement is being presented to comply with Code of Corporate Governance (the "Code") contained in 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 and directors representing minority interest on its Board. At present the Board comprises of seven (7) directors of which four (4) are non-executive. There is no director representing minority interest.
2. The directors have confirmed that none of them is serving as a director in more than 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 NBFC, and none of them is a member of any stock exchange.
4. During the year two casual vacancies occurred in the Board which were filled up by the directors within 30 days of occurrence as per requirement.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has adopted a vision / mission statement and overall corporate strategy of the Company and has also formulated significant policies as mentioned in the Code. The significant policies have been revised and being sent to the Board of Directors for the approval.
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 employment of the Chief Executive Officer have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. Six board meetings were held during the year including at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.
9. The directors of the Company have been provided with copies of the Listing Regulations, Code of Corporate Governance, NBFC Rules and Regulations, 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 of their duties and responsibilities. Further, the directors of the Company at the time of appointment, have given a declaration that they are aware of their duties and powers under the Companies Ordinance, 1984 and listing regulations of the stock exchange.
10. The Board of Directors of the Company has approved the appointment of Company Secretary during the year including his remuneration and terms and conditions of employment as determined by the Chief Executive Officer. There has been no change in the position of Head of Internal Audit.
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.
12. Financial Statements of the Company were endorsed by the chief executive officer and chief financial officer before approval of the board.
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 three members; two of them are non-executive directors including chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The revised terms of reference of the audit committee have been prepared and being sent for approval of the Board.
17. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.



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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 with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The related party transactions and pricing methods have been placed before the audit committee and approved by the board of directors with necessary justification for term and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions.
21. We confirm that all other material principles contained in the Code have been complied with.

**October 03, 2011
Karachi.**

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

**Abdus Samad Khan
Chief Executive Officer**

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF
COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE**



**FIRST DAWOOD INVESTMENT BANK LIMITED
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Deloitte.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal
Karachi-75350
Pakistan

UAN: +92 (0) 21 111-55-2626
Fax: +92 (0) 21-3454 1314
Web: www.deloitte.com

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 Regulations of the Karachi 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 the 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.

Further, Sub-regulation (xiii a) of Listing Regulation 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSEJN 269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 June 30, 2011.

Chartered Accountants

Karachi
Date: October 03, 2011

Member of
Deloitte Touche Tohmatsu



Deloitte.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal
Karachi-75350
Pakistan

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Web: www.deloitte.com

We have audited the annexed balance sheet of **First Dawood Investment Bank Limited** (the Company) as at June 30, 2011 and the related profit and loss account, statement of other comprehensive income, 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 purpose 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;
 - (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, statement of other comprehensive income, 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 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 June 30, 2011 and of the loss, its comprehensive loss, 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).

We draw attention to following matters:

- i. As fully described in note 1.3 to the financial statements, the Company successfully arranged restructuring of its liabilities in the last two years that has resulted in improvement in its financial position. However, there are still uncertainties as described in the note 1.3 pertaining to mitigation efforts and in note 31 relating to contingencies regarding unfunded exposure in respect of letters of guarantees and letters of comfort. The management is confident that the Company will be able to restructure its remaining facilities, streamline its operations and its licenses will be renewed which will result in profitable operations and realization of deferred tax assets as mentioned in note 11.
- ii. We draw attention to note 48 to the financial statements which states that minimum capital requirement for the Company is Rs. 850 million which is presently not complied.

Our report is not qualified in respect of these matters.

Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi.
Date: October 03, 2011

Member of
Deloitte Touche Tohmatsu

BALANCE SHEET
AS AT JUNE 30, 2011



FIRST DAWOOD INVESTMENT BANK LIMITED
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	<i>Note</i>	2011 <i>Rupees</i>	2010 <i>Rupees</i>
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	69,470,998	9,431,583
Investment properties	6	119,086,520	191,037,708
Net investment in lease finance	7	60,223,073	288,753,097
Long term investments	8	163,947,170	22,961,150
Long term finances	9	12,843,780	191,792,808
Long term loans	10	315,796	461,060
Long term deposits		2,500,000	4,763,500
Deferred tax asset	11	98,116,360	147,528,543
		<u>526,503,697</u>	<u>856,729,449</u>
CURRENT ASSETS			
Current portion of non-current assets	12	922,840,417	1,052,765,571
Short term investments	13	49,886,438	578,818,839
Placements and finances	14	133,538,651	332,219,665
Advance against lease commitments	15	21,000,000	30,031,100
Advances and prepayments	16	9,619,144	23,329,725
Mark-up accrued	17	1,690,893	64,818,615
Other receivables	18	45,759,849	62,808,209
Cash and bank balances	19	114,051,788	146,587,174
		<u>1,298,387,180</u>	<u>2,291,378,898</u>
		<u>1,824,890,877</u>	<u>3,148,108,347</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Ordinary shares	20	626,492,900	626,492,900
Preference shares	20	715,833,540	715,833,540
		1,342,326,440	1,342,326,440
Reserves		333,744,789	333,744,789
Accumulated loss		(1,060,165,419)	(987,507,862)
		<u>615,905,810</u>	<u>688,563,367</u>
Deficit on revaluation of investments	21	(24,762,440)	(67,870,526)
		<u>591,143,370</u>	<u>620,692,841</u>
NON CURRENT LIABILITIES			
Redeemable capital	22	-	345,000,000
Long term loans	23	559,128,693	752,010,405
Certificates of investment	24	-	9,374,497
Long term deposits	25	18,089,621	111,158,142
		<u>577,218,314</u>	<u>1,217,543,044</u>
CURRENT LIABILITIES			
Current portion of long term liabilities	26	277,672,815	275,652,668
Mark-up accrued	27	69,338,411	164,117,877
Short-term borrowings	28	81,418,223	505,645,127
Certificates of investment	29	165,500,000	325,000,000
Accrued and other liabilities	30	58,224,571	34,586,690
Taxation		4,375,173	4,870,100
		<u>656,529,193</u>	<u>1,309,872,462</u>
Contingencies and commitments	31	<u>1,824,890,877</u>	<u>3,148,108,347</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**



**FIRST DAWOOD INVESTMENT BANK LIMITED
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	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
INCOME			
Lease income		25,673,141	31,450,035
Return on placements, finances, deposits and investments	32	76,282,837	161,220,336
(Loss) / gain on sale of securities - net		(1,688,667)	32,369,985
Income from long term finances		31,868,561	106,964,812
Loss on derecognition of financial assets		(18,707,169)	-
Loss on disposal of investment in associate		-	(162,961)
Brokerage income		-	2,556,330
Other income / (loss)	33	78,829,979	(41,607,915)
		192,258,682	292,790,622
PROVISIONS / CHANGES IN FAIR VALUE			
(Provision) / reversal for lease losses and doubtful recoveries	34	(49,427,259)	206,927,166
Provision for impairment	35	(30,509,886)	(5,501,389)
Surplus on revaluation of investment property		5,462,624	-
Deficit on remeasurement of held for trading securities		-	(75,329)
		(74,474,521)	201,350,448
		117,784,161	494,141,070
EXPENDITURE			
Administrative expenses	36	88,027,391	99,622,885
Finance cost	37	18,403,423	123,891,205
		(106,430,814)	(223,514,090)
		11,353,347	270,626,980
Share of profit / (loss) of associates	38	1,551,349	(36,373,779)
PROFIT BEFORE TAXATION		12,904,696	234,253,201
TAXATION			
Current year	39	(4,375,173)	(4,105,523)
Prior year		(3,141,555)	-
Deferred		(49,412,183)	147,528,543
		(56,928,911)	143,423,020
(LOSS) / PROFIT AFTER TAXATION		(44,024,215)	377,676,221
(Loss) / earnings per share - basic - Rupees	40	(1.16)	6.03
(Loss) / earnings per share - diluted - Rupees	40	(0.33)	6.03

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011



FIRST DAWOOD INVESTMENT BANK LIMITED
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	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,904,696	234,253,201
Adjustments:		
- Depreciation	5,388,687	3,858,671
- Loss / (gain) on sale of investments	1,688,667	(32,369,985)
- Loss on disposal of investment in associate	-	162,961
- Loss on derecognition of financial assets	18,707,169	-
- Share of profit of equity accounted investees	(1,551,349)	36,373,779
- (Gain) / loss on settlement of liabilities	(51,223,518)	95,638,379
- Finance cost	18,403,423	123,891,205
- (Gain) / loss on sale of property and equipment	(189,460)	217,571
- Provision for gratuity	-	10,050,530
- Provision for lease losses and doubtful recoveries	49,427,259	(206,927,166)
- Provision - written-off	(56,132,026)	(19,668,953)
- Provision for impairment in the value of available for sale investments	30,509,886	5,501,389
- Deficit on revaluation of securities at fair value through profit or loss	-	75,329
- Surplus on revaluation of investment property	(5,462,624)	-
- Exchange gain	(2,447)	(10,184)
- Other income	(77,849,102)	(122,674,862)
	<u>(68,285,435)</u>	<u>(105,881,336)</u>
	(55,380,739)	128,371,865
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	204,243,016	231,601,289
Long-term finances	152,689,112	408,652,561
Long-term loans	392,891	373,725
Placements and finances	202,990,940	252,016,519
Advances and prepayments	(4,208,029)	(1,750,368)
Advance against lease commitments	1,500,000	8,733,800
Interest accrued	(4,117,460)	(5,642,307)
Other receivables	(2,780,079)	89,444,209
	<u>550,710,391</u>	<u>983,429,428</u>
	495,329,652	1,111,801,293
<i>Increase / (decrease) in operating liabilities</i>		
Certificates of investment / deposits	(46,013,635)	(97,210,917)
Deposits	(153,098,449)	(48,378,559)
Short-term borrowings	64,346,441	435,612,955
Accrued and other liabilities	23,637,881	(5,469,762)
	<u>384,201,890</u>	<u>1,396,355,010</u>
Finance cost paid	(65,557,433)	(180,385,555)
Gratuity paid	-	(22,921,458)
Tax refund received	9,906,955	-
Tax paid	(8,011,655)	(2,915,041)
Net cash flow from operating activities	<u>320,539,757</u>	<u>1,190,132,956</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(14,565,323)	(7,835,822)
Purchase of investment property	-	(93,600,000)
Proceeds from sale of property and equipment	398,680	3,103,826
Proceeds from sale of investment property	-	(118,656,800)
Long term investment	-	337,217,370
Short term investments	(188,080,264)	(782,107,887)
Long-term deposits	2,263,500	(13,376,000)
Net cash flow used in investing activities	<u>(199,983,407)</u>	<u>(675,255,313)</u>



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C. CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans obtained
Repayment of long-term loans
Net cash flow used in financing activities
Net increase in cash and cash equivalents
Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
	-	154,000,000
	(53,142,754)	(227,844,578)
	<u>(53,142,754)</u>	<u>(73,844,578)</u>
	67,413,596	441,033,065
	46,638,192	(394,394,873)
	<u>114,051,788</u>	<u>46,638,192</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011**



**FIRST DAWOOD INVESTMENT BANK LIMITED
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	<i>2011 Rupees</i>	<i>2010 Rupees</i>
Net (loss) / income after taxation for the year	(44,024,215)	377,676,221
Other comprehensive income		
Surplus on remeasurement of investments classified as available for sale - net	40,226,346	56,535,826
Share of surplus / (deficit) on remeasurement of investments in an associate	2,881,740	(8,961,611)
	43,108,086	47,574,215
Total comprehensive (loss) / income for the year	<u>(916,129)</u>	<u>425,250,436</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**



**FIRST DAWOOD INVESTMENT BANK LIMITED
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	SHARE CAPITAL		CAPITAL RESERVES			REVENUE RESERVES			TOTAL
	ORDINARY SHARES	PREFERENCE SHARES	STATUTORY RESERVE	PREMIUM ON RIGHT SHARES	CAPITAL RESERVE ON ACQUISITION	DEFICIT ON REVALUATION OF INVESTMENTS	ACCUMULATED LOSS		
Balance at July 1, 2009	626,492,900	-	202,186,151	53,426,910	2,596,484	(115,444,741)	(1,287,948,573)	(518,690,869)	
Issuance of 4% preference shares during the year	-	715,833,540	-	-	-	-	-	715,833,540	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	
- Profit for the year	-	-	-	-	-	47,574,215	377,676,221	377,676,221	
- Other comprehensive income	-	-	-	-	-	-	(75,535,244)	47,574,215	
Transfer to statutory reserve	-	-	75,535,244	-	-	-	-	-	
Dividend on preference shares @ 4% for the Period	-	-	-	-	-	-	(1,700,266)	(1,700,266)	
Balance at June 30 2010	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(67,870,526)	(987,507,862)	620,692,841	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	
- Loss for the year	-	-	-	-	-	-	(44,024,215)	(44,024,215)	
- Other comprehensive income	-	-	-	-	-	43,108,086	-	43,108,086	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	
Balance at June 30 2011	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(24,762,440)	(1,060,165,419)	591,143,370	

----- Rupees -----

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



1. STATUS AND NATURE OF BUSINESS

1.1 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 had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which have been expired.

1.2 The Company is also acting as trustees to Term Finance Certificates / Sukuk issued by Standard Chartered bank Pakistan Limited, Askari Bank Limited, IGI Investment Bank Limited, World Call Telecom Limited, Allied Bank of Pakistan, Escorts Investment Bank Limited, Grays Leasing Limited, Engro Fertilizers Limited, Sitara Energy Limited, KASB Securities Limited, Orix Leasing Pakistan Limited-1, Orix Leasing Pakistan Limited -2, Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Pvt.), Security Leasing Company Limited, TPL Trakkers Limited, Dewan Cement Limited, House Building Finance Company, Bunn's Limited, Pak Hy-Oils Limited, Vision Developers Limited, Flying Board and Paper Products Limited. The value of such assets as at June 30, 2011 amounted to Rs. 23.57 billion (2010: 32.82 billion).

1.3 Mitigating efforts and achievements

The Company started facing financial difficulties from second quarter of financial year 2008-09 as a result of unwarranted liquidity crunch in the financial sector which resulted in withdrawal of money market lines of NBFC sector. The clean money market lines of the Company of over Rs.5 billion from the banking sector were abruptly withdrawn and hence Company was unable to meet its commitments due to liquidity crunch. Certain banks and financial institutions filed cases and / or served legal notices against the Company. These resulted in down grading of credit rating, non compliance of requirements of NBFC Regulations regarding minimum capital and suspension of leasing license and permission to issue certificates of investment and deposit.

The Company continued with the process of restructuring its balance sheet in financial year 2009-10 and 2010-11 and has successfully able to settle / restructure majority of its liabilities by June 30, 2011. As compared to total liabilities of Rs. 9,818 million as at June 30, 2008, only Rs. 1,171 million is now outstanding at the balance sheet date. Thus, balance sheet footing has reduced from Rs.11,064 million as on June 30, 2008 to Rs.1,828 million as on June 30, 2011. During the year, the Company continued to remain current on most of its long term liabilities, which have been restructured during last 2 to 3 years. Term Finance Certificates of the Company amounting to Rs.345 million have been fully settled against swapping of TFCs / Sukuks of three companies. Further, Company's liabilities towards mutual funds industry has been fully settled/restructured.

Debt equity swap, restructuring and settlement with financial institutions

At the time of restructuring, it was expected that loans of Rs. 660 would be restructured by converting debt into preference shares of the Company. However, the Company surpassed the target and achieved debt/equity swap of Rs.716 million last year.

Capital and equity

Currently equity of the Company is Rs 591 million. According to Rule 3 of the NBFI Regulations 2008, the Company is required to have minimum capital of Rs 500 million for Investment Finance Services and Rs 350 million for leasing by June 30, 2011. However, in view of the overall financial health of the NBFC sector in Pakistan, NBFI and Modaraba Association has requested SECP to keep the enhanced requirements in abeyance for another two years. It is hoped that SECP will agree to retain earlier requirements which are Rs. 300 million for Investment Finance Services and Rs. 200 million for leasing. In that case, the Company will remain equity compliant. The Board is considering issuance of right shares, which was postponed due to current economic conditions of the country. However, in case enhanced minimum capital requirement is not deferred the Company will issue right shares to remain equity compliant. The sponsoring directors are committed to subscribe their portion of right issue in future.

Litigations

As at June 30, 2011, only four cases were left in the court. Two of these cases were filed by the public sector entities, who despite management's efforts have not yet agreed to settle their COIs with the assets offered to them. The parties despite knowing that the Company is passing through liquidity crises emphasizing on cash settlement, which in the current scenario is difficult. House Building Finance Company Limited (HBFC) has obtained a decree of Rs 75 million against the Company and as per instructions of Court Naazir, the desired securities have been attached to settle the COIs of HBFC. Other amounts include COIs of State Life Insurance Corporation (SLIC) of Rs 100 million who is also one of the shareholders of the Company. Despite offering SLIC workable proposals for settlement, their Board has not taken decision in this regard. The Company desires that cases be settled out of the court. Subsequent to the year end, the Company has entered into compromise agreement with one of the parties.



Bank guarantees

"Total amount of guarantees outstanding as on June 30, 2010 were Rs. 3,441 million which have come down to Rs.2,991 million on June 30, 2011, mainly due to expiry / return of guarantee documents. Guarantees amounting to Rs. 644 are under litigations details of which are stated in note 31 of these financial statements. The legal counsel of the Company is confident that no funding claim will arise out of these guarantees due to some basic flaws in guarantee documentation and not meeting terms of the guarantees by their beneficiaries. "

Credit rating

The Company has yet not sought fresh credit rating from credit rating agencies. PACRA downgraded Company's rating to "D" in December 2009 despite the fact that reasonable restructuring / settlements had been achieved since last update in November 2009. The management will seek fresh entity rating once the licenses are renewed and normal business functioning of the Company is going to recommence.

SECP report

Another inspection of the Company's affairs was carried out by SECP during the current year. Response to the final Report has been shared with the Board of directors and submitted to the SECP.

Future prospects

A revised five years business plan has been approved by the Board, which clearly spells out future business intake based on ground realities. The emphasis is now on the sustainability of the Company and the efforts have been diverted to recoveries. A sizeable non-performing lease and long term portfolio provides a good cushion for reasonable recovery within next two to three years. The recovery team have been re-enforced with enhanced and competent workforce. The recovery drive is expected to resurrect the Company's financial position. Under the revised business plan, low concentration has been given to inter-bank borrowings. The present management is committed and has successfully managed to turn around the Company for the benefit of its creditors, shareholders and other stakeholders and is hopeful that it will have sufficient cash flows to resume operations.

Further, SECP is framing revised business models for the investment banks, which will ensure that investment banking functions would not be entertained by other organizations in the financial sector except the investment banks. Also new ways and means are being defined to generate liquidity at the NBFC sector apart from the current channels. With the approval of new business policy, the sector will offer bright prospects to the shareholders and new investors.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance), the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Ordinance, the Rules, the Regulations, or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Regulation, the Rules, the Ordinance and the said directive issued by SECP shall prevail.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the applicability of International Financial Reporting Standard IFRS 7: Financial Instruments: Disclosure through SRO 411 dated April 28, 2008 to above mentioned NBFCs. Accordingly, the requirements of these standards have been considered to the extent of leasing operation of the Company and have resulted in additional disclosures in these financial statements.

2.2 Basis of Measurement

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

2.3 Accounting Standards and Interpretations that became effective during the year

In the current year, the Company has adopted following new Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified



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by the SECP that are relevant to its operations and effective for Company's accounting period beginning on July 01, 2010. The adoption of these new Standards and Interpretations has not resulted in additional disclosures and changes to the Company's accounting policies.

**Effective for accounting period
beginning on or after**

- Amendments to IAS 7 - Statement of Cash Flows

January 01, 2010

The amendments (part of Improvements to IFRSs (2009)) specify that only expenditures that result in a recognized asset in the balance sheet can be classified as investing activities in the statement of cash flows. Consequently, any cash flows in respect of items that do not qualify for recognition as an asset (and, therefore, are recognized in profit or loss as incurred) would be reclassified from investing to operating activities in the statement of cash flows and prior year amounts be restated for consistent presentation. There is no such classification in financial statements of the Company for the year ended June 30, 2011.

- Amendments to IAS 17 - Leases

January 01, 2010

"The amendments (part of Improvements to IFRSs (2009)) specify that:
For those leases for which retrospective information is available, an entity would:"

- reassess classification of unexpired land leases based on conditions existing as of the inception dates of the leases; and
- recognize land leases that are now finance leases retrospectively based on the fair values as of the inception dates of the leases.

"For those leases for which retrospective information is not available, entities would be permitted to reassess lease classification and recognize lease assets and liabilities based on conditions that exist and fair values determined as of the adoption date."

This amendment is not likely to have any material impact on the Company's financial statements.

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

July 01, 2010

This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.

An entity shall not apply this interpretation to transactions in situations where: (a) a creditor is also a direct or indirect shareholder and is acting in its capacity as a direct or indirect existing shareholder. (b) The creditor and the entity are controlled by the same party or parties before and after the transaction and the substance of the transaction includes an equity distribution by, or contribution to, the entity. (c) Extinguishing the financial liability by issuing equity shares is in accordance with the original terms of the financial liability.

This amendment is not likely to have any material impact on the Company's financial statements.

Amendments to IFRS 2 - Share based Payment

July 01, 2010

These amendments require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements.

Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

January 01, 2010

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5.

New accounting standards and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them.



IFRS 9 - Financial Instruments

January 01, 2013

IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value. The adoption of this standard would affect the recognition and classification of existing financial assets.

The management anticipates that these amendments will be adopted in the Company's financial statements on the effective date. The management have not yet had an opportunity to consider the potential impact of the adoption of this Standard.

Amendments to IAS 24 - Related Party Disclosures

January 01, 2011

The amendments modify the definition of a related party and simplify related party disclosures for government related entities. The directors anticipate that these amendments will be adopted in the Company's financial statements for the period beginning 1 July 2011. The Company is not government-related, therefore the disclosure exemptions will not affect its financial statements. However, some disclosures may be affected by the changes in the detailed definition of a related party.

IFRS 7 - Financial Instruments: Disclosures (Amendment)

January 01, 2011

Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendment may result in certain changes in disclosures.

IAS 1 - Presentation of Financial Statements (Amendment)

January 01, 2011

Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011) These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment may result in certain changes in disclosures.

IFRIC 13 - Customer Loyalty Programmes (Amendment)

January 01, 2011

Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes: The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. This amendment is not likely to have material impact on Company's financial statements.

"IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendment)"

January 01, 2011

The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.

2.5 Guidelines issued by SECP not yet effective

The Securities Exchange Commission of Pakistan (SECP) has revised the Non-Banking Finance Companies and Notified Entities Regulations through SRO 1203(I) 2008 dated November 21, 2008. In accordance with Regulation 25 of the above regulations, the SECP has revised the basis of classification and provisioning requirement in respect of non-performing short-term and long-term financing facilities. Under the revised guidelines the category of Other Assets Especially Mentioned (OAEM) has been dispensed with, while the categories of substandard, doubtful and loss have been retained. In addition, the basis of classification of loans and advances and net investment in finance leases under these three categories has been redefined whereby all finances overdue by 90, 180 and 365 days are now required to be classified as substandard, doubtful and loss respectively. As per the current requirements, short-term and long-term facilities are required to be separately assessed and are classified as OAEM, substandard, doubtful or loss based on prescribed ageing criteria.

The revised guidelines specify that provision should be made in the financial statements equal to 25 percent, 50 percent and 100 percent, in respect of overdue financing facilities classified as substandard, doubtful and loss respectively, of the outstanding balance of principal less the amount of liquid assets realizable and adjusted forced sale value of mortgaged / pledged assets.

The aforementioned guidelines for determining the provisioning requirements are applicable with effect from June 30, 2012. The



management is in the process of assessing the impact of aforementioned guidelines on the provisioning requirements of the Company.

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 rates specified in note 5 to these financial statements after taking into account residual value, if significant. Depreciation is charged from the month when the asset is available for use and cease from the month of disposal.

Normal repairs and maintenance are charged to income as and when incurred. Subsequent expenditure is capitalized 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.

3.2 Investment property

Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, it is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year.

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 recognized at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value, if any, and excluding unearned finance income, write-offs and provision for potential lease losses, if any.

3.4 Provision for bad and doubtful loans and advances / potential lease losses and write offs

The provision for bad and doubtful loans and advances / potential lease losses, if any, is made in accordance with the requirements of the Non-Banking Financial Companies and Notified Entities Regulations, 2008 issued by the SECP.

Loans and advances and outstanding balances in net investment in finance lease are written off when there is no realistic prospect of recovery.

3.5 Investments

Investment in associate

These investments are accounted for using equity method of accounting and initially are recognized at cost.

Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method, less any impairment losses. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognized in the income statement when the investments are de-recognized or impaired, as well as through the amortization process.

Available for sale

These are non-derivative financial assets that are designated as available for sale and may be sold in response to needs for liquidity or changes in interest rates or equity prices or are not classified in any of the three preceding categories. These investments are initially



recognized at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology.

Gains and losses arising from re-measurement at fair value, other than impairment losses, is recognized directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

Investments -Held for trading and initially designated at fair value

"These include investments held for trading and those that are designated at fair value through profit or loss at inception. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are initially measured at fair value and changes on re-measurement are taken to profit and loss account."

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and either (a) the Company has transferred substantially all risks and rewards of ownership or (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the asset.

3.6 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.

3.7 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 recognized 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 recognized 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.

3.8 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 unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet.

3.9 Staff retirement benefits

Defined contribution plans

The Company also operates contributory provident fund for all its employees. Equal monthly contributions are made both by the Company and the employees at the rate of 10% per annum of the basic salary.

3.10 Long term loans and redeemable capital

Long term finances and loans are initially recognized 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 loan term finance are being amortized over the period of agreement using the effective interest rate method.



3.11 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.

3.12 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.

3.13 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income tax is recognized using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized 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 recognized. The reversal is recognized 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. Front end fee, documentation charges, gain / losses on termination of lease contracts, commitment fee and other commissions, if any, are taken to income when earned.

Markup / interest on long term finances, mortgage finances, long term loans and Morabaha finances are accrued on time proportion basis on effective yield basis except markup / interest / returns on classified loans and investments are recognized on receipt basis.

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

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

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

Unrealized 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 term finance certificates and bank deposits are recognized on accrual basis.

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

Guarantee income is recognized on time proportion basis.

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

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

3.16 Foreign currency transactions

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 differences are taken to the profit and loss account.

3.17 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized 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 with each other.

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 (basic) is calculated by dividing the profit after tax attributable to ordinary shareholders for the year by the weighted average number of shares outstanding during the year.

Earnings per share (diluted) is calculated by adjusting earnings and number of shares for the effects of preference shares (that are potential ordinary shares).

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 as stated in note 44.

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. CRITICAL ACCOUNTING JUDGMENTS AND KEY

SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, as described in note 3, the management has made the following and estimates and judgments which are significant to financial statements: -

- (a) determining the residual values and useful lives of property and equipment (note 3.1);
- (b) provision for potential losses and doubtful receivables (note 3.4);
- (c) classification of investments (note 3.5);
- (d) provision and valuation of tax and deferred tax (note 3.13); and
- (e) impairment of non-current assets (note 3.14).

5. PROPERTY AND EQUIPMENT

Operating fixed assets

<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
5.1	<u>69,470,998</u>	<u>9,431,583</u>



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5.1 Operating fixed assets

2011	COST			ACCUMULATED DEPRECIATION			Rate %
	At July 01 2010	At June 30, 2011	At July 01 2010	For the year / (on deletions)	At June 30, 2011	Net book value at June 30, 2011	
Owned							
Building (note 6)	-	51,072,000	-	851,200	851,200	50,220,800	5
Leasehold improvement	-	6,898,253	-	574,854	574,854	6,323,399	33.33
Furniture and fixtures	42,500	171,235	354	8,114	8,468	162,767	10
Equipment and appliances	7,463,735	8,064,020	6,685,063	727,329	6,472,637	1,591,383	20 - 33.33
Vehicles	13,817,009	17,817,709	5,206,245	3,227,190	6,645,060	11,172,649	20
	21,323,244	84,023,217	11,891,662	5,388,687	14,552,219	69,470,998	
		(2,937,350)		(2,728,130)			
2010							
Owned							
Furniture and fixtures	3,989,050	42,500	3,321,329	242,725	354	42,146	10
Equipment and appliances	8,983,423	7,463,735	7,388,416	969,127	6,685,063	778,672	20 - 33.33
Vehicles	11,781,140	13,817,009	5,268,058	(1,672,480)	5,206,245	8,610,764	20
	24,753,613	21,323,244	15,977,803	3,858,671	11,891,662	9,431,583	
		(11,266,191)		(7,944,813)			



5.1.1 Cost of fully depreciated assets still in use is Rs. 6.06 million (2010: Rs.6.44 million).

5.1.2 Disposal of property and equipment

The following is a statement of assets disposed during the year.

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book value</i>	<i>Sale proceeds</i>	<i>Name of purchaser</i>	<i>Mode of disposal</i>
Equipment and appliances	790,000	790,000	-	60,000	Abdul Khaliq, Karachi	Negotiation
Equipment and appliances	124,250	124,250	-	17,480	Anjum Computers, Karachi	Negotiation
Equipment and appliances	29,000	5,800	23,200	-	-	Written off
Equipment and appliances	56,300	19,705	36,595	15,000	Mr. Abdus Samad, Karachi (Employee)	As per Company's policy
Vehicle	560,000	560,000	-	56,000	Mr. Naveed Naqvi, Karachi (Employee)	As per Company's policy
Vehicle	879,000	879,000	-	87,900	Mr. Abbas Qurban, Karachi (Employee)	As per Company's policy
Vehicle	333,500	300,150	33,350	66,700	Miss. Farhat Rafiq, Karachi (Employee)	As per Company's policy
Vehicle	70,500	25,850	44,650	30,000	Mr. Abdul Razzak, Karachi (Employee)	As per Company's policy
Vehicle	24,300	8,100	16,200	5,600	Mr. Qeemat Khan, Karachi (Employee)	As per Company's policy
Vehicle	70,500	15,275	55,225	60,000	New Jubilee Insurance Company, Karachi	Insurance claim
2011	2,937,350	2,728,130	209,220	398,680		
2010	11,266,191	7,944,813	3,321,397	3,103,826		



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	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
6. INVESTMENT PROPERTIES		
Opening balance	191,037,708	97,437,708
Acquired in settlement of assets (note 6.2)	187,685,500	93,600,000
Disposed off in settlement of liabilities	(214,027,312)	-
Transferred to operating fixed assets (note 5.1)	(51,072,000)	-
Gain on fair value adjustment	5,462,624	-
	<u>119,086,520</u>	<u>191,037,708</u>

6.1 Fair value of the investment properties as at June 30, 2011 has been determined by professional valuers, Mssers. M.J Surveyors (Pvt) Limited. The main criteria of valuation for the assessment of investment properties include:

- 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 neighborhoods 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.

6.2 This includes office space at 19th floor, Saima Trade Tower B, I. I. Chundrigar Road, Karachi costing Rs. 93.6 million acquired in settlement from AMZ Securities (Private) Limited, the registration of which is in process. The property is currently under Company's possession and control. The property has total area of 11,702 square feet out of which 5,318 square feet is given to an associated company on rentals and 6,384 square feet is transferred to fixed assets.

	<i>Note</i>	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
7. NET INVESTMENT IN LEASE FINANCE			
Net Investment in finance lease	7.1	966,280,391	1,369,376,659
Provision for potential lease losses	7.2	(313,945,872)	(291,470,451)
Current portion	7.3	(592,111,446)	(789,153,111)
		<u>60,223,073</u>	<u>288,753,097</u>

7.1 Particulars of net investment in finance lease

	<i>Note</i>	<i>Less than one year</i>	<i>More than one year and less than five years</i>	<i>Total</i>
		<i>-----Rupees-----</i>		
2011				
Minimum lease payments receivables	7.1.1	936,083,277	48,671,758	984,755,035
Residual value of leased assets		161,233,962	18,089,622	179,323,584
Gross investment in finance lease		<u>1,097,317,239</u>	<u>66,761,380</u>	<u>1,164,078,619</u>
Unearned finance income		(191,259,921)	(6,538,307)	(197,798,228)
Net investment in lease finance		<u>906,057,318</u>	<u>60,223,073</u>	<u>966,280,391</u>
2010				
Minimum lease payments receivabl	7.1.1	1,127,541,995	210,519,991	1,338,061,986
Residual value of leased assets		190,513,888	111,158,145	301,672,033
Gross investment in finance lease		<u>1,318,055,883</u>	<u>321,678,136</u>	<u>1,639,734,019</u>
Unearned finance income		(237,432,321)	(32,925,039)	(270,357,360)
Net investment in lease finance		<u>1,080,623,562</u>	<u>288,753,097</u>	<u>1,369,376,659</u>

7.1.1 As at June 30, 2011, the balance of non-performing lease portfolio as per time based criteria prescribed in NBFC Regulations 2008 amounting to Rs. 785.84 million (2010: Rs.911.85 million). The forced sales value considered against these non-performing lease portfolio amounts to Rs. 457.94 million (2010: Rs. 601.25 million).

7.1.2 These lease finances carries mark-up ranging from 8% to 29.17% (2010: 8% to 32.43%) having maturity period of three to five years and are secured against the lease assets.



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	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
7.2 Provision for potential lease losses			
Opening balance		291,470,451	364,013,719
Charge / (reversal) during the year - net	34	77,558,526	(61,164,882)
Transfer from long term finance		-	2,000,000
Written off		(55,083,105)	(13,378,386)
Closing balance		<u>313,945,872</u>	<u>291,470,451</u>
7.3 Current portion of lease finance			
Maturing within one year	7.1	906,057,318	1,080,623,562
Provision for potential lease losses	7.2	(313,945,872)	(291,470,451)
	12	<u>592,111,446</u>	<u>789,153,111</u>

8. LONG TERM INVESTMENTS

Investment in associates	8.1	163,947,170	22,961,150
Held to maturity investments	8.2	-	-
		<u>163,947,170</u>	<u>22,961,150</u>

8.1 Investment in associates

Opening balance		22,961,150	391,805,414
Decrease in interest of associates		-	(22,187,150)
Transferred from / (to) available-for-sale investment	8.1.1	136,552,931	(301,297,407)
Share of gain / (loss)	38	1,551,349	(36,373,779)
Share of surplus / (deficit) on revaluation of investments		2,881,740	(8,985,928)
Closing balance		<u>163,947,170</u>	<u>22,961,150</u>

8.1.1 Carrying value of investment in associate

<i>2011 Number of Shares</i>	<i>2010 Number of Shares</i>	<i>Name of associate</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
2,246,070	2,246,070	Dawood Capital Management Limited	22,357,890	20,936,005
4,762,100	4,762,100	B.R.R. Investments (Private) Limited	17,266,435	2,025,045
15,526,010	-	Dawood Family Takaful Limited (note 8.1.2.1)	124,322,845	-
			<u>163,947,170</u>	<u>22,961,050</u>



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8.1.2 The summarized financial information for associates, as per audit / reviewed financial statements for the year / period ended June 30, 2011 are as follows.

	Holding %	Assets	Liabilities	Equity	Revenue	Profit / (Loss)
		Rupees				
2011						
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	161,658,746	12,606,146	149,052,600	19,761,148	(365,585)
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	117,415,181	75,939,239	41,475,943	37,697,563	29,503,475
Dawood Family Takaful Limited (note 8.1.2.1) Chief Executive: Rizwan Fareed	20.70	829,884,301	229,329,917	600,554,384	102,035,400	(37,201,546)
2010						
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	158,124,733	18,551,365	139,573,368	36,484,989	(5,719,916)
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	139,531,315	134,666,853	4,864,461	(7,307,676)	(32,032,579)

8.1.2.1 During the year, holding of the Company in Dawood Family Takaful Limited (DFTL) has increased to 20.70% (2010: 12.1%). Therefore, investment in DFTL has been recognised as investment in associate and transferred from available for sale investment as on September 30, 2010.



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	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
8.2 Held to maturity investments			
Preference shares		377,668	377,668
Current portion	8.2.1 & 8.2.2	<u>(377,668)</u>	<u>(377,668)</u>
		<u>-</u>	<u>-</u>

8.2.1 Preference shares

<i>2011 Number of shares</i>	<i>2010 Number of shares</i>	<i>Quoted</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
37,750	37,750	Azgard Nine Limited	377,668	377,668
		Less: Provision for impairment	<u>(377,668)</u>	<u>(377,668)</u>
			<u>-</u>	<u>-</u>

8.2.2 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 8.95% (2010: 8.95%) per annum. These were matured on September 30, 2010.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
9. LONG TERM FINANCES			
Term finance facility	9.1, 9.2 & 9.3	483,983,656	680,833,499
Provision for doubtful finances	9.4	(140,556,121)	(225,821,074)
Current portion	9.5	<u>(330,583,755)</u>	<u>(263,219,617)</u>
		<u>12,843,780</u>	<u>191,792,808</u>

9.1 The reconciliation of long term finance are as under:

Opening balance	680,833,499	1,214,486,060
Restructured during the year	-	54,771,803
Settled during the year	(157,714,490)	(431,119,705)
Repaid during the year	<u>(39,135,353)</u>	<u>(157,304,659)</u>
Closing balance	<u>483,983,656</u>	<u>680,833,499</u>

9.2 The mark-up / profit rates ranges from 8% to 19.27% (2010: 8% to 20.18%) per annum subject to change in SBP discount rate and KIBOR, receivable on monthly / quarterly basis. These are secured against mortgage of immovable properties and principal will redeem up to March 2026.

9.3 Long term finances include Rs. 450.63 million (2010: Rs.657.93 million) which have been placed under non-performing status. The forced sales value considered against these non-performing finances amounts to Rs.347.34 million (2010: Rs. 531.25 million).

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
9.4 Particulars of provision for doubtful receivables			
Opening balance		225,821,074	227,192,976
(Reversal) / charge for the year - net	34	(85,216,032)	3,378,939
Written off		<u>(48,921)</u>	<u>(4,750,841)</u>
Closing balance		<u>140,556,121</u>	<u>225,821,074</u>

9.5 Current portion of long term finance

Maturing within one year		471,139,876	489,040,691
Provision for potential finance losses	9.4 12	<u>(140,556,121)</u>	<u>(225,821,074)</u>
		<u>330,583,755</u>	<u>263,219,617</u>



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10. LONG TERM LOANS

Considered good

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
Directors	10.2	71,799	394,796
Other staff	10.3	389,213	459,107
		<u>461,012</u>	<u>853,903</u>
Current portion	12	(145,216)	(392,843)
		<u>315,796</u>	<u>461,060</u>
Outstanding for period:			
- Within three years		303,454	615,230
- Exceeding three years		157,558	238,673
	10.1	<u>461,012</u>	<u>853,903</u>

10.1 Reconciliation of long term loans

Opening balance	853,903	1,227,728
Received during the year	(392,891)	(373,825)
Closing balance	<u>461,012</u>	<u>853,903</u>

10.2 The loans have been provided to a Director and an employee of the Company to facilitate purchase of house in accordance of Company's policy. These loans carry service charges at 5% (2010: 5%) per annum and are receivable up to March 2016.

10.3 Maximum aggregate amount outstanding during the year was Rs. 853,903 (2010: Rs. 1,227,728).

11. DEFERRED TAX ASSET

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
Deferred tax asset	11.1 & 11.2	98,116,360	147,528,543

11.1 Breakup of the deferred tax assets and liabilities is as under:

Deferred tax assets

Deficit on revaluation of investments	8,666,854	23,754,684
Difference in accounting and tax base of fixed assets	-	1,037,198
Provision for impairment	10,678,460	1,925,486
Provision for lease losses and doubtful receivables	387,401,627	389,807,795
Share of profit of associates	542,972	-
Carry forward of tax losses	558,457,179	495,351,090
	<u>965,747,092</u>	<u>911,876,253</u>

Deferred Tax Liabilities

Difference in accounting and tax base of net investment in lease finance	(234,742,225)	(295,435,758)
Difference in accounting and tax base of fixed assets	(317,081)	-
Share of loss from associates	-	(5,388,529)
	<u>(235,059,306)</u>	<u>(300,824,287)</u>
Net deferred tax asset	<u>730,687,786</u>	<u>611,051,966</u>

11.2 Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been reviewed by the Board of Directors. The business plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realisability of the deferred tax asset. The Board believes that it is probable that the Company will be able to achieve the profits projected in the business plan and consequently it is expected that the deferred tax asset up to Rs. 98.12 million will be realized in the future. Accordingly, the Company has not recognized deferred tax assets of Rs. 632.57 million in respect of remaining losses and deductible temporary differences.



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	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
12. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7.3	592,111,446	789,153,111
Long-term finances	9.5	330,583,755	263,219,617
Long-term loans	10	145,216	392,843
		<u>922,840,417</u>	<u>1,052,765,571</u>

13. SHORT TERM INVESTMENTS

13.1 Investments - available for sale

Term finance certificates	13.1.1	29,125,005	150,067,991
National Investment Trust units	13.1.2	-	44,246
Quoted securities	13.1.3	-	18,334,575
Unquoted securities	13.1.4	20,761,433	410,372,027
		<u>49,886,438</u>	<u>578,818,839</u>

13.1.1 Term Finance Certificates (TFCs)

<i>2011 Number of Certificates</i>	<i>2010 Number of Certificates</i>	<i>Quoted (note 13.1.1.1 and 13.1.1.2)</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
3,000	6,200	Al-Zamin Leasing Modaraba (Managed by Al-Zamin Modaraba Management Limited)	15,000,000	31,000,000
82	85	Trust Investment Bank Limited	237,505	357,120
		<i>Un-quoted (note 13.1.1.1 and 13.1.1.2)</i>	<u>15,237,505</u>	<u>31,357,120</u>
8,000	28,000	Flying Paper & Board Limited	40,000,000	140,000,000
1,123	3,123	Gharibwal Cement Limited	5,550,000	9,453,665
1,023	4,660	New Allied Electronics (Private) Limited	4,348,775	5,501,389
3,000	3,000	Three Star Hosiery Mills (Private) Limited	15,000,000	15,000,000
-	1,340	Vision Developers (Private) Limited	-	6,700,000
			64,898,775	176,655,054
		Less: Provision for impairment (note 13.1.1.1)	(36,011,275)	(5,501,389)
		Less: Deficit on revaluation of investment (note 13.1.1.2)	(15,000,000)	(52,442,794)
			<u>29,125,005</u>	<u>150,067,991</u>

13.1.1.1 Particulars of provision for impairment

Opening balance	5,501,389	-
Transfer from provision of surplus / (deficit) on revaluation of investment	18,025,663	-
Impairment during the year - net	12,484,223	5,501,389
Charge for the year	30,509,886	5,501,389
Closing balance	<u>36,011,275</u>	<u>5,501,389</u>

13.1.1.2 Particulars of surplus / (deficit) on revaluation of investment

Opening balance	(52,442,794)	116,961,582
Transfer to provision for impairment	18,025,663	-
Deficit during the year	(10,099,746)	(49,684,004)
Reversal during the year	29,516,877	114,202,792
Closing balance (note 21)	<u>(15,000,000)</u>	<u>(52,442,794)</u>



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13.1.1.3 Significant terms and conditions relating to Term finance certificates having face value of Rs. 5,000 each are as follows :

Particulars	Profit rate per annum	Profit payment	Maturity Date	Terms of redemption
Quoted				
Al-Zamin Leasing Modaraba (Managed by Al-Zamin Modaraba Management Limited)	6 months KIBOR + 150 bps per annum with no floor and no cap	Semi-annually	September 05, 2013	Bullet Payment at maturity
Trust Investment Bank Limited	6 months KIBOR + 150 bps per annum with no floor and no cap	Semi-annually	July 04, 2013	Principal redemption will be in 10 equal semi annual instalments.
Un-quoted				
Flying Paper & Board Limited Chief Executive: Mr. Kamran Khan	6 months KIBOR + 150 bps with no floor and no cap.	Semi-annually	July 19, 2014	Grace period is two years. Principal redemption will be in 36 equal instalments after the grace period.
Gharibwal Cement Limited Chief Executive: M. Tauseef Paracha	6 months KIBOR + 300 bps with no floor and no cap	Quarterly	September 01, 2012	Grace period is two years. Principal redemption will be in 24 equal quarterly instalments after the grace period.
New Allied Electronics (Private) Limited Chief Executive: Mr. Mian Perviaz	6 months KIBOR + 220 bps with floor of 7% and Cap of 20%.	Semi-annually	November 01, 2012	Two years grace period with bullet payment at maturity
Three Star Hosiery Mills (Private) Limited Chief Executive: Mr. Mansoor Rasheed	6 months KIBOR + 300 bps with no floor and no cap	Semi-annually	December 01, 2014	Grace period is two years. Principal redemption will be in 24 equal semi-annual instalments after the grace period.

13.1.1.4 TFCs of Rs. 15 million (2010: Rs. 15.49 million) have been placed as collateral against borrowings.

13.1.2 This represent Nil (2010: 1,531) units of National Investment Trust having a face value of Rs.10 each.

13.1.3 Quoted securities

Fully paid ordinary shares / certificates / units of listed companies of Rs.10 each:

2011	2010		2011	2010
Number of shares / certificates / Units			Rupees	Rupees
-	30,000	Adamjee Insurance Company Limited	-	3,131,464
-	2,500	Attock Petroleum Limited	-	931,645
-	5,000	Attock Refinery Limited	-	502,619
-	2,265,000	Dawood Equities Limited	-	8,739,408
-	2,000	Dawood Lawrencepur Limited	-	69,100
-	1,118,650	First Dawood Mutual Fund	-	2,237,300
-	10,000	Habib Bank Limited	-	1,134,097
-	5,000	Lucky Cement Limited	-	412,964
-	7,500	MCB Bank Limited	-	1,621,064
-	4,500	Millat Tractors Limited	-	2,170,518
-	12,500	National Bank of Pakistan	-	785,555
-	20,100	Nishat Mills Limited	-	1,356,013
-	2,500	Pakistan Petroleum Limited	-	494,551
-	5,000	Pakistan Suzuki Motors Company Limited	-	442,314
-	25,000	Pakistan Telecommunication Company Limited	-	545,947
-	1,750	Sapphire Textile Mills Limited	-	120,750
-	10,000	United Bank Limited	-	611,874
			-	25,307,183
		Less: Deficit on revaluation of investment (note 13.1.3.1)	-	(6,972,608)
			-	18,334,575



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	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
13.1.3.1 Particulars of surplus / (deficit) on revaluation of investment		
Opening balance	(6,972,608)	1,010,353
Surplus / (deficit) during the year	-	(7,982,961)
Reversal during the year	6,972,608	-
Closing balance (note 21)	-	(6,972,608)

13.1.4 Un-quoted securities

Fully paid ordinary shares of Rs.10 each:

	<i>2011</i>	<i>2010</i>		<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
	<i>Number of shares</i>				
-	9,060,000		Dawood Family Takaful Limited (note 8.1.2.1)	-	90,600,000
2,512,299	32,198,285		Burj Bank Limited (formerly Dawood Islamic Bank Limited)	24,950,489	319,772,027
2,518,454	2,518,454		First Pakistan Securities Limited	36,000,000	36,000,000
2,396,881	2,396,881		World Bridge Connect (Private) Limited	23,968,810	23,968,810
				84,919,299	470,340,837
			Less: Provision for impairment (note 13.1.4.1)	(59,968,810)	(59,968,810)
			Less: Deficit on revaluation of investment (note 13.1.4.2)	(4,189,056)	-
				20,761,433	410,372,027

13.1.4.1 Particulars of provision for impairment

Opening balance	59,968,810	58,073,643
Charge for the year	-	1,895,167
Closing balance	59,968,810	59,968,810

13.1.4.2 Particulars of surplus / (deficit) on revaluation of investment

Opening balance	-	-
Surplus / (deficit) during the year	(4,189,056)	-
Closing balance (note 21)	(4,189,056)	-

14. PLACEMENTS AND FINANCES

Placements and finances- unsecured	14.1	15,000,000	84,235,781
Provision for doubtful finances	14.1.1	-	(4,575,681)
		15,000,000	79,660,100
Financing against shares	14.2	341,071,100	472,366,259
Provision for doubtful finances	14.2.1	(340,755,324)	(344,071,100)
		315,776	128,295,159
Short-term finance - secured	14.3	66,221,567	66,781,567
Provision for doubtful finances	14.3.1	(13,433,478)	(17,400,000)
		52,788,089	49,381,567
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful deposits		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances	14.4	136,362,780	138,262,780
Provision for doubtful finances	14.4.1	(70,927,994)	(63,379,941)
		65,434,786	74,882,839
		133,538,651	332,219,665



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14.1 Profit rates on unsecured placements and finances range from 8.5% to 24% (2010: 17.5% to 24%) per annum receivable on maturity. These placements are due to mature on June 30, 2012.

14.1.1 The unsecured placement and finances include Nil (2010: Rs. 69.24 million) which have been placed under non-performing status.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
<i>Particular of provision for doubtful finance</i>			
Opening balance		4,575,681	85,887,672
Reversal for the year - net	34	<u>(4,575,681)</u>	<u>(81,311,991)</u>
Closing balance		<u>-</u>	<u>4,575,681</u>

14.2 These are secured against listed equity securities held as collateral at June 30, 2011 being Rs. 0.31 million (2010: Rs. 28.29 million). Short-term placements and financing were made to companies and individuals in the normal course of business with profit rates ranging from 15% to 24% (2010: 15% to 24%) per annum. Profit was receivable on maturity. These placements matured on June 30, 2009.

14.2.1 The financing against shares include Rs. 340.75 million (2010: Rs. 372.51 million) which have been placed under non-performing status. The market value of shares pledged against these finances amount to Rs. 0.31 million (2010: Rs.28.29 million).

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
<i>Particular of provision for doubtful finance</i>			
Opening balance		344,071,100	398,187,821
Reversal for the year - net	34	<u>(3,315,776)</u>	<u>(54,116,721)</u>
Closing balance		<u>340,755,324</u>	<u>344,071,100</u>

14.3 These are secured by ranking charge over hypothecation of stock and mortgage of immovable properties. The mark-up / profit rates range from 15.05% to 18.11% (2010: 14% to 18.11%) per annum. These facilities matured on June 30, 2009.

14.3.1 Short term finances Rs. 66.22 million (2010: Rs. 66.78 million) have been placed under non-performing status. Provision against non performing finances is made after netting off forced sale values of the collateral assets amount to Rs. 52.78 million (June 30, 2010 : Rs.49.38 million).

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
<i>Particular of provision for doubtful finance</i>			
Opening balance		17,400,000	21,326,160
Reversal for the year	34	<u>(3,466,522)</u>	<u>(386,434)</u>
Transfer to lease and long term finance		-	(3,539,726)
Written off during the year		<u>(500,000)</u>	<u>-</u>
Closing balance		<u>13,433,478</u>	<u>17,400,000</u>

14.4 These are secured by hypothecation of all present and future stocks, receivables, demand promissory note and personal guarantee of directors and borrowers. The mark-up / profit rate ranges from 8.5% to 19.5% (June 30, 2010 : 15% to 19.5%) per annum subject to change in KIBOR. These facilities were matured on June 30, 2009.

14.4.1 As at June 30, 2011 the balance of non-performing advances amounts to Rs. 136.36 million (June 30, 2010 : Rs.138.26 million). Provision against non performing finances is made after netting off forced sale values of the collateral assets amounts to Rs. 65.43 million (June 30, 2010 : Rs.74.88 million).

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
<i>Particular of provision for doubtful finance</i>			
Opening balance		63,379,941	56,590,181
Charge for the year	34	8,048,053	6,789,760
Written off during the year		<u>(500,000)</u>	<u>-</u>
Closing balance		<u>70,927,994</u>	<u>63,379,941</u>



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15. ADVANCE AGAINST LEASE COMMITMENTS

Considered doubtful	15.1	96,747,063	98,247,063
Less : Provision for doubtful advances	15.2	<u>(75,747,063)</u>	<u>(68,215,963)</u>
		<u>21,000,000</u>	<u>30,031,100</u>

15.1 Advance against lease commitments are subject to mark-up rates ranging from 14.38% to 15.56% (2010: 14.38% to 15.56%) per annum.

15.2 Particulars of provision for doubtful advances	<i>Note</i>	2011 <i>Rupees</i>	2010 <i>Rupees</i>
Opening balance		68,215,963	99,316,604
Charge / (reversal) during the year - net	34	<u>7,531,100</u>	<u>(31,100,641)</u>
Closing balance		<u>75,747,063</u>	<u>68,215,963</u>

15.2.1 The advance against lease commitment Rs. 96.74 million (2010: Rs.98.24 million) have been placed under non-performing finances. The forced sale values considered against these finances amount to Rs. 21 million (2010: Rs.30.03).

16. ADVANCES AND PREPAYMENTS

Considered good

		2011 <i>Rupees</i>	2010 <i>Rupees</i>
Advance against purchase of shares	16.1	8,100,000	3,000,000
Advance income tax		1,927,382	2,915,041
Income tax refunds		-	16,930,951
Prepayments		407,697	770,083
Others		<u>2,184,985</u>	<u>2,714,570</u>
		12,620,064	26,330,645
Less : Provision for doubtful advances	34	<u>(3,000,920)</u>	<u>(3,000,920)</u>
		<u>9,619,144</u>	<u>23,329,725</u>

16.1 This represents advance against purchase of shares of Dawood Power Limited, an associated company.

17. MARKUP ACCRUED

Loans and advances		768,365	1,989,998
Term finance certificates / Sukuk bonds		33,745,519	33,308,669
Placement and finances		212,161	29,519,948
Foreign currency bonds		-	170,000
		<u>34,726,045</u>	<u>64,988,615</u>
Less : Provision for doubtful recovery	34	<u>(33,035,152)</u>	<u>(170,000)</u>
		<u>1,690,893</u>	<u>64,818,615</u>

18. OTHER RECEIVABLES

Considered good

Receivable from brokers against sale of securities		-	28,186,876
Brokerage receivable		554,710	1,189,866
Receivable against lease termination		26,768,422	14,864,446
Others	18.1	<u>18,436,717</u>	<u>18,567,021</u>
		45,759,849	62,808,209

Considered doubtful

Decretal amount receivable	18.2	37,302,430	37,302,430
TFC proceeds receivable from Bankers Equity Limited		12,365,103	-
Receivable against lease termination		15,277,220	7,813,884
Receivable against KSE Card transaction-net	18.3	<u>45,515,114</u>	<u>45,515,114</u>
		110,459,867	90,631,428
Less : Provision for doubtful receivables	18.4	<u>(110,459,867)</u>	<u>(90,631,428)</u>
		<u>45,759,849</u>	<u>62,808,209</u>



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- 18.1** This includes Rs.8.55 million (2010: 6.64 million) receivable from an associated undertaking. Maximum aggregate outstanding balance during the year was Rs.8.55 million (2010: Rs. 6.64 million).
- 18.2** 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 assets, the forced sale value of which 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 hands. However, as a matter of prudence the Company has made provision in this regard.
- 18.3** The Company has settled liabilities of a member of KSE as per instruction of KSE to purchase its membership card on behalf of one of its customer amounting to Rs.149.7 million. The customer has paid advance of Rs.104.2 million to the Company for purchase of the card which is netted off against this receivable. Currently the Card is under litigation due to a case filed against the said member. The Company made provision against this receivable as a matter of prudence.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
18.4 Particulars of provision for doubtful receivables			
Opening balance		90,631,428	82,817,544
Charge during the year	34	19,828,439	7,813,884
Closing balance		110,459,867	90,631,428

19. CASH AND BANK BALANCES

In hand		27,247	54,535
With banks			
- In deposit accounts	19.1	104,050,736	29,541,433
- In current accounts		9,973,805	116,991,206
		114,024,541	146,532,639
		114,051,788	146,587,174

19.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 5% to 13% (2010: 5% to 12%).

20. ISSUED, SUBSCRIBED & PAID UP CAPITAL

20.1 Authorized capital

	<i>2011</i>	<i>2010</i>			
	<i>Number of shares</i>				
75,000,000	75,000,000	75,000,000	Ordinary shares of Rs. 10 each	750,000,000	750,000,000
75,000,000	75,000,000	75,000,000	Preference shares of Rs. 10 each	750,000,000	750,000,000
150,000,000	150,000,000	150,000,000		1,500,000,000	1,500,000,000

20.2 Issued, subscribed and paid-up capital

	<i>2011</i>	<i>2010</i>		<i>2011 Rupees</i>	<i>2010 Rupees</i>
	<i>Number of shares</i>				
			Fully paid ordinary shares of Rs.10 each issued:		
35,685,382	35,685,382	35,685,382	- for cash	356,853,820	356,853,820
26,491,821	26,491,821	26,491,821	- issued as bonus shares	264,918,210	264,918,210
472,087	472,087	472,087	- issued on acquisition	4,720,870	4,720,870
62,649,290	62,649,290	62,649,290		626,492,900	626,492,900

20.3 Preference share capital

71,583,354	71,583,354	Fully paid 4% cumulative preference shares of Rs.10 each issued against settlement of liabilities	715,833,540	715,833,540
134,232,644	134,232,644		1,342,326,440	1,342,326,440



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- 20.4** The Company issued cumulative preference shares of Rs. 715.83 million on June 09, 2010 against settlement of various liabilities / loans. These preference shares carry preference dividend @ 4% on cumulative basis and are redeemable at par after five years. These preference shares are non-voting, non-participatory and have a call option exercisable after two years from the date of issue. The preference share holders have option to convert these shares into ordinary shares of the Company at par value of Rs. 10 along with cumulative dividend at any time after issuance.
- 20.5** At June 30, 2011 associated undertakings, namely Dawood Capital Management Limited holds 2,382,641 (2010: 2,382,641), BRR Guardian Modaraba holds 3,339,922 (2010: 3,339,922) and BRR Investments (Private) Limited holds 315,239 (2010: 315,239) ordinary shares of the Company.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
21. (DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENT			
Ordinary shares, certificates and units - Quoted	13.1.3.1	-	(6,972,608)
Ordinary shares, certificates and units - Unquoted	13.1.4.2	(4,189,056)	-
Term finance certificates		(15,000,000)	(52,442,794)
Share of deficit on revaluation of investments in associate		(5,573,384)	(8,455,124)
		(24,762,440)	(67,870,526)

22. REDEEMABLE CAPITAL - secured-non-participatory

Term Finance Certificates - unlisted	22.1	-	345,000,000
22.1 "This represented privately placed Term Finance Certificates (TFCs) carrying markup at the rate of six months KIBOR + 1.60 % and were due on September 12, 2012. During the year the Company has settled these TFCs by offering TFCs of Flying Paper and Board Limited (FPBL), New Allied Electronics (Private) Limited and Gharibwal Cement Limited to the TFC holders. Two TFC holders have not accepted the settlement and one of them has returned physical TFCs of FPBL. The management has obtained legal opinion on the settlement of TFCs according to which the Company has complied with all the requirements of early redemption of TFCs."			

The above TFCs were secured by way of a charge on leased assets and lease rental receivables ranking parri passu with long term loans (notes 23.1 and 23.2).

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
23. LONG TERM LOANS -Secured			
Asian Development Bank	23.1	73,836,385	73,836,385
Commercial Banks	23.2	614,635,597	744,275,209
		688,471,982	818,111,594
Current portion	26	(129,343,289)	(66,101,189)
		559,128,693	752,010,405

23.1 Reconciliation of Asian Development Bank Loan

Opening balance		73,836,385	88,213,826
Repaid during the year		-	(14,377,441)
Closing balance		73,836,385	73,836,385

23.1.1 This represents a 15 year term loan facility, with a grace period of three years, obtained in tranches under Financial Sector Intermediation Loan No. 1371-PAK. The loan is subject to interest at the rate of 0.25% 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 charge created to secure redeemable capital (note 22.1).

		<i>2011 Rupees</i>	<i>2010 Rupees</i>
23.2 Reconciliation of Commercial Bank Loan			
Opening balance		744,275,209	1,477,050,465
Transfer from short term borrowing		-	154,000,000
Settled / restructured / repaid during the year		(129,639,612)	(886,775,256)
Closing balance		614,635,597	744,275,209



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23.2.1 These are secured against hypothecation of assets including book debts of the Company ranking pari passu, with the charge created in favor of other lenders to secure short term borrowings (Refer Note 28). These are subject to mark-up rate ranging from 0% to 3% (2010: 3% to 12.27%) per annum payable on quarterly / half yearly basis.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
24. LONG TERM CERTIFICATES OF INVESTMENT			
Corporate		-	9,374,497
Individuals		-	1,192,025
		<u>-</u>	<u>10,566,522</u>
Current portion	26	-	(1,192,025)
		<u>-</u>	<u>9,374,497</u>
25. DEPOSITS			
Lease deposits	25.1	166,419,147	287,267,596
Others		-	32,250,000
		<u>166,419,147</u>	<u>319,517,596</u>
Current portion of lease deposits	26	(148,329,526)	(208,359,454)
		<u>18,089,621</u>	<u>111,158,142</u>
25.1			
This represent interest free security deposit received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases.			
26. CURRENT PORTION OF LONG TERM LIABILITIES			
Long-term loans	23	129,343,289	66,101,189
Certificates of investment	24	-	1,192,025
Deposits	25	148,329,526	208,359,454
		<u>277,672,815</u>	<u>275,652,668</u>
27. MARK-UP ACCRUED			
<i>Mark-up on secured:</i>			
- Redeemable capital		-	14,841,995
- Long-term loans		36,513,580	60,676,740
- Short-term borrowings		213,259	17,870,908
<i>Mark-up on unsecured:</i>			
- Short-term borrowings		32,416,437	36,170,383
- Certificates of investment		195,135	34,557,851
		<u>69,338,411</u>	<u>164,117,877</u>
28. SHORT TERM BORROWINGS			
<i>Secured</i>			
Running finance	41	-	99,948,982
<i>Unsecured</i>			
From commercial banks - call borrowings	28.2 & 28.4	6,418,223	6,418,223
Development Financial Institution /			
Non-banking finance companies - call borrowings	28.3 & 28.4	75,000,000	399,277,922
		<u>81,418,223</u>	<u>505,645,127</u>
28.1 Reconciliation of short term borrowings			
Opening balance		505,645,127	1,637,288,009
Settled / restructured / repaid during the year		(424,226,904)	(1,131,642,882)
Closing balance		<u>81,418,223</u>	<u>505,645,127</u>



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- 28.2 This facility was subject to mark-up rate of 16.75% (2010: 16.75%) per annum and was payable on February 15, 2009.
- 28.3 These facility is subject to mark-up of 17% (2010: 17% to 21%) per annum. These facility is been overdue since June 30, 2009.
- 28.4 The two financial institutions having balance of Rs. 81.41 million have filed suit for recovery of their dues. The Company is in negotiation with financial institutions for settlement.

	2011 Rupees	2010 Rupees
29. CERTIFICATES OF INVESTMENT - SHORT TERM		
Non Banking financial institutions	<u>165,500,000</u>	<u>325,000,000</u>

- 29.1 These represent the mobilization of funds under the scheme of certificates of investment and deposits issued with the permission of SECP. The scheme is based on profit and loss sharing basis. The expected rate of profit ranges from 11% to 20% (2010: 11% to 20%) and were payable on various dates up to June 2011. Two financial institutions having balance of Rs. 135 million have filed suits for recovery. The Company is in negotiation with the financial institution for settlement.

	2011 Rupees	2010 Rupees
30. ACCRUED AND OTHER LIABILITIES		
Accrued expenses	1,040,222	717,500
Unearned rent	117,195	119,355
Guarantee commission	8,511,074	7,106,920
Payable to an associated undertaking	-	20,177,350
Preference dividend payable	30,333,608	1,700,266
Others	<u>18,222,472</u>	<u>4,765,299</u>
	<u>58,224,571</u>	<u>34,586,690</u>

31. CONTINGENCIES AND COMMITMENTS

31.1 *Contingent Liabilities*

Letters of comfort / guarantee	31.1.1	<u>2,991,350,000</u>	<u>3,441,550,163</u>
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- 31.1.1 These include guarantees amounting to Rs. 1,171 million expired up to June 30, 2011 and original documents of which are not returned to the Company. These also includes guarantees amounting to Rs. 1,481 million (2010: Rs. 2,107 million) called by the beneficiaries. Out of the called guarantees, the guarantees worth Rs. 644 million (2010: Rs. 623 million) are under litigation and are being defended by various lawyers of the Company. Remaining called guarantees of Rs. 837 million are against finance facilities and gas bills. Subsequent to the year end, a guarantee of Rs. 340 million was called by a beneficiary bank issued against finance facility. The Company has not booked any liability on guarantees called as the Company does not foresee any cash outflow in view of the explanations / justification here under.

a) **Guarantees against gas bills**

This include guarantees called by a Utility company amounting to Rs.727 million (June 30, 2010: Rs. 727 million) as per its routine practice prior to the maturity dates so that a renewed guarantee is provided before expiry. There is no default on the part of clients on whose behalf these guarantees have been issued. Even in case of default, the company is exposed only up to the maximum of unpaid gas bills.

b) **Guarantees against finances**

"This includes guarantees called by commercial banks amounting to Rs. 110 million (June 30, 2010 Rs.536 million) issued against the finance facilities extended to clients. The Company has adequate security and collateral covering these guarantee amounts."

c) **Under litigation**

These are guarantees amounting to Rs. 644 million (June 30, 2010 Rs. 844 million) which were called are now under dispute/ litigations which are being defended by the competent lawyers. The Company is confident that there is adequate legal protection and there would be no cash outflow. Brief detail of the guarantees under litigations is as under:



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- i) "The Guarantee of Rs 245 million was given against a letter of comfort which is currently in litigation. The Company has proposed that the underlying securities may be accepted by the guarantor as full and final settlement. However, the guarantor has filed a winding up petition against the Company. During the year the beneficiary bank has restructured its facilities to the customer due to which, according to Company's lawyer the company is no longer exposed. However, the winding up petition is still being pursued against the Company."
- ii) "The guarantee of Rs. 250 million against the repayment of Sukuk was called as the principal debtor defaulted in payment of coupon of Rs. 62 million. The Trustee of Sukuk has filed a recovery suit against the Company. The Company contended that guarantee should have been called for after taking all legal measures against the principal debtor. Further, the underlying assets representing the Sukuks have not yet been transferred in the name of Trustees of Sukuk in contravention of Shariah Regulations which make the guarantee ineffective abinito."
- iii) The guarantee of Rs. 128 million against the bridge finance facility was called as the party in whose favor guarantee was given defaulted in making payment to the beneficiary bank. The Company offered the underlying security to the beneficiary. The Company contended that since the beneficiary converted the bridge finance facility to term finance facility, the Company's liability under the guarantees has expired. The lawyers of the Company are also confident that due to above ground, the Company would not be exposed to any financial liability.
- iv) In case of guarantee of Rs. 21 million the Company has offered the underlying security to the beneficiary bank. However, the case is not being pursued by the beneficiary.

31.2 Commissioner of Income Tax (CIT) has disallowed certain expenses while allocating expenses for the assessment year 2001-02 and tax year 2003 resulting in increase in tax liability by Rs. 0.58 million and Rs. 3 million respectively. The Company filed appeals in Appellate Tribuna Inland Revenue (ATIR) which were decided in favor of the Company, however, the CIT has filed appeal against ATIR decision for rectification. The management is confident that it will not result in any cash outflow from the Company.

31.3 State Life Insurance Company Limited has filed a suit against the Company for recovery of short-term Certificates of Investment (COI) amounting to Rs. 100 million. The Company has obtained opinion from its legal advisors who are of the view that the Company would be liable to pay markup on COI only up to the date of its maturity. Therefore, markup accrual amounting to Rs.41.9 million has been reversed during the year.

Note	2011 Rupees	2010 Rupees
32. RETURN ON PLACEMENTS, FINANCES, DEPOSITS AND INVESTMENTS - Net		
Return on investments / deposits / placements and finances	59,890,586	137,179,654
Rental income from investment properties	4,110,240	6,140,640
Profit on bank deposits	12,109,478	14,898,077
Dividend income	172,533	3,001,965
	<u>76,282,837</u>	<u>161,220,336</u>
33. OTHER INCOME / (LOSS)		
- On financial assets		
Service charges on staff loan	33,709	52,874
- On non - financial assets		
Fee and commission and other charges	27,699,059	11,275,551
Gain / (loss) on disposal of property and equipment	189,460	(217,571)
Gain / (loss) on settlement of liabilities	50,905,304	(52,728,953)
Exchange gain	2,447	10,184
	<u>78,796,270</u>	<u>(41,660,789)</u>
	<u>78,829,979</u>	<u>(41,607,915)</u>

33.1 It includes underwriting commission of Rs. Nil (2010: Rs. 4,153,650).



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34. PROVISION / (REVERSAL) FOR LEASE LOSSES AND DOUBTFUL RECOVERIES - NET

Net investment in finance lease	7.2	77,558,526	(61,164,882)
Long term finances	9.4	(85,216,032)	3,378,939
Placements and finances	14.1.1	(4,575,681)	(81,311,991)
Financing against shares	14.2.1	(3,315,776)	(54,116,721)
Short term finances	14.3.1	(3,466,522)	(386,434)
Morabaha / musharika finance	14.4.1	8,048,053	6,789,760
Advance against lease commitments	15.2	7,531,100	(31,100,641)
Advances and prepayments	16	-	3,000,920
Markup accrued	17	33,035,152	170,000
Other receivables	18.4	19,828,439	7,813,884
		49,427,259	(206,927,166)

Note **2011** **2010**
Rupees *Rupees*

35. PROVISION FOR IMPAIRMENT IN ASSETS

Provision for impairment in the value of available for sale investment	13.1.1.3	30,509,886	5,501,389
Provision for impairment in the value of held to maturity investment	8.2.1	-	-
		30,509,886	5,501,389

36. ADMINISTRATION EXPENSES

Salaries and benefits	36.1	48,595,346	52,974,289
Directors' meeting fees		691,500	500,000
Rent, rates and taxes		3,691,295	7,673,692
Insurance		1,320,830	1,048,891
Legal, professional and consultancy		7,271,704	11,380,209
Travelling and conveyance		1,342,293	1,705,043
Postage and telephone		1,301,294	1,446,325
Utilities		2,456,955	2,340,796
Printing and stationery		634,695	687,484
Vehicles running and maintenance		4,979,339	4,786,941
Entertainment		1,688,439	1,471,710
Advertisement		102,586	43,671
Repairs and maintenance		4,088,963	3,070,359
Auditors remuneration	36.2	1,860,000	1,521,500
Depreciation	5.1	5,388,687	3,858,671
Fees and subscription		1,580,250	3,714,165
Share registrar services		277,316	258,561
Brokerage		755,899	1,140,578
		88,027,391	99,622,885

36.1 It include Rs. Nil (2010: Rs. 6,614,515) in respect of retirement benefits.

36.2 Auditors remuneration

Statutory audit fee	800,000	700,000
Half year review fee	350,000	285,000
Other services	610,000	438,000
Out of pocket expenses	100,000	98,500
	1,860,000	1,521,500



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	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
37. FINANCE COST			
Mark-up / return on:			
Redeemable capital		34,496,850	47,543,178
Long-term loans		22,172,290	61,675,485
Long-term certificates of investment / deposits		-	915,806
Short-term borrowings		15,512,465	158,818,086
Short-term certificates of investment / deposits		27,638,444	110,967,607
Documentation, project examination, guarantee commission, trusteeship fee and bank charges		1,455,861	2,039,034
		<u>101,275,910</u>	<u>381,959,196</u>
Reversal due to settlement of liabilities		<u>(82,872,487)</u>	<u>(258,067,991)</u>
		<u>18,403,423</u>	<u>123,891,205</u>
38. SHARE OF (LOSS) / PROFIT FROM ASSOCIATE			
Burj Bank Limited (formerly Dawood Islamic Bank Limited)		-	(22,180,624)
Dawood Capital Management Limited		1,420,675	(857,992)
B.R.R. Investment (Private) Limited		12,360,759	(13,335,163)
Dawood Family Takaful Limited		<u>(12,230,085)</u>	<u>-</u>
		<u>1,551,349</u>	<u>(36,373,779)</u>
39. TAXATION			
The relationship between tax expense and accounting profit has not been presented in these financial statements as there is a taxable loss due to which minimum tax has been provided under section 113 of the Income Tax Ordinance, 2001.			
40. EARNINGS PER SHARE			
(Loss) / profit after taxation - basic EPS	<i>Rupees</i>	<u>(72,657,557)</u>	<u>377,676,221</u>
(Loss) / profit after taxation - diluted EPS	<i>Rupees</i>	<u>(44,024,215)</u>	<u>377,676,221</u>
Weighted average number of ordinary shares - basic EPS	<i>Numbers</i>	<u>62,649,290</u>	<u>62,649,290</u>
Weighted average number of ordinary shares - diluted EPS	<i>Numbers</i>	<u>134,232,644</u>	<u>62,649,290</u>
(Loss) / earnings per share - basic	<i>Rupees</i>	<u>(1.16)</u>	<u>6.03</u>
(Loss) / earnings per share - diluted	<i>Rupees</i>	<u>(0.33)</u>	<u>6.03</u>
41. CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	114,051,788	146,587,174
Short term borrowings	28	-	(99,948,982)
		<u>114,051,788</u>	<u>46,638,192</u>
42. REMUNERATION TO DIRECTORS AND EXECUTIVES			

	<i>2011</i>			
	<i>Chairman</i>	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>
	<i>Rupees</i>			
Managerial remuneration	-	8,640,000	8,280,000	6,930,000
Bonus	-	600,000	575,000	525,000
Provident fund	-	576,000	552,000	462,000
Reimbursement of expenses	3,741,928	-	-	-
	<u>3,741,928</u>	<u>9,816,000</u>	<u>9,407,000</u>	<u>7,917,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>



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	2010		
	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>
	----- Rupees -----		
Managerial remuneration	7,683,871	9,114,467	5,880,000
Gratuity	3,711,088	3,715,329	1,711,741
Provident fund	512,300	460,000	392,000
	<u>11,907,259</u>	<u>13,289,796</u>	<u>7,983,741</u>
Number of persons	2	2	2

42.1 The chief executive, director and executives are also provided with free use of company cars, medical insurance cover and travelling allowance, the monetary value of these are Rs. 1,791,796 (2010: Rs.5,103,629) approximately.

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

43. TRANSACTIONS WITH RELATED PARTIES

43.1 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.

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

	2011		2010	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Net Investment in Finance Lease				
Balance at beginning of the year	-	52,581,328	-	60,886,313
Sanctioned / granted	-	-	-	-
Rentals received / settled	-	(52,581,328)	-	(8,304,985)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,581,328</u>
Long term finances / loans				
Balance at beginning of the year	394,796	-	702,073	-
Sanctioned / granted	-	-	-	-
Received during the year	(322,997)	-	(307,277)	-
Balance at end of the year	<u>71,799</u>	<u>-</u>	<u>394,796</u>	<u>-</u>
Placement and finances				
Balance at beginning of the year	-	-	-	42,560,044
Sanctioned / granted	-	165,434,514	-	-
Received during the year	-	(165,434,514)	-	(42,560,044)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in associate				
Balance at beginning	-	22,961,150	-	391,805,414
Increase / (decrease) in interest	-	-	-	(22,187,150)
Transferred to / (from) available for sale investments	-	136,552,931	-	(301,297,407)
Share of loss	-	1,551,349	-	(36,373,779)
Share of surplus deficit on revaluation	-	2,881,740	-	(8,985,928)
Balance at end of the year	<u>-</u>	<u>163,947,170</u>	<u>-</u>	<u>22,961,150</u>
Advances and prepayments	-	8,100,000	-	3,100,000
Mark-up payable	-	-	-	24,917,808
Disposal of fixed assets - cost	879,000	-	1,619,000	-



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	2011		2010	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Settlement transactions				
Short term investments acquired	-	96,727,732	-	-
Property acquired	-	144,138,001	-	-
Other receivables acquired	-	26,950,351	-	-
Net investment in				
finance lease - transferred	-	(53,695,681)	-	-
Other receivables - transferred	-	(31,204,862)	-	17,742,225
Cash and bank balances - paid	-	(7,324,319)	-	-
Long term finances transferred	-	(163,472,076)	-	-
Short term investments transferred	-	(145,396,950)	-	-
Redeemable capital settled	-	194,000,000	-	-
Markup accrued on redeemable capital settled	-	13,881,896	-	-
Markup receivable transferred	-	(2,767,896)	-	-
Charge to profit and loss account				
Finance cost	-	(28,035,912)	1,082,985	34,946,528
Brokerage expenses - CFS	-	-	-	10,400
Brokerage expenses - equity	-	-	-	420,400
Capital gain / (loss)	-	-	-	(6,323,426)
Lease Income	-	1,026,786	-	8,174,376
Return on placements, finances, deposits and investments	-	9,024,962	-	52,992,368
Common expenses charged	-	(4,545,682)	-	14,454,880
Long term finance income	-	-	-	4,260,286
Share of profit / (loss) from associa	-	1,551,349	-	(54,355,451)
Share of common expenses	-	1,612,607	-	-
Service charges on staff loan	33,709	-	52,874	-
Gain on settlement of redeemable capital	-	40,897,142	-	-
Rental income	-	957,240	-	-
Reversal of markup accrued	-	41,917,808	-	-

43.3 Maximum aggregate balance of placements at the end of any month during the period was Rs. 165.43 million (2010: Rs. 24.56 million).

44. 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. Placements and finances

Primary segment information

Leasing	Principally engaged in providing finance to individual and corporate customers in acquiring plant and 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.
Placements and finances	Principally involved in providing money market facilities against marketable securities and letter of placement. It also include short term financing and musharika financing facilities.



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4.4.1 Segment information for the year ended June 30, 2011

	Leasing		Investments		Long Term Finances		Placements and Finances		Fee and Commission		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total external revenue	25,673,141	31,450,035	54,360,392	25,744,988	31,868,561	106,964,810	40,004,221	72,206,956	27,699,059	11,275,551	179,605,374	247,642,340
Unallocated revenue	-	-	-	-	-	-	-	-	-	-	12,653,308	45,148,264
Total segment revenue	25,673,141	31,450,035	54,360,392	25,744,988	31,868,561	106,964,810	40,004,221	72,206,956	27,699,059	11,275,551	192,258,682	292,790,604
Segment results	3,973,551	42,377,080	8,413,611	34,689,863	4,932,445	144,128,815	6,191,639	97,294,643	4,287,112	15,193,144	27,798,359	333,683,543
Unallocated profits	-	-	-	-	-	-	-	-	-	-	1,958,411	60,834,642
Results from operating activities	-	-	-	-	-	-	-	-	-	-	29,756,770	394,518,185
Net finance cost	-	-	-	-	-	-	-	-	-	-	(18,403,423)	(123,891,205)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	-	1,551,349	(36,373,779)
Taxation	-	-	-	-	-	-	-	-	-	-	(56,928,911)	143,423,020
Profit for the period	-	-	-	-	-	-	-	-	-	-	(44,024,215)	377,676,221
Other information												
Segment assets	673,334,519	1,107,937,308	168,972,958	578,818,839	343,427,535	455,012,428	133,538,651	332,219,660	-	-	1,319,273,663	2,473,988,235
Investment in associates	-	-	-	-	-	-	-	-	-	-	163,947,170	22,961,150
Unallocated assets	-	-	-	-	-	-	-	-	-	-	341,670,044	651,158,962
Total assets	-	-	-	-	-	-	-	-	-	-	1,824,890,877	3,148,108,347
Segment liabilities	629,683,444	1,131,863,884	158,018,743	591,318,782	321,163,741	464,838,696	124,881,579	339,394,144	-	-	1,233,747,507	2,527,415,506
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	591,143,370	620,692,841
Total liabilities	-	-	-	-	-	-	-	-	-	-	1,824,890,877	3,148,108,347
Capital expenditure	-	-	-	-	-	-	-	-	-	-	65,637,323	7,835,822
Depreciation	-	-	-	-	-	-	-	-	-	-	5,388,687	3,858,671



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

Segment by class of business

<i>Class of business</i>	<i>2011</i>				
	<i>Leasing operations</i>	<i>Investments</i>	<i>Long-term finance</i>	<i>Total</i>	<i>%</i>
	<i>Rupees</i>				
Transport and communication	171,438,667	-	63,930,184	235,368,851	13.37
Sugar and allied	39,973,450	-	-	39,973,450	2.27
Textile composite	191,055,594	-	7,370,436	198,426,030	11.27
Textile finishing	79,045,807	-	-	79,045,807	4.49
Food, tobacco and beverages	25,794,451	-	6,577,807	32,372,258	1.84
Steel, engineering and automobile	40,297,980	-	5,017,790	45,315,770	2.57
Health care	33,517,169	-	4,625,235	38,142,404	2.17
Energy, oil and gas	5,643,775	-	25,855,164	31,498,939	1.79
Chemicals, fertilizers and pharmaceuticals	-	-	29,362,135	29,362,135	1.67
Cement	19,524,480	5,550,000	-	25,074,480	1.42
Electrical goods	5,105,310	4,348,775	-	9,454,085	0.54
Financial	2,945,112	236,875,623	31,561,558	271,382,293	15.41
Miscellaneous	351,938,596	63,968,810	309,683,347	725,590,753	41.20
	966,280,391	310,743,208	483,983,656	1,761,007,255	100.00

<i>Class of business</i>	<i>2010</i>				
	<i>Leasing operations</i>	<i>Investments</i>	<i>Long-term finance</i>	<i>Total</i>	<i>%</i>
	<i>Rupees</i>				
Transport and communication	242,956,508	841,350	87,041,307	330,839,165	12.48
Sugar and allied	56,648,888	-	-	56,648,888	2.14
Textile composite	270,756,888	1,149,268	7,370,436	279,276,592	10.53
Textile finishing	112,020,780	-	-	112,020,780	4.22
Food, tobacco and beverages	36,554,938	-	37,981,759	74,536,697	2.81
Steel, engineering and automobile	57,108,800	2,161,395	25,017,790	84,287,985	3.18
Health care	47,499,286	-	4,625,235	52,124,521	1.97
Energy, oil and gas	7,998,148	1,587,475	33,355,164	42,940,787	1.62
Chemicals, fertilizers and pharmaceuticals	-	-	29,362,135	29,362,135	1.11
Cement	27,669,368	9,614,361	-	37,283,729	1.41
Electrical goods	7,235,055	5,501,389	-	12,736,444	0.48
Financial	4,173,703	466,594,751	43,561,559	514,330,013	19.39
Miscellaneous	498,754,297	114,330,000	412,518,117	1,025,602,414	38.67
	1,369,376,659	601,779,989	680,833,502	2,651,990,150	100.00

45. FINANCIAL RISK MANAGEMENT POLICIES

The Company's activities expose it to varieties of financial risks. The management of these risks is carried out by Investment Committee, Credit Committee and Assets and Liabilities Committee, who are responsible for identifying, evaluating or measuring significant risks inherent in the organization as well as establishing controls in coordination with the relevant departments to mitigate such risks. Presently, the Company is in recovery phase and have stopped any new business activities. The Company is planning to adopt adequate risk management systems once it will resume operations.

The Company's principal financial liabilities comprise loans and borrowings, deposits, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has lease finances, long term and short finances, placements, other receivables and cash that arrive directly from its operations. The Company also holds available-for-sale investments, held to maturity investments and initially designated as investments at fair value through profit and loss.



45.1 Price risk

Price risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. The Company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions. Presently the Company is not making any new investment in equity securities and has sold all quoted securities during the year except for investment in associates.

As at June 30, 2011, the fair value of equity securities exposed to price risk were Nil (2010: 18.33 million).

45.2 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.

45.2.1 In summary, compared to the amount included in the balance sheet, the maximum exposure to credit risk related to leasing operations as at June 30, 2011 are as follows: -

	2011		2010	
	<i>Lease Operation</i>	<i>Maximum Exposure</i>	<i>Lease Operation</i>	<i>Maximum Exposure</i>
	<----- Rupees ----->			
Lease	984,755,035	984,755,035	1,338,061,986	1,338,061,986
Advance against Lease	21,000,000	21,000,000	30,031,100	31,031,100
	<u>1,005,755,035</u>	<u>1,005,755,035</u>	<u>1,368,093,086</u>	<u>1,369,093,086</u>

45.2.2 The Company is not taking any new exposure in any investment finance or leasing. The exposures are classified on the basis of NBFC Regulations, 2008 guidelines.

45.3 Interest rate risk

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.

If the interest rate would have been higher or lower by 50 basis points and all the other variable remains constant, the Company's profit would have been higher / (lower) by Rs.0.19 million for the year ended June 30, 2011 in respect of leasing operations.

Management is of the view that the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives.

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:



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45.3.1 Mismatch of interest rate sensitive assets and liabilities

Effective Rate	2011							Total
	One year or less	More than one year but less than two years	More than two year but less than three years	More than three years less than four years	More than four year but less than five years	More than five year	Not exposed to interest rate risk	
	Rupees							
Financial Assets								
Net investment in lease finance	592,111,446	39,634,198	20,125,423	463,452	-	-	-	652,334,519
Long term Investments	-	-	-	-	-	-	163,947,170	163,947,170
Long-term finances	330,583,755	3,926,254	2,511,764	2,759,588	1,715,357	1,930,817	-	343,427,535
Long-term loans	145,216	77,171	81,116	85,263	72,246	-	-	461,012
Short term investments	237,505	-	20,000,000	7,500,000	-	-	20,761,433	49,886,438
Placements and finances	133,538,651	-	-	-	-	-	-	133,538,651
Advance against lease commitments	21,000,000	-	-	-	-	-	-	21,000,000
Advances and prepayments	-	-	-	-	-	-	9,619,144	9,619,144
Interest accrued	1,690,893	-	-	-	-	-	-	1,690,893
Other receivables	-	-	-	-	-	-	45,759,849	45,759,849
Cash and bank balances	104,050,736	-	-	-	-	-	10,001,052	114,051,788
	1,183,358,202	43,637,623	42,718,303	10,808,303	1,787,603	3,318,317	250,088,648	1,535,716,999
Financial Liabilities								
Redeemable capital	-	-	-	-	-	-	-	-
Long-term loans	129,343,289	265,076,908	273,051,785	21,000,000	-	-	-	688,471,982
Deposits	-	-	-	-	-	-	166,419,147	166,419,147
Certificates of investment	165,500,000	-	-	-	-	-	-	165,500,000
Accrued mark-up	-	-	-	-	-	-	69,338,411	69,338,411
Short-term borrowings	81,418,223	-	-	-	-	-	-	81,418,223
Accrued and other liabilities	-	-	-	-	-	-	58,224,571	58,224,571
	376,261,512	265,076,908	273,051,785	21,000,000	-	-	293,982,129	1,229,372,334
On balance sheet gap	807,096,690	(221,439,285)	(230,333,482)	(10,191,697)	1,787,603	3,318,317	(43,893,481)	306,344,665



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	Effective Rate %	2010							Total
		One year or less	More than one year but less than two years	More than two year but less than three years	More than three years less than four years	More than four years less than five years	More than five years	Not exposed to interest rate risk	
Financial Assets									
Net investment in lease finance	12.34%	789,153,116	111,120,494	161,290,615	15,461,623	880,360	-	-	1,077,906,208
Long term Investments	-	-	-	-	-	-	-	22,961,150	22,961,150
Long-term finances	14.08%	263,219,617	73,155,580	43,038,671	49,298,168	4,825,299	21,475,090	-	455,012,425
Long-term loans	5.00%	392,843	145,216	77,171	81,116	85,263	72,294	-	853,903
Short term investments	14.08%	463,623,638	40,810,460	37,709,241	36,675,500	-	-	-	578,818,839
Placements and finances	7.29%	332,219,665	-	-	-	-	-	-	332,219,665
Advance against lease commitments	14.08%	30,031,100	-	-	-	-	-	-	30,031,100
Advances and prepayments	-	-	-	-	-	-	-	23,329,725	23,329,725
Interest accrued	-	64,818,615	-	-	-	-	-	-	64,818,615
Other receivables	-	-	-	-	-	-	-	62,808,209	62,808,209
Cash and bank balances	12.50%	29,595,968	-	-	-	-	-	116,991,206	146,587,174
		1,973,054,562	225,231,750	242,115,698	101,516,407	5,790,922	21,547,384	226,090,290	2,795,347,014
Financial Liabilities									
Redeemable capital	13.78%	-	345,000,000	-	-	-	-	-	345,000,000
Long-term loans	3.83%	66,006,948	142,975,954	265,076,907	298,051,785	46,000,000	-	-	818,111,594
Deposits	-	-	-	-	-	-	-	319,517,596	319,517,596
Certificates of investment / deposits	3.76%	326,192,025	-	-	-	-	9,374,497	-	335,566,522
Accrued mark-up	-	164,117,877	-	-	-	-	-	-	164,117,877
Short-term borrowings	-	505,645,127	-	-	-	-	-	-	505,645,127
Accrued and other liabilities	-	34,586,690	-	-	-	-	-	-	34,586,690
		1,096,548,667	487,975,954	265,076,907	298,051,785	46,000,000	9,374,497	319,517,596	2,522,545,406
On balance sheet gap		993,497,101	(262,744,204)	(22,961,209)	(196,535,378)	(40,209,078)	12,172,887	(210,418,512)	272,801,608



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45.4 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.

45.4.1 MATURITIES OF ASSETS AND LIABILITIES

	<i>2011</i>				
	<i>Total</i>	<i>Upto three months</i>	<i>Over three months to one year</i>	<i>Over one year to five years</i>	<i>Over five years</i>
Assets					
Property and equipment	69,470,998	2,216,505	6,635,426	23,089,118	37,529,949
Investment property	119,086,520	-	-	-	119,086,520
Net investment in lease finance	652,334,519	545,796,361	46,315,085	60,223,073	-
Long term investment	163,947,170	-	-	-	163,947,170
Long-term finances	343,427,535	328,753,414	1,830,341	10,912,963	1,930,817
Long-term loans	461,012	89,812	55,404	315,796	-
Long-term deposits	2,500,000	-	-	-	2,500,000
Deferred tax asset	98,116,360	-	407,100	97,709,260	-
Short-term investment	49,886,438	-	20,237,505	28,261,433	1,387,500
Placement and finances	133,538,651	133,538,651	-	-	-
Advance against lease commitments	21,000,000	21,000,000	-	-	-
Advances and prepayments	9,619,144	9,619,144	-	-	-
Interest accrued	1,690,893	1,690,893	-	-	-
Other receivables	45,759,849	45,759,849	-	-	-
Cash and bank balances	114,051,788	114,051,788	-	-	-
	<u>1,824,890,877</u>	<u>1,202,516,417</u>	<u>75,480,861</u>	<u>220,511,643</u>	<u>326,381,956</u>
Liabilities					
Redeemable capital	-	-	-	-	-
Long-term loans	688,471,982	52,876,041	76,467,248	559,128,693	-
Certificates of investment	165,500,000	165,500,000	-	-	-
Lease Deposits	166,419,147	140,128,827	8,200,699	18,089,621	-
Accrued mark-up	69,338,411	69,338,411	-	-	-
Short-term borrowings	81,418,223	81,418,223	-	-	-
Accrued and other liabilities	58,224,571	58,224,571	-	-	-
Taxation	4,375,173	-	4,375,173	-	-
	<u>1,233,747,507</u>	<u>567,486,073</u>	<u>89,043,120</u>	<u>577,218,314</u>	<u>-</u>
Net Assets	<u>591,143,370</u>	<u>635,030,344</u>	<u>(13,562,259)</u>	<u>(356,706,671)</u>	<u>326,381,956</u>
Share capital	1,342,326,440				
Reserves net of accumulated loss	(751,183,070)				
	<u>591,143,370</u>				



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	2010				
	<i>Total</i>	<i>Upto three months</i>	<i>Over three months to one year</i>	<i>Over one year to five years</i>	<i>Over five years</i>
Assets					
Property and equipment	9,431,583	-	-	9,431,583	-
Investment property	191,037,708	-	-	-	191,037,708
Net investment in lease finance	1,077,906,208	645,203,574	143,949,542	288,289,642	463,450
Long term investment	22,961,150	-	-	-	22,961,150
Long-term finances	455,012,425	175,861,226	87,358,388	170,317,718	21,475,093
Long-term loans	853,903	96,382	296,462	303,503	157,556
Long-term deposits	4,763,500	-	-	-	4,763,500
Deferred tax asset	147,528,543	-	-	-	147,528,543
Short-term investment	578,818,840	168,446,813	410,372,027	-	-
Placement and finances	332,219,665	332,219,665	-	-	-
Advance against lease commitments	30,031,100	-	30,031,100	-	-
Advances and prepayments	23,329,725	23,329,725	-	-	-
Interest accrued	64,818,615	64,818,615	-	-	-
Other receivables	62,808,208	62,808,208	-	-	-
Cash and bank balances	146,587,174	146,587,174	-	-	-
	<u>3,148,108,347</u>	<u>1,619,371,382</u>	<u>672,007,519</u>	<u>468,342,446</u>	<u>388,387,000</u>
Liabilities					
Redeemable capital	345,000,000	-	345,000,000	-	-
Long-term loans	818,111,594	8,388,012	57,618,936	706,104,646	46,000,000
Certificates of investment / deposit	-	-	-	-	9,374,497
Deposits	335,566,522	326,192,025	-	-	-
Accrued mark-up	319,517,596	40,673,115	53,372,371	225,472,110	-
Accrued mark-up	164,117,877	164,117,877	-	-	-
Short-term borrowings	505,645,127	505,645,127	-	-	-
Accrued and other liabilities	34,586,690	34,586,690	-	-	-
Taxation	4,870,100	-	4,870,100	-	-
	<u>2,527,415,506</u>	<u>1,079,602,846</u>	<u>460,861,407</u>	<u>931,576,756</u>	<u>55,374,497</u>
Net Assets	<u>620,692,841</u>	<u>539,768,536</u>	<u>211,146,112</u>	<u>(463,234,310)</u>	<u>333,012,503</u>
Share capital	1,342,326,440				
Reserves net of accumulated loss	(721,633,599)				
	<u>620,692,841</u>				

46. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. As the Company does not any assets or liabilities in foreign currency thus it is not exposed to foreign currency risk.

47. 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 Nil (2010: Rs. 18.36 million).



48. CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safe guard its ability to continue as going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders, to maintain a strong capital base to support the sustained development of business and to comply with the capital requirements of NBFC Regulations, 2008 issued by SECP.

As per rule 3 of NBFC Regulations, the minimum equity requirement for investment finance services is Rs. 500 million as at June 30, 2011 and Rs.1,000 million to be achieved in a phased manner by June 30, 2013. Further the minimum equity requirement for Leasing is Rs. 350 million as at June 30, 2011 and Rs. 700 million to be achieved in a phased manner by June 30, 2013. Currently the Company has net equity of Rs. 591 million which does not meet the minimum equity requirement for investment finance services and leasing license.

49. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 03, 2011** by the Board of Directors of the Company.

50. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**PATTERN OF SHAREHOLDING - ORDINARY SHARES
AS ON JUNE 30, 2011**



**FIRST DAWOOD INVESTMENT BANK LIMITED
ANNUAL REPORT 2011**

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
914	1	-	100	32,592
434	101	-	500	117,327
717	501	-	1000	642,381
579	1001	-	5000	1,383,515
183	5001	-	10000	1,521,752
50	10001	-	15000	658,022
35	15001	-	20000	634,704
30	20001	-	25000	702,657
17	25001	-	30000	482,491
13	30001	-	35000	427,485
14	35001	-	40000	539,260
9	40001	-	45000	395,560
12	45001	-	50000	578,628
5	50001	-	55000	259,193
5	55001	-	60000	287,519
6	60001	-	65000	366,178
3	65001	-	70000	198,000
6	70001	-	75000	438,211
5	75001	-	80000	391,237
1	80001	-	85000	82,699
3	85001	-	90000	265,759
1	90001	-	95000	92,621
3	95001	-	100000	298,511
1	100001	-	105000	101,400
1	110001	-	115000	113,526
4	115001	-	120000	475,034
1	120001	-	125000	123,620
2	135001	-	140000	276,090
1	145001	-	150000	145,475
1	155001	-	160000	157,855
1	160001	-	165000	160,710
1	175001	-	180000	175,352
2	180001	-	185000	366,370
2	185001	-	190000	373,450
2	195001	-	200000	397,858
3	200001	-	205000	608,852
1	205001	-	210000	206,373
1	215001	-	220000	218,291
1	235001	-	240000	237,500
1	245001	-	250000	246,373
1	260001	-	265000	260,408
1	275001	-	280000	278,300
1	300001	-	305000	301,955
2	315001	-	320000	634,483
1	345001	-	350000	346,283
1	395001	-	400000	397,963
1	400001	-	405000	400,537
1	410001	-	415000	412,390
1	435001	-	440000	436,425
1	490001	-	495000	492,594
2	500001	-	505000	1,004,438
1	525001	-	530000	529,171
1	595001	-	600000	599,276
1	1115001	-	1120000	1,117,000
1	1390001	-	1395000	1,394,028
1	1415001	-	1420000	1,418,522
1	1575001	-	1580000	1,576,143
1	1920001	-	1925000	1,921,400
1	2340001	-	2345000	2,341,935
1	2380001	-	2385000	2,382,641
1	2585001	-	2590000	2,585,770
1	2735001	-	2740000	2,735,564
1	4655001	-	4660000	4,655,426
1	8865001	-	8870000	8,867,566
1	10375001	-	10380000	10,378,637
3098				62,649,286



FIRST DAWOOD INVESTMENT BANK LIMITED
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S.No.	Categories of Shareholders	Number Of Share Holders	Shares Held	Percentage
1	Individual Local	3039	34,192,239	54.58
2	Investment Companies	5	70,936	0.11
3	Insurance Company	3	10,791,420	17.23
4	Joint Stock Companies	39	7,780,995	12.42
5	Leasing Companies	1	237	0.00
6	Modarba Management Companies	2	2,027,158	3.24
7	Modarbas	2	3,342,577	5.34
8	Mutual Fund	1	2,735,564	4.37
9	Financial Institutions	4	1,655,607	2.64
10	Others	2	52,553	0.08
		3098	62,649,286	100.00

ADDITIONAL INFORMATION OF ORDINARY SHARES AS ON JUNE 30, 2011

S. No.	Categories Shareholders	Numbers	Shares Held	% Age
1	Associated Companies	3	6,215,794	9.92
	B.R.R. Guardian Modaraba		3,342,562	5.34
	Dawood Capital Management Limited		2,382,641	3.80
	B.R.R. Investment (Pvt.) Ltd.		490,591	0.78
2	NIT & ICP	2	2,806,230	4.48
	National Bank of Pakistan Trustee Deptt.		2,735,564	4.37
	Investment Corporation of Pakistan		70,666	0.11
3	Directors, CEO and their Spouses and Minor Children	6	15,000,678	23.94
	Ayaz Dawood		2,585,770	4.13
	Hamida Dawood		2,834,529	4.52
	Rafique Dawood		8,867,566	14.15
	Shumaila Matri Dawood		319,244	0.51
	Rasheed Y. Chinoy		247,594	0.40
	Omar Hassan Khan Bangsh		500	0.00
	Mohammad Ali S/o Ayaz Dawood		145,475	0.23
4	Public Sector Companies and Corporation	1	10,378,637	16.57
5	Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies and Mutual Funds	53	9,056,386	14.46
6	Shareholders holding ten percent or more in the Company	2	19,246,203	30.72
	State Life Insurance Corp. of Pakistan		10,378,637	16.57
	Rafique Dawood		8,867,566	14.15

**PATTERN OF SHAREHOLDING - PREFERENCE SHARES
AS ON JUNE 30, 2011**



**FIRST DAWOOD INVESTMENT BANK LIMITED
ANNUAL REPORT 2011**

Number of Share Holders (Preference Shares)	Share Holding		Total Shares Held
	From	To	
1	1,495,001	-	1,500,000
1	1,995,001	-	2,000,000
1	2,495,001	-	2,500,000
1	3,040,001	-	3,045,000
1	5,995,001	-	6,000,000
1	9,935,001	-	9,940,000
1	14,090,001	-	14,095,000
1	32,510,001	-	32,511,474
8			71,583,354

Categories of Certificate Holder's	No. of Share Holder	Shares Held	Percentage
Financial Institution	6	62,538,974	87.37
Insurance Companies	1	6,000,000	8.38
Mutual Fund	1	3,044,380	4.25
	8	71,583,354	100.00

ADDITIONAL INFORMATION OF PREFERENCE SHARES AS ON JUNE 30, 2011

Categories Shareholders	Numbers	Shares Held	% Age
Financial Institution	6	62,538,974	87.37
National Bank of Pakistan		32,511,474	
The Bank of Khyber		14,092,000	
Allied Bank Limited		9,935,500	
Askari Bank Limited		2,500,000	
IGI Investment Bank Limited		2,000,000	
Bank Alfalah Limited		1,500,000	
Insurance Companies	1	6,000,000	8.38
National Insurance Company Limited		6,000,000	
Mutual Fund	1	3,044,380	4.25
CDC - Trustee AMZ Plus Income Fund		3,044,380	
Shareholders holding ten percent or more Preference Shares in the Company	3	56,538,974	78.98
National Bank of Pakistan		32,511,474	45.42
The Bank of Khyber		14,092,000	19.69
Allied Bank Limited		9,935,500	13.88

**FORM OF PROXY
XVII ANNUAL GENERAL MEETING**



**FIRST DAWOOD INVESTMENT BANK LIMITED
ANNUAL REPORT 2011**

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)

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 **XVII Annual General Meeting** of the Company to be held on October 25, 2011 at 8:00 p.m. and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2011, signed by the said
_____ in the presence of

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

Revenue Stamp
Rs. 5/-

Signature of Witness

Signature(s) and or Seal

Important Notes:

1. The share transfer books of the Company will remain closed from October 18, 2011 to October 25, 2011 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered Office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of Proxy appointing more than one person is deposited with the Company, all such instruments 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. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting.



FIRST DAWOOD INVESTMENT BANK LIMITED
ANNUAL REPORT 2011

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1900-B, Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000

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1900-B, Saima Trade Towers
I.I. Chundrigar Road, Karachi 74000



FIRST DAWOOD INVESTMENT BANK LIMITED

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