



**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**ANNUAL REPORT
2012**



CORPORATE INFORMATION

FIRST DAWOOD INVESTMENT BANK LIMITED

Board of Directors	Mr. Rafique Dawood Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. AVM (R) Syed Javed Raza Mr. M. Riyazul Haque Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff	Chairman Chief Executive Officer Director Director (Nominee of DCM) Director (Nominee of NIT) Director Director
Audit Committee	Mr. Rasheed Y. Chinoy Mr. M. Riyazul Haque Mr. Khurshid A. Khair	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Nabeel Asif	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants (Deloitte)	
Legal Advisor	Mohsin Tayebaly & Co.	
Management Consultants	Shekha & Mufti Chartered Accountants (Moore Stephens International)	
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) 3227-1875-80, 3701-0960-65, 3701-4641-44 Fax +92 (21)3227-1913 Email fdib@firstdawood.com URLwww.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. 1705, 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi-74000 Tel +92 (21) 3547 8192-93 / 021-32771906 Fax +92 (21) 3262 1233 / 021-32271905 Email fdregistrar@hotmail.com, fdregistrar@yahoo.com	

VISION AND MISSION STATEMENT/ CORPORATE STRATEGY



FIRST DAWOOD INVESTMENT BANK LIMITED
ANNUAL REPORT 2020

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

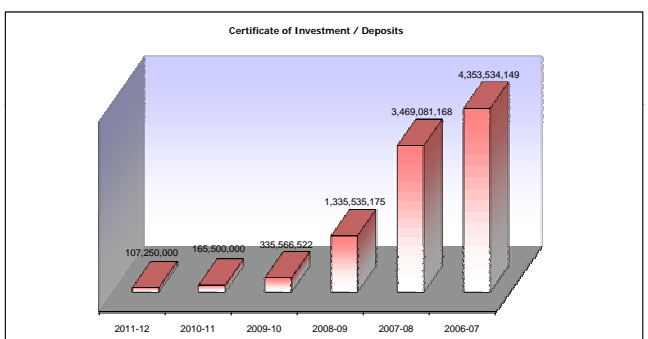
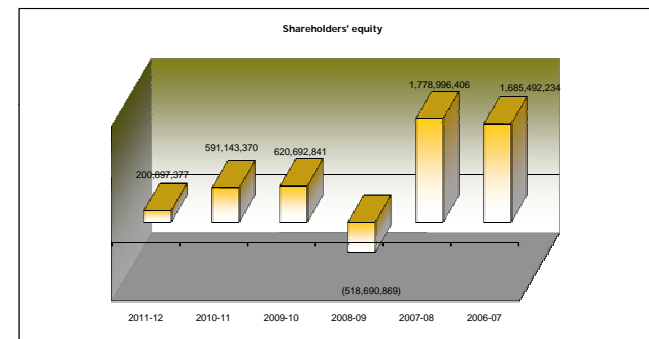
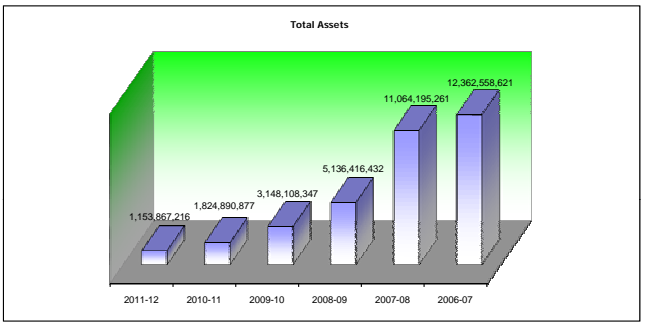
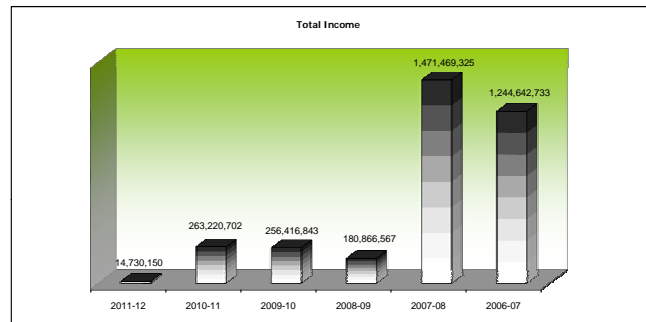
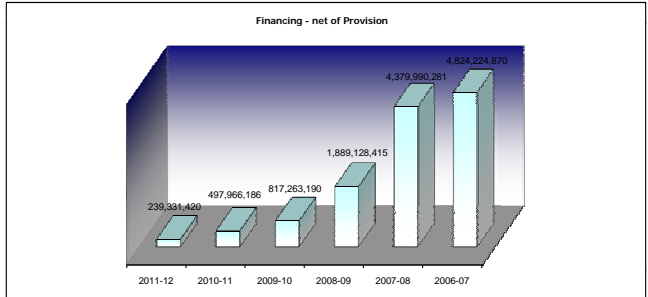
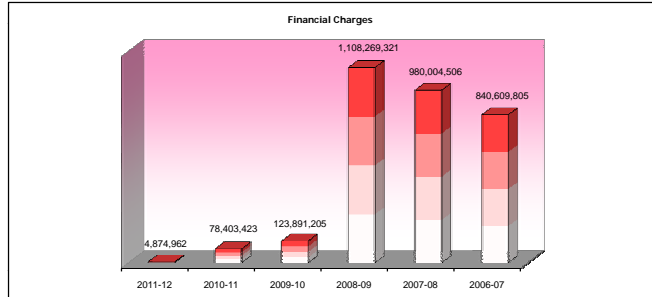
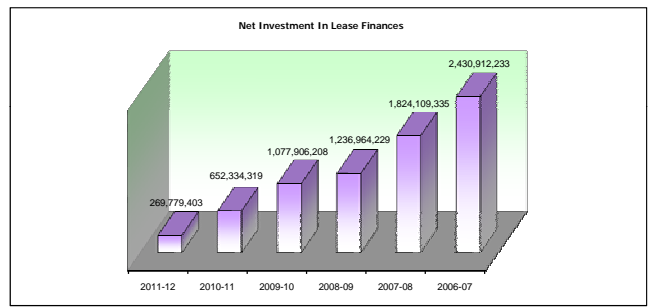
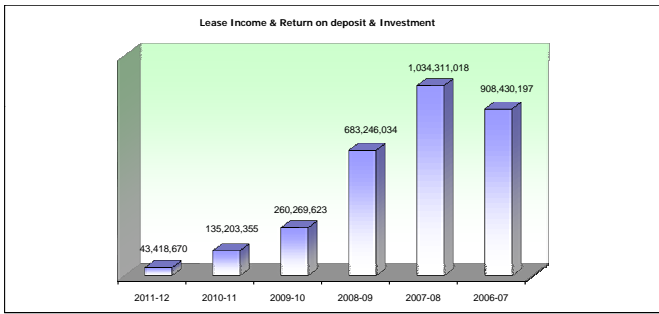
- * To offer value in term of dividend yield and capital gains to shareholders.
- * To effectively fulfill the needs of clients to their satisfaction.
- * To endeavour to achieve a lasting relationship with clients and associates on the principles of mutualism.
- * To fulfill all social responsibilities 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.

FIRST DAWOOD INVESTMENT BANK LIMITED
FINANCIAL HIGHLIGHTS

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
PROFIT & LOSS	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Lease Income & Return on deposit & Investment	43,418,670	135,203,355	260,269,623	683,246,034	1,034,311,018	908,430,197
Financial Charges	4,874,962	78,403,423	123,891,205	1,108,269,321	980,004,506	840,609,805
Fee, commission, brokerage & others	(29,082,716)	78,569,971	56,576,610	2,555,994	93,994,151	64,024,883
Divident & capital gains	394,196	49,447,376	(60,429,390)	(504,935,461)	343,164,156	272,187,653
Total Income	14,730,150	263,220,702	256,416,843	180,866,567	1,471,469,325	1,244,642,733
Provisions / (Surplus) / Deficit	306,001,742	74,474,521	(201,350,448)	786,122,860	357,975,763	149,610,232
Operating expenses	84,482,499	88,027,391	99,622,885	94,049,058	97,377,189	62,107,534
Operating profit / (loss) before tax and provision	408,083,157	156,789,888	32,902,753	(1,021,451,812)	394,087,630	341,925,394
Profit / (loss) after taxation	(376,387,222)	(44,284,223)	377,676,221	(1,791,421,903)	113,655,423	188,514,986
Profit / (loss) before taxation	(408,083,157)	12,644,688	234,253,201	(1,807,574,672)	36,111,867	192,315,162
Dividends	-	-	-	-	-	-
Bonus shares	-	-	-	-	56,953,900	74,287,700
BALANCE SHEET						
Shareholders' equity	200,897,377	591,143,370	620,692,841	(518,690,869)	1,778,996,406	1,685,492,234
Deficit/Surplus on Revaluation of Investment	(9,987,869)	(24,502,432)	(67,870,526)	(115,444,741)	390,820,631	410,971,882
Certificate of Investment / Deposits	107,250,000	165,500,000	335,566,522	1,335,535,175	3,469,081,168	4,353,534,149
Borrowings from financial institutions	591,764,164	769,890,505	1,323,756,721	3,202,552,300	4,676,946,037	4,929,333,488
Net Investment In Lease Finances	269,779,403	652,334,319	1,077,906,208	1,236,964,229	1,824,109,335	2,430,912,233
Financing - net of Provision	239,331,420	497,966,186	817,263,190	1,889,128,415	4,379,990,281	4,824,224,870
Investment - net of provision	220,665,494	213,833,608	601,779,989	1,331,451,109	3,558,838,529	3,918,546,732
Total Assets	1,153,867,216	1,824,890,877	3,148,108,347	5,136,416,432	11,064,195,261	12,362,558,621
FINANCIAL RATIOS						
Gross spread ratio (%)	88.77%	86.39%	52.40%	-62.21%	5.25%	7.47%
Income / expense ratio (Times)	0.16	2.47	1.15	0.15	1.37	1.38
Return on Average Equity (ROE) (%)	-95.04%	-7.31%	740.53%	-283.13%	6.56%	13.72%
Return on Average Assets (ROA) (%)	-25.27%	-1.78%	9.12%	-22.03%	0.97%	1.84%
Profit before tax ratio	(27.70)	0.05	0.91	(9.93)	0.02	0.15
Financing / Deposit Ratio (Average) (%)	270.32%	262.49%	161.95%	130.48%	117.66%	95.18%
Total assets turnover ratio / Fixed assets turnover ratio (Times)	0.01	3.79	27.19	2.11	178.37	1,032.41
Price Earning ratio	(0.53)	(4.82)	0.30	(0.11)	34.98	7.60
Market Value per share	1.49	1.59	1.78	3.07	69.95	28.95
Earning per share (Rs.)	(2.80)	(0.33)	6.03	(28.00)	2.00	3.81
Book value per (Rs.)	3.21	9.83	10.99	(6.32)	24.37	23.84
Employees as remuneration (Rs. In Million)	33.64	48.59	52.97	47.54	46.58	22.80
Government as tax (Rs. In Million)	2.92	0.01	2.92	7.88	13.01	8.24
Number of employees	31	33	34	35	52	45



Notice of Annual General Meeting (AGM XVIII)
First Dawood Investment Bank Limited

Notice is hereby given that the AGM XVIII of First Dawood Investment Bank Limited will be held at its Registered Office, 1900-B, Saima Trade Towers, I. I.Chundrigar Road, Karachi on Friday, November 30, 2012 at 12:00 Noon to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XVII Annual General Meeting held on October 25, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2012 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year 2013 and to fix their remuneration.
4. Any other Business with the permission of the Chair.

By Order of the Board

November 09, 2012
Karachi

Nabeel Asif
CFO & Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from November 23, 2012 to November 30, 2012 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Tower-A 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.

DIRECTORS' REPORT

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, 2012.

Company's overview

Your Company, being a part of the Non-Banking Financial Companies (NBFCs) 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 Small Medium sized Enterprises (SMEs) which is causing a great threat to the country domestic growth.

However on a positive note, the Regulator, Security Exchange Commission of Pakistan (SECP) have come forward and are in the process of moving ahead to let the NBFC sector not only survive but to play its real role in the economic sector of our country. The steps being taken and in the pipeline are well tailored and your company will be one of the beneficiary of these steps. We are confident this will translate into growth of this sector and the economy as a whole.

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

SECP Regulators of the sector and NBFC have formed a platform where some innovative revised business modules are being developed for the NBFC sector. With approval of new business intake policy, the sector in general and FDIB in particular will offer bright prospects to the shareholders and new investors.

Operations and Performance

Your company during the financial year 2011-2012 has made a loss after tax of Rs. 376.39 million which mainly pertains to provision against lease and other finances amounting to Rs. 308.22 million due to the following reasons,

- a) During the year, benefit of Forced Sale Value (FSVs) on lease and advances portfolio was reduced due to change in benefit rate from 70% to 50% , according to the regulations prescribed in the NBFC Regulations, 2008.

- b) The management decided that fresh valuations of several collaterals which expired during the year and where full scope valuation was not possible due to cases under litigation/ dispute would not be carried out. The FSV benefit of those collaterals has not been considered in current year financial statements.
- c) The market value of certain collaterals whose fresh valuations were carried out during the year have been assessed lower as compared to previous valuations due to prevailing economic conditions.

Nonetheless, the present management is committed in recommencement of its leasing business and successfully 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 your company has taken the initiative to started trading in quoted shares and have earned high yield in such trading till date.

Administrative expenses for the period under review shows declining trend and stands at Rs.84.48 million as compared to Rs. 88.03 million last year. The financial cost also has been declined substantially to Rs. 4.87 million from Rs. 18.40 million as during the year most of the liabilities were settled off.

The Company has been able to restructure majority of its liabilities at a markup ranges from 0% to 5% which have been spread over long term period. Further, loan of Rs. 138.25 million out of a total outstanding loan of Rs. 221.01 million has been partially settled during the year. The lenders in return waived markup of Rs. 27.96 million on the outstanding liabilities which were restructured at 0% markup. The management is further actively pursuing one of the financial institutions for settlement of their outstanding liability of Rs. 100 million. The negotiations have been in the advanced stage of agreement and are expected to be finalized before the half year ending December 31, 2012.

A statutory payment on account of current tax amounting to Rs.1.5 million us outstanding which will be paid along with tax returns.

Further, strategic investment breaching limits as set out in Regulation 19(g) of NBFC Regulation, 2008 are in the process of being reduced to acceptable limits. However, since these are un-quoted and un-listed disposal they do not have active market; therefore, the board is talking a proactive approach to resolve this deviation from the regulation.

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. FDIBL, as mentioned above is looking at new avenues of business opportunities and as such we will apply for a fresh credit rating at the appropriate time.

Future Strategy

A revised five years business plan has been prepared by independent consultants a well reputed firm of Chartered Accountants and approved by the Board, which clearly spells out the future business strategy of your Company which has been shared with your external auditors. We are confident that we will be able to appraise the shareholders in the future on these strategies.

Although quantum of provisions have increased during the period due to rigorous provisioning requirements of NBFC Regulations but a sizeable non-performing lease and long term portfolio provides a good cushion for reasonable recovery within two to three years. The management of FDIB is continuing its efforts for recoveries and focusing its priority on reduction in non-

performing portfolio. Our Special Assets and Legal Department are making coordinated efforts to reduce non-performing loans which are pursued through negotiations and settlements which will enhance the company's financial health and corresponding values.

The management has tabled a proposal to the for settlement of a loan of Rs.228.6m against a property, new preference shares having face value. Further it is expected in short to medium term certificates of investment amounting to Rs.75m will be settled against shares of different companies.

Further during the year the Company has sold its current premises in partial settlement of its liability with a Commercial Bank and now plans to construct a purpose built office in DHA, Karachi. Moreover, recoveries in-kind of agriculture lands at Gharo, Thatta are being planned to be utilised for Musharaka Facilities for a Dairy Farming Project and Farm Housing Project which would generate a steady income flow for the Company in future years. Further it is planned that Operating Leases would soon be started which is also under consideration and proposals have already been forwarded to few Commercial Banks and multi-nation companies.

I would like to inform you that the future outlook of your company is in the hands of a new totally devoted and dynamic management team as our previous CEO and CFO have resigned and your Board has appointed a director of your company as the CEO and also has appointed a new CFO.

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 six years appears at the beginning of this annual report.

Trading / Dealing in Company Shares

During the financial year, no trade in company shares was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

Statement of Compliance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2012. 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 (xi) 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. The Company is facing financial problems after the company sustained unprecedented losses with market shutdown for 110 days in 2008. Its licenses are presently not renewed and application along with renewal fee has been submitted for the license and response

from SECP is awaited. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, proposed regime change and commitment from sponsoring will help revive the status.

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.

Code of Conduct

The Board of Directors of FDIBL is currently reviewing the "Code of Conduct" for approval. FDIBL is committed voluntarily maintaining the highest standards of conduct and ethical behavior is a moral right and legal requirement that requires the personal commitment.

The code of conduct would indicate values, ethics, good business conduct that generally promotes the qualities of honesty, fairness, consideration and enlightened professionalism.

Staff Retirement Benefits

First Dawood Group operates a provident scheme for all permanent employees. The value of investments to date is Rs.19.77 million in the provident scheme as on June 30, 2012.

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, (i) Mr. Omar H. K Bangash resigned and Mr. Khurshed A. Khair was appointed by the Board and subsequently approved by SECP to fill casual vacancy (ii) Mr. Abdus Samad Khan-CEO resigned during the year and Mr. Rasheed Y. Chinoy was appointed as CEO and was subsequently approved by SECP

During the year no training programme for directors were arranged. Mainly, due to changes taken place in the board.

Auditors

The Auditors of Naveed Zafar Ashfaq Jaffery & Co have expressed their willingness for the appointment as External Auditors for the year ending June 30, 2013, a resolution relating to their 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 Eight 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	8	8	-
2	Mr. Abdus Samad Khan (Resigned April 30, 2012)	CEO	7	7	-
3	Mr. Ayaz Dawood	Director	8	7	1
4	Mr. Rasheed Y. Chinoy	Director	8	8	-
5	Mr. AVM (R) Syed Raza	Director	8	6	2
6	Mr. Omar Hasan Khan Bangash (Resigned Feb 29, 2012)	Director	6	4	2
7	Mr. M. Riyazul Haque	Director	8	7	1
8	Mr. Khurshed A. Khair (Appointment subsequently approved by SECP)	Director	-	-	-
9	Mr. Khurshed Abu Ariff (Appointment subsequently approved by SECP)	Director	-	-	-

Board Committees

During the year under review, the two Board Committees:

- i. Audit Committee met Four times and attendance of member of the committee is as follows:

S. No	Name	Designation	Entitlement to Attend Meeting	Meeting Attend	Leave of Absences
1	Mr. Rasheed Y. Chinoy	Chairman	4	4	-
2	Mr. Omar Hasan Khan Bangash	Member	3	2	1
3	Mr. M. Riyazul Haque	Member	4	3	1
4	Mr. Khurshed A. Khair (Appointment subsequently approved)	Member	-	-	-

- ii. Human Resources & Remuneration Committee met once and attendance of member of the committee is as follows:

S. No	Name	Designation	Entitlement to Attend Meeting	Meeting Attend	Leave of Absences
1	Mr. Rasheed Y. Chinoy	Chairman	1	1	-
2	Mr. M. Riyazul Haque	Member	1	1	-
3	Mr. Khurshed A. Khair (Appointment subsequently approved)	Member	-	-	-

Pattern of Shareholding

The pattern of shareholding as on June 30, 2012 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.

November 07, 2012
Karachi

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

Rasheed Y. Chinoy
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **First Dawood Investment Bank Limited** (the Company) as at June 30, 2012 and the related profit and loss account, statement of 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 qualified opinion and, after due verification, we report that:

- (a) as at June 30, 2012, the Company has recognized deferred tax asset of Rs 129.75 million in respect of unabsorbed tax depreciation on leases, carry forward of unused tax losses and deductible temporary differences. As stated in note 11, the management has carried out assessment for the recoverability of the said deferred tax asset on the basis of projections for future taxable income which takes into account various assumptions regarding future business prospects and conditions. However, we have not been provided adequate supporting documentation/bases for assumptions used in preparation of these projections and consequently, we were unable to determine whether any adjustment to the amount of deferred tax asset was necessary;
- (b) as stated in note 8.1.2.1 and 13.2.2, 5 jumbo share certificates of investments in associated undertakings and 2 jumbo share certificates in another company having aggregate carrying value of Rs. 81.89 million were lost during the year. We have seen communication with the Registrar of respective companies in this regard; however, we were unable to obtain sufficient appropriate audit evidence as to any encumbrances or other claims on these certificates.

We further noted that out of the 7 lost jumbo certificates, 3 certificates having carrying value of Rs. 13.93 million were not in the name of the Company and we were unable to obtain sufficient appropriate audit evidence whether these will be transferred in the name of the Company.

- (c) in our opinion, except for the effects of the matters described in the preceding paragraphs, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (d) in our opinion:
 - (i) except for the effects of the matters described in the paragraphs (a) and (b), 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;
- (e) in our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in paragraphs (a) and (b), the balance sheet, profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan and give 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, 2012 and of the loss, its cash flows, and changes in equity for the year then ended; and
- (f) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to the following matters:

- i) As fully described in note 1.3 to the interim financial statements that the Company is facing financial problems, its accumulated losses are in the tune of Rs 1,465.19 million, its licenses are presently suspended and is not being able to meet minimum equity requirement (note 44). These conditions alongwith other matters as set forth in note 1.3 on the Company's mitigation plan and note 30 relating to unfunded exposures may cast significant doubt about the Company's ability to continue as a going concern; and

- ii) As stated in note 30 to the financial statements, guarantees issued by the Company amounting to Rs. 1,438 million have been called by the beneficiaries including guarantees of Rs. 623 million which are under litigation. The ultimate outcome in this regard cannot presently be ascertained.

Our opinion is not qualified in respect of these matters.

Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi.
Date:

FIRST DAWOOD INVESTMENT BANK LIMITED

BALANCE SHEET

AS AT JUNE 30, 2012

	<i>Note</i>	2012 Rupees	2011 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	7,486,509	69,470,998
Investment properties	6	70,095,000	119,086,520
Net investment in lease finance	7	61,007,530	60,223,073
Long term investments	8	186,929,237	163,947,170
Long term finances	9	10,062,306	12,843,780
Long term loans	10	240,797	315,796
Long term deposits		3,500,000	2,500,000
Deferred tax asset - net	11	129,746,665	98,116,360
		469,068,044	526,503,697
CURRENT ASSETS			
Current portion of non-current assets	12	362,640,338	922,840,417
Short term investments	13	33,736,257	49,886,438
Placements and finances	14	75,475,649	133,538,651
Advance against lease commitments	15	10,999,999	21,000,000
Loans, advances and prepayments	16	9,186,632	9,619,144
Mark-up accrued	17	762,053	1,690,893
Other asset	18	4,500,000	-
Other receivables	19	47,637,883	45,759,849
Cash and bank balances	20	139,860,361	114,051,788
		684,799,172	1,298,387,180
		<u>1,153,867,216</u>	<u>1,824,890,877</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Ordinary shares	21	626,492,900	626,492,900
Preference shares	21	715,833,540	715,833,540
		1,342,326,440	1,342,326,440
Reserves		333,744,789	333,744,789
Accumulated loss		(1,465,185,983)	(1,060,165,419)
		210,885,246	615,905,810
Deficit on revaluation of investments	22	(9,987,869)	(24,762,440)
		200,897,377	591,143,370
NON CURRENT LIABILITIES			
Long term loans	23	277,663,068	559,128,693
Long term deposits	24	6,232,126	18,089,621
		283,895,194	577,218,314
CURRENT LIABILITIES			
Current portion of long term liabilities	25	353,224,560	277,672,815
Mark-up accrued	26	49,316,029	69,338,411
Short-term borrowings	27	81,418,223	81,418,223
Certificates of investment	28	107,250,000	165,500,000
Accrued and other liabilities	29	76,365,833	58,224,571
Taxation		1,500,000	4,375,173
		669,074,645	656,529,193
Contingencies and commitments	30		
		<u>1,153,867,216</u>	<u>1,824,890,877</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST DAWOOD INVESTMENT BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
INCOME			
Lease income		11,793,755	25,673,141
Return on placements, finances, deposits and investments	31	27,064,949	76,282,837
Gain / (loss) on sale of securities - net		394,196	(1,688,667)
Income from long term finances		4,559,966	31,868,561
Loss on derecognition of financial assets		-	(18,707,169)
Other (loss) / income	32	(29,082,716)	78,829,979
		14,730,150	192,258,682
PROVISIONS / CHANGES IN FAIR VALUE			
Provision for lease losses and doubtful recoveries - net of reversals	33	(308,227,257)	(49,427,259)
Reversal / (provision) for impairment	34	3,612,500	(30,509,886)
(Deficit) / surplus on revaluation of investment property		(1,000,896)	5,462,624
Loss on revaluation of investments - held for trading		(386,089)	-
		(306,001,742)	(74,474,521)
		(291,271,592)	117,784,161
EXPENSES			
Administration expenses	35	84,482,499	88,027,391
Finance cost	36	4,874,962	18,403,423
		(89,357,461)	(106,430,814)
		(380,629,053)	11,353,347
Share of (loss) /profit of associates	37	(27,454,104)	1,551,349
(LOSS) / PROFIT BEFORE TAXATION		(408,083,157)	12,904,696
TAXATION			
Current year	38	(1,500,000)	(4,375,173)
Prior year		1,565,630	(3,141,555)
Deferred		31,630,305	(49,412,183)
		31,695,935	(56,928,911)
LOSS AFTER TAXATION		(376,387,222)	(44,024,215)
Loss per share - basic - Rupees	39	(6.46)	(1.16)
Loss per share - diluted - Rupees	39	(2.80)	(0.33)

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST DAWOOD INVESTMENT BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(408,083,157)	12,904,696
Adjustments:		
- Depreciation	6,717,758	5,388,687
- (Gain) / loss on sale of investments	(394,196)	1,688,667
- Loss on derecognition of financial assets	-	18,707,169
- Share of loss / (profit) of associates	26,586,333	(1,551,349)
- Gain on settlement of liabilities	-	(51,223,518)
- Finance cost	4,874,962	18,403,423
- Loss / (gain) on sale of property and equipment	17,127,836	(189,460)
- Loss on sale of investment property	15,187,650	-
- Provision for lease losses and doubtful recoveries	308,227,257	49,427,259
- Provision - written-off	(99,225,238)	(56,132,026)
- (Reversal) / provision for impairment in the value of available for sale investments	(3,612,500)	30,509,886
- Loss on revaluation of securities held for trading	386,089	-
- (Deficit) / surplus on revaluation of investment property	1,000,896	(5,462,624)
- Exchange loss / (gain)	523,542	(2,447)
- Other income	(3,756,312)	(77,849,102)
	<u>273,644,077</u>	<u>(68,285,435)</u>
	(134,439,080)	(55,380,739)
 Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	206,903,513	204,243,016
Long-term finances	82,089,668	152,689,112
Long-term loans	145,215	392,891
Placements and finances	42,984,334	202,990,940
Advances and prepayments	1,271,205	(4,208,029)
Advance against lease commitments	40,919,717	1,500,000
Interest accrued	33,963,992	(4,117,460)
Other receivables	(37,458,184)	(2,780,079)
	<u>370,819,460</u>	<u>550,710,391</u>
	236,380,380	495,329,652
 <i>Increase / (decrease) in operating liabilities</i>		
Certificates of investment / deposits	(58,250,000)	(46,013,635)
Long-term deposits	(39,645,334)	(153,098,449)
Short-term borrowings	-	64,346,441
Accrued and other liabilities	(10,492,080)	23,637,881
	<u>127,992,966</u>	<u>384,201,890</u>
Finance cost paid	(24,897,344)	(65,557,433)
Tax refund received	-	9,906,955
Tax paid	(3,648,236)	(8,011,655)
Net cash flow from operating activities	<u>99,447,386</u>	<u>320,539,757</u>

	2012 Rupees	2011 Rupees
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,273,791)	(14,565,323)
Proceeds from sale of property and equipment	2,215,660	398,680
Short term investments	(30,454,641)	(188,080,264)
Long-term deposits	(1,000,000)	2,263,500
<i>Net cash flow used in investing activities</i>	(30,512,772)	(199,983,407)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(43,126,041)	(53,142,754)
<i>Net cash flow used in financing activities</i>	(43,126,041)	(53,142,754)
<i>Net increase in cash and cash equivalents</i>	25,808,573	67,413,596
Cash and cash equivalents at beginning of the year	114,051,788	46,638,192
Cash and cash equivalents at end of the year	<u>139,860,361</u>	<u>114,051,788</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST DAWOOD INVESTMENT BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
Net loss after taxation for the year	(376,387,222)	(44,024,215)
Other comprehensive income		
Surplus on remeasurement of investments classified as available for sale - net	13,906,800	40,226,346
Share of surplus on remeasurement of investments in an associate	867,771	2,881,740
	14,774,571	43,108,086
Total comprehensive loss for the year	(361,612,651)	(916,129)

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST DAWOOD INVESTMENT BANK LIMITED
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	<i>SHARE CAPITAL</i>		<i>CAPITAL RESERVES</i>			<i>REVENUE RESERVES</i>		<i>TOTAL</i>
	<i>ORDINARY SHARES</i>	<i>PREFERENCE SHARES</i>	<i>STATUTORY RESERVE</i>	<i>PREMIUM ON RIGHT SHARES</i>	<i>CAPITAL RESERVE ON ACQUISITION</i>	<i>DEFICIT ON REVALUATION OF INVESTMENTS</i>	<i>ACCUMULATED LOSS</i>	
----- <i>Rupees</i> -----								
Balance at July 1, 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
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	(28,633,342)	(28,633,342)
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
Total comprehensive income for the year								
- Loss for the year	-	-	-	-	-	-	(376,387,222)	(376,387,222)
- Other comprehensive income	-	-	-	-	-	14,774,571	-	14,774,571
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	(28,633,342)	(28,633,342)
Balance at June 30 2012	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(9,987,869)	(1,465,185,983)	200,897,377

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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 and Islamabad Stock Exchanges. 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, Allied Bank of Pakistan, Escorts Investment Bank 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.) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited, Bunn's Limited, Pak Hy-Oils Limited, Vision Developers Limited and Flying Board and Paper Products Limited. The value of such assets as at June 30, 2012 amounted to Rs. 21.75 billion (2011: 23.57 billion).
- 1.3** The Company incurred net loss of Rs. 376.39 million during the year ended June 30, 2012 and its accumulated loss became Rs. 1,465.19 million as at June 30, 2012. 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. Further, leasing license has not been renewed and permission to issue certificates of investment and deposit has been withdrawn. Presently, the equity of the Company is Rs. 200.89 million which is below the Minimum Equity Requirement (MER) of Rs. 1,200 million as prescribed by the Securities and Exchange Commission of Pakistan (SECP) through its SRO No. 764(I) of 2009 dated September 02, 2009.

However, the management is confident that with an equity of Rs. 200.89 million, the Company will be able to continue as a going concern and will be able to perform according to the following mitigation plan:

Mitigation plan

The requirement of MER will be addressed through reversal of provisions by recovering outstanding advances and further injection of equity by issuing right shares. Further, minimum equity requirement is expected to be revised downwards and is being discussed among market participants under the guidance of SECP. It is expected that the revised MER regime will be effective during the next financial year. This will not only provide respite to the Company, but to all NBFCs / Modarabas. However, in case enhanced minimum capital requirement vide SRO No. 764(I) of 2009 dated September 02, 2009 is not deferred, the Company will (i) issue right shares (ii) induct foreign or local partner (iii) merger or acquisition if such option is viable; or (iv) any other arrangement which will ensure compliance of MER. However, the sponsoring directors are committed to subscribe their portion of right issue.

Renewal of license

The request of the Company for renewal of licenses continues to remain with SECP. As cited above, this is primarily because SECP is working on a new model for NBFC sector which includes existing licensing regime. The concept of one license to undertake all the three activities of (i) Investment Banking; (ii) Leasing; and (iii) Housing Finance is also being considered. The Company should be able to renew its 'Leasing and Investment Finance Services Licenses (i.e. without permission for deposit raising)', as the Company's equity is above Rs. 200 million and in addition the Company's Capital Adequacy Ratio (CAR) / Tangible Common Equity to Risk-Weighted Assets Ratio is also above 8% as per the proposed model.

Debt equity swap, restructuring and settlement with financial institutions

Over the years the Company has been able to restructure majority of its liabilities at a markup ranges from 0% to 5% which have been spread over long term period. Further, loan of Rs. 138.25 million out of a total outstanding loan of Rs. 221.01 million has been partially settled during the year. The lenders in return waived markup of Rs. 27.96 million on the outstanding liabilities which were restructured at 0% markup.

The Company is also actively pursuing one of the financial institutions for settlement of their outstanding liability of Rs. 100 million. The negotiations have been in the advanced stage of agreement and is expected to be finalized before the half year ending December 31, 2012.

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. 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. The Company expects that the preference shares along with the cumulative dividend will be converted into ordinary shares of the Company which will strengthen the equity base of the Company.

Provisioning for non-performing leases and other advances

The management has made provisioning of Rs. 308.23 million net of reversal on outstanding leases and advances portfolio during the current year as compared to Rs. 49.43 million made last year. The increase in provisioning is mainly due to following reasons:

- a) During the current year, benefit of Forced Sale Values (FSVs) on lease and advances portfolio was reduced by approximately Rs. 31.87 million due to change in benefit rate from 70% to 50% according to the regulations prescribed in the NBFC Regulations, 2008;
- b) The management decided that fresh valuations of several collaterals which expired during the year and where full scope valuation was not possible due to cases under litigation/dispute would not be carried out. The FSV benefit of these collaterals would have been approximately Rs.170.87 million based on previous valuations which has not been considered in current year financial statements; and
- c) Although fresh valuations of certain collaterals were carried out, however, due to prevailing economic conditions their market values have been assessed lower as compared to previous valuations. Thus, FSV benefit of collaterals has been reduced by approximately Rs. 105.49 million based on latest valuations.

Litigations

In case of funded liabilities, only three cases are pending in the court of law amounting to Rs. 181 million, who despite management's efforts have not yet agreed to settle / restructure their clean exposure / investment in 'COIs' against the Company's assets. House Building Finance Company Limited has obtained a decree of Rs. 75 million and as per the order of the Court, some of the Company's investment in shares and debt instruments have been attached in favor of Nazir of High Court. The Company is willing to surrender these assets in settlement.

The matter of COIs of State Life Insurance Company Limited (SLICL) amounting to Rs. 100 million is still in the court, but SLICL has referred the matter to 'Karachi Centre of Dispute Resolution (KCDR)'. The board of directors of the Company is hopeful of resolving the matter amicably with the assistance of KCDR.

Bank guarantees

Total amount of guarantees outstanding as at June 30, 2010 were Rs. 3,441 million which came down to Rs. 2,991 million as of June 30, 2011 and Rs. 2,038 million as of June 30, 2012 mainly due to expiry / return of guarantee documents. The guarantees amounting to Rs. 623 million are under litigation. 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. The management will seek fresh entity rating once the licenses are renewed and normal business functioning of the Company is recommenced.

SECP report

Inspection of the Company's affairs was conducted by SECP during the financial year 2010-2011. The Company responded to the final report and thereafter no significant correspondence has been made with the SECP apart from regular queries.

Expected settlements and resultant reversal of provisions

The emphasis of the Board of Directors and management is now on the sustainability of the Company. Full efforts have been diverted to recoveries of outstanding receivables for which the recovery teams have been reinforced with competent personnel.

Future prospects

The quantum of provisions have increased during the year due to rigorous provisioning requirements of NBFC Regulations, however, a sizeable recovery of non-performing lease and advances portfolio will provide a good cash flow cushion within next two to three years. The management is confident that it will manage to continue writing back provisions as a result of expected recoveries which will result in better cash flows for starting new businesses. Moreover, the positive current ratio and improved cash and bank position would assist in making fresh investments in order to generate operating income.

Under the revised business plan, low concentration has been given to inter-bank borrowings. Further, during the year the Company has sold its office premises for making partial settlement of its loan liability with a commercial bank and it has now plan to construct a purpose built office in DHA, Karachi. Moreover, recoveries through acquiring possession of agricultural lands at Gharo, Thatta is being planned which will be utilized for Musharaka Facility for new projects which would generate a steady income flow for the Company in future years. The management is committed in recommencing its leasing business and successfully turn around the Company for the benefit of its creditors, shareholders and other stakeholders.

Further, the SECP is framing revised business models for the investment banks being framed by SECP which will ensure that investment banking functions would not be entertained by other organizations in the financial sector except investment banks. Moreover new ways and means are being defined to generate liquidity in 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 Regulations), 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 operations 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 *Standards, amendments and interpretations which became effective during the year*

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

Standards/Amendments/Interpretations	Effective for periods beginning on or after
IAS 1 - Presentation of Financial Statements (Amendment)	January 1, 2011
IAS 24 - Related Party Disclosures (Revised)	January 1, 2011
IAS 34 - Interim Financial Reporting (Amendment)	January 1, 2011
IFRS 7 - Disclosures – Transfer of Financial Assets (Amendment)	July 1, 2011
IFRIC 13 - Customer Loyalty Programmed (Amendment)	January 1, 2011
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)	January 1, 2011

2.4 *Other standards and amendments to published standards that are not yet effective and have not been early adopted by the Company*

The following Standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standards/Amendments/Interpretations	Effective for periods beginning on or after
IAS 1 - Presentation of Financial Statements – Presentation of items of Other Comprehensive Income (Amendment)	July 1, 2012

Standards/Amendments/Interpretations	Effective for periods beginning on or after
IAS 12 - Income Taxes – Deferred Tax: Recovery of Underlying Assets (Amendment)	July 1, 2012
IAS 19 - Employee Benefits (Revised)	January 1, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (Amendment)	January 1, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been considered by the Company as the standards and their relevant amendments have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards
IFRS 9 – Financial Instruments
IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 27 - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11 (Revised)

IAS 28 - Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11 (Revised)

The potential impact of standards, amendments and interpretations not yet effective on the financial statements on the Company is as follows:

The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses in other comprehensive income arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. Management anticipates that the amendments will be adopted in the Company's financial statements for annual period beginning on or after January 1, 2013, but the application of amendments will not have any impact on the amounts reported in respect of staff retirement benefits, as the Company does not have any defined benefit plan for its staff.

2.5 Guidelines issued by SECP not yet effective

The Securities Exchange Commission of Pakistan (SECP) 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 said 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 from accounting year beginning on July 01, 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

These are stated 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 charged to profit and loss account 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 on additions is charged from the month when the asset is available for use and on disposals upto the preceding month.

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 or loss on disposal of assets, if any, is 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 held for long term rental yield / capital appreciation and 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

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Company's share of its associates' post acquisition profits or losses is recognized in profit and loss account and its share in post acquisition of other comprehensive income is recognized in Company's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. When the Company's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Company does not recognize future losses, unless it has incurred obligations or made payments on behalf of the associate. Gain on transaction between the Company and its associates are eliminated to the extent of Company's interest in the associates.

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 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 in this category or are not classified in any of the other 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 at fair value through profit or loss

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 are entered into at contracted rates for specified periods of time following the trade date accounting. 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 and accrued over the period 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 period of the repo agreement.

3.8 *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.

3.9 *Long term loans*

Long term 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 method. Transaction cost relating to the loan term finance are being amortized over the period of agreement using the effective interest method.

3.10 *Borrowing costs*

Borrowing costs are recognized as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs eligible for capitalization are determined using effective interest method.

3.11 *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.

3.12 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. The charge for current tax also includes adjustment for prior years or otherwise considered necessary for such year.

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.

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences including on investments in associates and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity / other comprehensive income.

3.13 Impairment

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that non-financial assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount of the asset which it would have been, had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

Financial assets

Loans and net investment in lease

Impairment testing and recognition of impairment loss if any, is carried out in accordance with requirements of NBFC Regulations, 2008. (refer note 3.11)

Held to maturity

If there is objective evidence that an impairment loss on held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in the profit and loss account. In a subsequent period, if the amount of the impairment loss decreases, the previously recognized impairment loss shall be reversed through profit and loss account.

Available for sale

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment is also considered when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

A decline in the value of equity securities determined as impairment loss is recognized in the profit and loss account. In case of reversal of impairment loss already recognized in profit and loss account for an investment in an equity instrument classified as available for sale, the unrealized gain is recorded in statement of changes in equity. When impairment loss recognized in the profit and loss account for an investment in debt instrument is reversed, the amount of reversal is recognized in the profit and loss account.

3.14 Revenue recognition

The Company follows the financing method in accounting for recognition of 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 using effective yield on time proportionate 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 using the effective interest 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

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 profit and loss account 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

3.15 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. Transactions in foreign currencies are accounted for in Pakistan Rupees at daily average rates. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the balance sheet date rates are included in profit and loss account.

3.16 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.

3.17 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.

3.18 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.

3.19 Repossessed assets

These assets are acquired in settlement of certain loans / lease receivables. These are measured at market value.

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

Basic Earnings Per Share (EPS) is calculated by dividing profit after tax attributable to ordinary shareholders adjusted for the after-tax amounts of preference dividends on preference shares classified as equity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive that makes strategic decisions. The Company's primary format for segment reporting is based on business segments as stated in note 42.

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

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent year are as follows:

- (a) 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) Current and deferred taxation (note 3.12); and
- (e) Provision for impairment on non-current assets (note 3.13).

5. PROPERTY AND EQUIPMENT

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
Operating fixed assets	5.1	<u>7,486,509</u>	<u>69,470,998</u>

	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
6. INVESTMENT PROPERTIES			
Opening balance		119,086,520	191,037,708
Acquired in settlement of assets		-	187,685,500
Disposed off in settlement of liabilities		(47,990,624)	(214,027,312)
Transferred to operating fixed assets		-	(51,072,000)
Gain on fair value adjustment		(1,000,896)	5,462,624
		<u>70,095,000</u>	<u>119,086,520</u>

6.1 Fair value of the investment properties as at June 30, 2012 has been determined by the professional valuer M/S Pee Dee & Associates which is registered on the panel of Pakistan Banks' Association (PBA) and NBFBI & Modaraba Association of Pakistan. 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 the prevailing market.
- nature of property.

6.2 These investment properties have been mortgaged as a collateral against the guarantee provided to Asian Development Bank on behalf of the Company.

	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
7. NET INVESTMENT IN LEASE FINANCE			
Net Investment in finance lease	7.1	754,876,878	966,280,391
Provision for potential lease losses	7.2	(485,097,475)	(313,945,872)
Current portion shown under current assets	7.3	(208,771,873)	(592,111,446)
		<u>61,007,530</u>	<u>60,223,073</u>

7.1 Particulars of net investment in finance lease

	<i>Note</i>	<i>Less than</i> <i>one year</i>	<i>More than one</i> <i>year and less</i> <i>than five years</i>	<i>Total</i>
		----- <i>Rupees</i> -----		
2012				
Minimum lease payments receivables	7.1.1	690,756,588	76,565,900	767,322,488
Residual value of leased assets		133,446,098	6,232,127	139,678,225
Gross investment in finance lease		<u>824,202,686</u>	<u>82,798,027</u>	<u>907,000,713</u>
Unearned finance income		(130,333,338)	(21,790,497)	(152,123,835)
Net investment in lease finance		<u>693,869,348</u>	<u>61,007,530</u>	<u>754,876,878</u>
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>

7.1.1 As at June 30, 2012, the balance of non-performing lease portfolio as per criteria prescribed in NBFC Regulations 2008 amounting to Rs. 723.01 million (2011: Rs. 785.84 million). The forced sales value benefit considered against these non-performing lease portfolio amounts to Rs. 91.52 million (2011: Rs. 457.94 million).

7.1.2 The lease finances carries mark-up ranging from 8% to 29.17% (2011: 8% to 29.17%) having maturity period of three to five years and are secured against the lease assets.

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
7.2 Provision for potential lease losses			
Balance at beginning of the year		313,945,872	291,470,451
Charge for the year - net	33	225,079,586	77,558,526
Written off during the year		(53,927,983)	(55,083,105)
Balance at end of the year		<u>485,097,475</u>	<u>313,945,872</u>

7.3 Current portion of lease finance - net of provision

Lease finance	7.1	693,869,348	906,057,318
Provision for potential lease losses	7.2	(485,097,475)	(313,945,872)
	12	<u>208,771,873</u>	<u>592,111,446</u>

8. LONG TERM INVESTMENTS

Investment in associates	8.1	182,360,837	163,947,170
US Dollar bonds	8.2	4,568,400	-
		<u>186,929,237</u>	<u>163,947,170</u>

8.1 Movement of investment in associates

Balance at the beginning of the year		163,947,170	22,961,150
Increase of interest in associates	8.1.1	45,000,000	-
Share of (loss) / gain	37	(27,454,104)	1,551,349
Share of surplus on revaluation of investments		867,771	2,881,740
Transferred from available-for-sale investments		-	136,552,931
Balance at the end of the year		<u>182,360,837</u>	<u>163,947,170</u>

8.1.1 It represents 4.5 million shares (having face value of Rs. 10 each) of Dawood Family Takaful Limited received in settlement of a long term finance facility during the year.

8.1.2 Carrying value of investment in associates

<i>2012 Number of Shares</i>	<i>2011 Number of Shares</i>	<i>Name of associate</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
2,246,070	2,246,070	Dawood Capital Management Limited	22,533,668	22,357,890
4,762,100	4,762,100	B.R.R. Investments (Private) Limited (note 8.1.2.1)	18,198,947	17,266,435
19,926,010	15,526,010	Dawood Family Takaful Limited (note 8.1.2.1)	141,628,222	124,322,845
			<u>182,360,837</u>	<u>163,947,170</u>

8.1.2.1 During the year, one jumbo certificate representing 4,762,100 shares of B.R.R Investments (Private) Limited and four jumbo certificates representing 8,960,000 shares of Dawood Family Takaful Limited (DFTL) having carrying values of Rs. 18.19 million and Rs 63.70 million respectively were lost. Further, three lost jumbo certificates of DFTL representing 1,960,000 shares were not in the name of the Company. The management is in the process of taking necessary steps in this regard.

- 8.2 These are guaranteed non-voting, non-cumulative perpetual preferred securities and entitle holders to receive non-cumulative preferential cash distributions payable on quarterly basis at the rate of 6.85% per annum.

	<i>Notes</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
9. LONG TERM FINANCES			
Term finance facility - secured	9.1, 9.2 & 9.3	356,893,988	483,983,656
Provision for doubtful finances	9.4	(193,038,217)	(140,556,121)
		163,855,771	343,427,535
Current portion shown under current assets	12	(153,793,465)	(330,583,755)
		<u>10,062,306</u>	<u>12,843,780</u>

- 9.1 The reconciliation of long term finance is as under:

Balance at beginning of the year	483,983,656	680,833,499
Settled during the year	(48,474,412)	(157,714,490)
Repaid during the year	(78,615,256)	(39,135,353)
Balance at end of the year	<u>356,893,988</u>	<u>483,983,656</u>

- 9.2 The mark-up / profit rates on these facilities ranges from 8% to 18.27% (2011: 8% to 18.27%) 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 be redeemed upto July 2017.

- 9.3 Long term finances include Rs. 355.29 million (2011: Rs.450.63 million) which have been placed under non-performing status. The forced sales value considered against these non-performing finances amounts to Rs. 176.06 million (2011: Rs. 374.34 million).

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
9.4 Particulars of provision for doubtful receivables			
Balance at beginning of the year		140,556,121	225,821,074
Charge / (reversal) for the year - net	33	52,549,865	(85,216,032)
Written off during the year		(67,769)	(48,921)
Balance at end of the year		<u>193,038,217</u>	<u>140,556,121</u>

10. LONG TERM LOANS

Considered good

Directors		-	71,799
Other staff	10.1	315,797	389,213
		<u>315,797</u>	<u>461,012</u>
Current portion shown under current assets	12	(75,000)	(145,216)
		<u>240,797</u>	<u>315,796</u>
Outstanding for period:			
- Within three years		315,797	303,454
- Exceeding three years		-	157,558
		<u>315,797</u>	<u>461,012</u>

- 10.1 *Reconciliation of carrying amount of long term loans*

Balance at beginning of the year	461,012	853,903
Received during the year	(145,215)	(392,891)
Closing balance	<u>315,797</u>	<u>461,012</u>

- 10.2 Maximum aggregate amount outstanding at the end of any month during the year was Rs. 1,532,056 (2011: Rs. 853,903).

	<i>Note</i>	2012 Rupees	2011 Rupees
11. DEFERRED TAX ASSET - NET			
Deferred tax asset - net	11.1 & 11.2	129,746,665	98,116,360
11.1 Deductible temporary differences arising in respect of:			
Deficit on revaluation of investments		3,495,754	8,666,854
Difference in accounting and tax base of fixed assets		194,223	-
Provision for impairment		-	10,678,460
Provision for lease losses and doubtful receivables		196,582,952	167,420,913
Share of loss of associates		9,608,937	542,972
Carry forward of tax losses		171,938,128	145,866,467
		381,819,994	333,175,666
Taxable temporary differences arising in respect of:			
Difference in accounting and tax base of net investment in lease finance		(250,808,954)	(234,742,225)
Difference in accounting and tax base of fixed assets		-	(317,081)
Reversal of impairment		(1,264,375)	-
		(252,073,329)	(235,059,306)
Net deferred tax asset		129,746,665	98,116,360

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 engaged an independent firm of Chartered Accountants for the preparation of five year business plan which has been duly reviewed and approved 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 and management 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 out of the total deferred tax asset of Rs 933.35 million as at June 30, 2012, the deferred tax asset up to Rs. 129.75 million will be realized in the future. Accordingly, the Company has not recognized deferred tax assets of Rs. 803.60 million in respect of remaining carry forward losses and deductible temporary differences.

	<i>Note</i>	2012 Rupees	2011 Rupees
12. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7.3	208,771,873	592,111,446
Long-term finances	9	153,793,465	330,583,755
Long-term loans	10	75,000	145,216
		362,640,338	922,840,417
13. SHORT TERM INVESTMENTS			
Investments - available for sale			
Term finance certificates	13.1	7,675,786	29,125,005
Unquoted equity securities	13.2	19,678,723	20,761,433
		27,354,509	49,886,438
Investments - at fair value through profit or loss - held for trading			
Quoted equity securities	13.3	6,381,748	-
Investments - held to maturity			
Preference shares	13.4	-	-
		33,736,257	49,886,438

	<i>Note</i>	2012 Rupees	2011 Rupees
14.2.1 Movement in provision for doubtful finance			
Balance at beginning of the year		340,755,324	344,071,100
Charge for the year		315,776	-
Reversal for the year		(30,000,000)	(3,315,776)
	33	(29,684,224)	(3,315,776)
Balance at end of the year		<u>311,071,100</u>	<u>340,755,324</u>

14.3 These are secured by ranking charge over hypothecation of stock and mortgage of immovable properties. These were carrying mark-up / profit ranges from 15.05 % to 16.1 % (2011: 15.05% to 18.11%) per annum. These facilities were matured on June 30, 2009.

14.3.1 Short term finances Rs. 66.08 million (2011: Rs. 66.22 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 of Rs.26.58 million (2011 : Rs.52.78 million).

	<i>Note</i>	2012 Rupees	2011 Rupees
14.3.2 Movement in provision for doubtful finance			
Balance at beginning of the year		13,433,478	17,400,000
Charge / (reversal) for the year	33	26,067,423	(3,466,522)
Written off during the year		-	(500,000)
Balance at end of the year		<u>39,500,901</u>	<u>13,433,478</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. These were carrying mark-up / profit ranges from 8.5 % to 19.5 % (2011 : 8.5% 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, 2012 the balance of non-performing advances amounts to Rs. 124.02 million (2011 : Rs.136.36 million). Provision against non performing finances is made after netting off forced sale values of the collateral assets which amounted to Rs. 48.89 million (2011 : Rs. 65.43 million).

	<i>Note</i>	2012 Rupees	2011 Rupees
14.4.2 Movement in provision for doubtful finance			
Opening balance		70,927,994	63,379,941
Charge for the year	33	16,389,803	8,048,053
Written off during the year		(12,194,334)	(500,000)
Closing balance		<u>75,123,463</u>	<u>70,927,994</u>

15. ADVANCE AGAINST LEASE COMMITMENTS

Considered doubtful	15.1	55,827,346	96,747,063
Less : Provision for doubtful advances	15.2	(44,827,347)	(75,747,063)
		<u>10,999,999</u>	<u>21,000,000</u>

15.1 Advance against lease commitments were carrying mark-up rates ranging from 14.38% to 15.56% (2011: 14.38% to 15.56%) per annum.

2012

2011

	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
15.2 Movement in provision for doubtful advances			
Opening balance		75,747,063	68,215,963
(Reversal) / charge during the year - net	33	<u>(30,919,716)</u>	<u>7,531,100</u>
Closing balance		<u><u>44,827,347</u></u>	<u><u>75,747,063</u></u>

15.2.1 The advance against lease commitment Rs. 55.83 million (2011: Rs.96.74 million) have been placed under non-performing finances. The forced sale values considered against these finances amount to Rs. 11 million (2011: Rs.21).

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
16. LOANS, ADVANCES AND PREPAYMENTS			
Short term advances	16.1	8,100,000	8,100,000
Advance income tax		2,766,075	1,927,382
Prepayments		360,386	407,697
Others		<u>961,091</u>	<u>2,184,985</u>
		12,187,552	12,620,064
Less : Provision for doubtful advances		<u>(3,000,920)</u>	<u>(3,000,920)</u>
		<u><u>9,186,632</u></u>	<u><u>9,619,144</u></u>

16.1 It was given to Dawood Power Limited (a related party) at the rate of 14% (2011: 14%) per annum. Subsequent to the year end, an amount of Rs. 5.1 million has been duly received by the Company.

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
17. MARKUP ACCRUED			
Loans and advances		731,202	768,365
Term finance certificates / sukuk bonds		30,851	33,745,519
Placement and finances		<u>-</u>	<u>212,161</u>
		762,053	34,726,045
Less : Provision for doubtful recovery	17.1	<u>-</u>	<u>(33,035,152)</u>
		<u><u>762,053</u></u>	<u><u>1,690,893</u></u>

17.1 Particulars of provision for doubtful recoveries

Opening balance		33,035,152	170,000
Charge during the year	33	-	33,035,152
Write-off		<u>(33,035,152)</u>	<u>(170,000)</u>
Closing balance		<u><u>-</u></u>	<u><u>33,035,152</u></u>

18. OTHER ASSET

Residential flat	18.1	<u><u>4,500,000</u></u>	<u><u>-</u></u>
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18.1 This represents market value of residential property acquired in satisfaction of an outstanding lease finance.

2012 **2011**

	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
19. OTHER RECEIVABLES			
<i>Considered good</i>			
Brokerage receivable		699,910	554,710
Receivable against lease termination		9,370,462	26,768,422
Others	19.1	6,397,117	18,436,717
		<u>16,467,489</u>	<u>45,759,849</u>
<i>Considered doubtful</i>			
Decretal amount receivable	19.2	37,302,430	37,302,430
TFC proceeds receivable from Bankers Equity Limited		12,365,103	12,365,103
Receivable against lease termination		80,692,134	15,277,220
Receivable against KSE Card transaction-net	19.3	45,515,114	45,515,114
		175,874,781	110,459,867
Less : Provision for doubtful receivables	19.4	(144,704,387)	(110,459,867)
		<u>47,637,883</u>	<u>45,759,849</u>

19.1 This includes Rs. 0.84 million (2011: 8.55 million) receivable from an associated undertaking. Maximum aggregate outstanding balance during the year was Rs. 9.13 million (2011: Rs. 8.55 million).

19.2 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 in the Company's hands. However, as a matter of prudence the Company has made provision in this regard.

19.3 The Company had purchased Karachi Stock Exchange (Guarantee) Limited (KSE) 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 this purchase which is netted off against this receivable. Currently the membership card is under litigation due to a case filed against the KSE member from whom that card was purchased. The Company has made provision against this receivable as a matter of prudence.

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
19.4 Movement in provision for doubtful receivables			
Balance at beginning of the year		110,459,867	90,631,428
Charge during the year	33	34,244,520	19,828,439
Balance at end of the year		<u>144,704,387</u>	<u>110,459,867</u>

20. CASH AND BANK BALANCES

In hand		-	27,247
With banks			
- In deposit accounts	20.1	136,804,414	104,050,736
- In current accounts		3,055,947	9,973,805
		<u>139,860,361</u>	<u>114,024,541</u>
		<u>139,860,361</u>	<u>114,051,788</u>

20.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 6% to 13% (2011: 5% to 13%).

21. SHARE CAPITAL

21.1 Authorized

2012	2011		2012	2011
Number of shares			Rupees	
75,000,000	75,000,000	Ordinary shares of Rs. 10 each	750,000,000	750,000,000
75,000,000	75,000,000	Preference shares of Rs. 10 each	750,000,000	750,000,000
<u>150,000,000</u>	<u>150,000,000</u>		<u>1,500,000,000</u>	<u>1,500,000,000</u>

21.2 Issued, subscribed and paid-up

2012	2011		2012	2011
Number of shares			Rupees	
		Fully paid ordinary shares of Rs.10 each issued:		
35,685,382	35,685,382	- for cash	356,853,820	356,853,820
26,491,821	26,491,821	- issued as bonus shares	264,918,210	264,918,210
472,087	472,087	- issued on acquisition	4,720,870	4,720,870
<u>62,649,290</u>	<u>62,649,290</u>		<u>626,492,900</u>	<u>626,492,900</u>

21.2.1 There were no movements in share capital during the reporting year. The company has one class of ordinary shares which carry no right to fixed income.

21.2.2 At June 30, 2012 associated undertakings, namely Dawood Capital Management Limited holds 2,382,641 (2011: 2,382,641), BRR Guardian Modaraba holds 3,339,922 (2011: 3,339,922) and BRR Investments (Private) Limited holds 315,239 (2011: 315,239) ordinary shares of the Company.

21.3 Preference share capital

2012	2011		2012	2011
Number of shares			Rupees	
<u>71,583,354</u>	<u>71,583,354</u>	Fully paid 4% cumulative preference shares of Rs.10 each issued against settlement of liabilities	<u>715,833,540</u>	<u>715,833,540</u>

21.3.1 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 holders of preference shares 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.

	Note	2012 Rupees	2011 Rupees
22. DEFICIT ON REVALUATION OF INVESTMENTS			
Term finance certificates	13.1.2	(10,490)	(15,000,000)
Ordinary shares - unquoted	13.2.2	(5,271,766)	(4,189,056)
Share of deficit on revaluation of investments in associates		(4,705,613)	(5,573,384)
		<u>(9,987,869)</u>	<u>(24,762,440)</u>

	Note	2012 Rupees	2011 Rupees
23. LONG TERM LOANS -Secured			

Asian Development Bank	23.1	49,460,344	73,836,385
Commercial Banks	23.2	460,885,597	614,635,597
		<u>510,345,941</u>	<u>688,471,982</u>
Current portion shown under current liabilities	25	<u>(232,682,873)</u>	<u>(129,343,289)</u>
		<u><u>277,663,068</u></u>	<u><u>559,128,693</u></u>

23.1 Reconciliation of Asian Development Bank Loan

Balance at beginning of the year		73,836,385	73,836,385
Repaid during the year		<u>(24,376,041)</u>	<u>-</u>
Balance at end of the year		<u><u>49,460,344</u></u>	<u><u>73,836,385</u></u>

23.1.1 This represents a 15 year term loan facility, with a grace period of three years, obtained in trenches under Financial Sector Intermediation Loan No. 1371-PAK. The loan is repayable in Pak Rupees and 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 equitable mortgage of investment properties of the Company (refer note 6), and hypothecation in respect of all undertaking assets present and future and all other assets which could in the ordinary course of business be converted within one year into cash or assets readily convertible into cash.

		<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
Balance at beginning of the year		614,635,597	744,275,209
Settled during the year		<u>(153,750,000)</u>	<u>(129,639,612)</u>
Balance at end of the year		<u><u>460,885,597</u></u>	<u><u>614,635,597</u></u>

23.2 Reconciliation of commercial bank loans

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 27). These are subject to mark-up rate ranging from 0% to 5% (2011: 0% to 3%) per annum payable on quarterly / half yearly basis.

23.2.2 During the year, the Company has settled an amount of Rs. 138.25 million out of total outstanding amount of Rs. 221 million due to Allied Bank Limited (ABL). The settlement includes amount of Rs. 135 million in the form of 13.5 million shares of Burj Bank Limited at par value of Rs. 10. ABL waived markup of Rs. 26 million (refer note 36) on account of this settlement.

	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
24. LONG TERM DEPOSITS			
Lease deposits	24.1	126,773,813	166,419,147
Current portion of lease deposits shown under current liabilities	25	<u>(120,541,687)</u>	<u>(148,329,526)</u>
		<u><u>6,232,126</u></u>	<u><u>18,089,621</u></u>

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

	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
25. CURRENT PORTION OF LONG TERM			

LIABILITIES

Long-term loans	23	232,682,873	129,343,289
Deposits	24	120,541,687	148,329,526
		<u>353,224,560</u>	<u>277,672,815</u>

26. MARK-UP ACCRUED*Secured:*

- Long-term loans		3,901,401	36,513,580
- Short-term borrowings		213,259	213,259

Unsecured:

- Short-term borrowings		45,201,369	32,416,437
- Certificates of investment		-	195,135
		<u>49,316,029</u>	<u>69,338,411</u>

27. SHORT TERM BORROWINGS*Unsecured*

Call borrowing - commercial bank	27.2 & 27.4	6,418,223	6,418,223
Call borrowing - Development Financial Institution	27.3 & 27.4	75,000,000	75,000,000
		<u>81,418,223</u>	<u>81,418,223</u>

27.1 Reconciliation of short term borrowings

Opening balance		81,418,223	505,645,127
Settled / restructured / repaid during the year		-	(424,226,904)
Closing balance		<u>81,418,223</u>	<u>81,418,223</u>

27.2 This facility was subject to mark-up rate of 16.75% (2011: 16.75%) per annum and was payable on February 15, 2009.

27.3 This facility was subject to mark-up of 17% (2011: 17%) per annum. These facility had been overdue since June 30, 2009.

27.4 The financial institutions have filed suit for recovery. The Company is in negotiation with them for settlement.

28. CERTIFICATES OF INVESTMENT - SHORT TERM

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
Non Banking Financial Institutions	28.1	<u>107,250,000</u>	<u>165,500,000</u>

28.1 These represent the mobilization of funds under the scheme of certificates of investment and deposits. The scheme is based on profit and loss sharing basis. The expected rate of profit ranges from 11% to 20% (2011: 11% to 20%) and were payable on various dates up to June 2011. These financial institutions have filed suits for recovery. The Company is in negotiation with these financial institution for settlement.

29. ACCRUED AND OTHER LIABILITIES

<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
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Accrued expenses	1,159,624	1,040,222
Unearned rent	3,077,000	117,195
Guarantee commission	9,612,971	8,511,074
Preference dividend payable	58,966,950	30,333,608
Others	3,549,288	18,222,472
	<u>76,365,833</u>	<u>58,224,571</u>

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingent liabilities

Letters of comfort / guarantee	30.1.1	<u>2,038,000,000</u>	<u>2,991,350,000</u>
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30.1.1 During the current year, documents relating to expired guarantees of Rs. 953.35 million have been returned to the Company. The outstanding guarantees include expired guarantees amounting to Rs. 600 million (2011: Rs. 1,171 million) original documents of which have not yet been returned to the Company. The outstanding guarantees also include guarantees amounting to Rs. 1,438 million (2011: Rs. 1,481 million) called by the beneficiaries. Out of the called guarantees, the guarantees worth Rs. 623 million (2011: Rs. 644 million) are under litigations and are being defended by lawyers of the Company.

a) Guarantees against gas bills

Guarantees against gas bill provided to utility company amounting to Rs. 500 million (2011: Rs.727 million) were expired in the year 2010. However, the original guarantee documents have not yet been returned by the customer. The legal advisors of the Company are of the view that the Company does not have any financial exposure in respect of these guarantees as these have already been expired.

Out of the two guarantees, a guarantee of Rs. 270 million has been called by the beneficiary after its expiry date.

b) Guarantees against finances

The above amount includes guarantees held by commercial banks amounting to Rs. 110 million (2011: Rs.110 million) issued against the financing facilities extended to the clients. Out of two guarantees, one guarantee of Rs. 100 million has been called by the beneficiary. The legal advisors of the Company are of the view that the Company has good merits to defend the case.

c) Under litigation

These are guarantees amounting to Rs. 623 million (2011:Rs.644 million) which were called and are under dispute / litigations which are being defended by the competent lawyers. Based on the view of its legal advisors, the management is confident that adequate legal grounds are available to defend these cases. Accordingly, no provision has been made for the said cases in these financial statements.

Brief detail of the guarantees under litigations is as under:

- i) The Guarantee of Rs. 245 million was given against a Letter of Commitment which is currently in litigation. The beneficiary has filed a winding up petition against the Company in the High Court of Sindh. According to the Company's legal advisors, the Company has good merits to defend its case against the winding up petition.
- ii) The guarantee of Rs. 250 million against the repayment of Sukuk was called as the principal debtor defaulted in payment of installment of the said Sukuk Issue. The Trustee of Sukuk has filed a recovery suit against the Company in Sindh High Court, which is pending hearing. Based on the views of its legal advisors, the management is confident that the matter will be disposed off in due course in favor of the Company.
- 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 beneficiary has filed for suit for recovery in the Sindh High Court, which is pending hearing. According to Company's legal advisors, the Company has good merits to defend

this case.

- 30.2** 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 with reduction in lease losses for the year by Rs. 10.75 million. The Company filed appeals in Appellate Tribunal Inland Revenue (ATIR) which were decided in favor of the Company, however, the CIT has filed appeal against ATIR decision for rectification. Based on the advice of the tax advisors of the Company, the management is confident that it will not result in any cash outflow from the Company.

	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
31. RETURN ON PLACEMENTS, FINANCES, DEPOSITS AND INVESTMENTS - Net			
Return on investments / deposits / placements and finances		7,612,865	59,890,586
Rental income from investment properties		5,383,402	4,110,240
Profit on bank deposits		13,978,422	12,109,478
Dividend income		90,260	172,533
		<u>27,064,949</u>	<u>76,282,837</u>
32. OTHER (LOSS) / INCOME			
- On financial assets			
Service charges on staff loan		18,335	33,709
- On non - financial assets			
Fee and commission and other charges		3,737,977	27,699,059
(Loss)/ gain on disposal of property and equipment		(17,127,836)	189,460
Loss on disposal of investment property		(15,187,650)	-
Gain on settlement of liabilities		-	50,905,304
Exchange (loss) / gain		(523,542)	2,447
		<u>(29,101,051)</u>	<u>78,796,270</u>
		<u>(29,082,716)</u>	<u>78,829,979</u>
33. PROVISION FOR LEASE LOSSES AND DOUBTFUL RECOVERIES - NET OF REVERSALS			
Net investment in finance lease	7.2	225,079,586	77,558,526
Long term finances	9.4	52,549,865	(85,216,032)
Placements	14.1.1	14,500,000	(4,575,681)
Financing against shares	14.2.1	(29,684,224)	(3,315,776)
Short term finances	14.3.2	26,067,423	(3,466,522)
Morabaha / musharika finance	14.4.2	16,389,803	8,048,053
Advance against lease commitments	15.2	(30,919,716)	7,531,100
Markup accrued	17	-	33,035,152
Other receivables	19.4	34,244,520	19,828,439
		<u>308,227,257</u>	<u>49,427,259</u>
34. PROVISION FOR IMPAIRMENT IN ASSETS			
(Reversal) / provision for impairment in the value of available for sale investments	13.1.1	<u>(3,612,500)</u>	<u>30,509,886</u>
	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
35. ADMINISTRATION EXPENSES			

Salaries and benefits	35.1	42,979,558	48,222,016
Directors' meeting fees		823,808	691,500
Rent, rates and taxes		3,042,975	3,691,295
Legal, professional and consultancy		8,828,352	7,271,704
Vehicles running and maintenance		5,282,755	4,979,339
Fees and subscription		2,384,333	1,580,250
Travelling and conveyance		382,726	1,342,293
Postage and telephone		734,270	1,301,294
Utilities		1,517,676	2,456,955
Printing and stationery		638,422	634,695
Insurance		1,557,919	1,320,830
Entertainment		437,131	1,688,439
Advertisement		148,659	102,586
Repairs and maintenance		1,561,776	4,088,963
Auditors remuneration	35.2	1,558,000	1,860,000
Depreciation	5.1	6,717,758	5,388,687
Share registrar services		315,381	277,316
Brokerage		5,000,000	755,899
Security and other service		571,000	373,330
		<u>84,482,499</u>	<u>88,027,391</u>

35.1 It include Rs. 2,467,643 (2011: 2,454,873) in respect of retirement benefits.

35.2 Auditors remuneration

Statutory audit fee		880,000	800,000
Half yearly review fee		385,000	350,000
Other services and certification		160,000	610,000
Out of pocket expenses		133,000	100,000
		<u>1,558,000</u>	<u>1,860,000</u>

36. FINANCE COST

Mark-up on:			
Long-term loans		17,414,132	22,172,290
Short-term borrowings		12,784,932	15,512,465
Short-term certificates of investment / deposits		1,486,961	27,638,444
Documentation, project examination, guarantee commission, trusteeship fee and bank charges		1,147,809	1,455,861
Redeemable capital		-	34,496,850
		<u>32,833,834</u>	<u>101,275,910</u>
Reversal due to settlement of liabilities	23.2.2	(27,958,872)	(82,872,487)
		<u>4,874,962</u>	<u>18,403,423</u>

37. SHARE OF (LOSS) / PROFIT FROM ASSOCIATES

Dawood Capital Management Limited		175,774	1,420,675
B.R.R. Investment (Private) Limited		64,436	12,360,759
Dawood Family Takaful Limited		(27,694,314)	(12,230,085)
		<u>(27,454,104)</u>	<u>1,551,349</u>

38. 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.

39. EARNINGS PER SHARE

Loss after taxation - basic	Rupees	(405,020,564)	(72,657,557)
Loss after taxation - diluted	Rupees	(376,387,222)	(44,024,215)
Weighted average number of ordinary shares - basic EPS	Numbers	62,649,290	62,649,290
Weighted average number of ordinary shares - diluted EPS	Numbers	134,232,644	134,232,644
Loss per share - basic	Rupees	(6.46)	(1.16)
Loss per share - diluted	Rupees	(2.80)	(0.33)

40. REMUNERATION TO DIRECTORS AND EXECUTIVES

	2012			
	Chairman	Chief Executive Officer	Director	Executives
	----- Rupees -----			
Managerial remuneration	-	7,200,000	8,280,000	10,037,600
Provident fund	-	480,000	552,000	667,444
Reimbursement of expenses	3,592,617	-	-	-
	<u>3,592,617</u>	<u>7,680,000</u>	<u>8,832,000</u>	<u>10,705,044</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>
	2011			
	Chairman	Chief Executive Officer	Director	Executives
	----- Rupees -----			
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>4</u>

40.1 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. 2,703,966 (2011: Rs. 1,791,796) approximately.

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

41. TRANSACTIONS WITH RELATED PARTIES

41.1 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.

41.2 Details of transactions with related parties and balances with them except for those disclosed elsewhere in the financial statements:

	2012		2011	
	Key management personnel	Associates/ related parties	Key management	Associates/ related parties

	<i>personnel</i>	<i>revenue parties</i>	<i>personnel</i>	<i>revenue parties</i>
	----- Rupees -----			
<i>Net investment in finance lease</i>				
Balance at beginning of the year	-	-	-	52,581,328
Rentals received / settled	-	-	-	(52,581,328)
Balance at end of the year	-	-	-	-
<i>Long term finances / loans</i>				
Balance at beginning of the year	71,799	-	394,796	-
Received during the year	(71,799)	-	(322,997)	-
Balance at end of the year	-	-	71,799	-
<i>Placement and finances</i>				
Sanctioned / granted	-	-	-	165,434,514
Received during the year	-	-	-	(165,434,514)
Balance at end of the year	-	-	-	-
<i>Investment in associate</i>				
Balance at beginning of the year	-	163,947,170	-	22,961,150
Increase in equity holding	-	45,000,000	-	-
Transferred from available for sale investments	-	-	-	136,552,931
Share of (loss) / profit	-	(27,454,104)	-	1,551,349
Share of surplus on revaluation	-	867,771	-	2,881,740
Balance at end of the year	-	182,360,837	-	163,947,170
Short term loan	-	8,100,000	-	8,100,000
Disposal of fixed assets - cost	3,224,350	-	879,000	-
Unearned rent	-	3,077,000	-	-
Markup accrued	-	714,000	-	-
<i>Settlement transactions</i>				
Short term investments acquired	-	146,000,000	-	96,727,732
Property transferred / acquired	-	70,000,000	-	144,138,001
Term finance facility received	-	7,500,000	-	-
Term finance facility transferred	-	7,151,192	-	170,972,076
Other receivables acquired	-	-	-	26,950,351
Net investment in finance lease - transferred	-	-	-	53,695,681
Other receivables - transferred	-	-	-	31,204,862
Cash paid	-	26,000,000	-	7,324,319
Short term investments transferred	-	50,000,000	-	145,396,950
Redeemable capital settled	-	-	-	194,000,000
Markup accrued on redeemable capital settled	-	-	-	13,881,896
Markup receivable transferred	-	-	-	2,767,896

	2012		2011	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Charge to profit and loss account				
Finance cost	-	-	-	28,035,912
Loss on disposal of property	-	32,409,729	-	-
Lease Income	-	-	-	1,026,786
Return on placements, finances, deposits and investments	-	714,000	-	9,024,962
Common expenses charged	-	3,370,682	-	4,545,682
Share of (loss) / profit from associates	-	(27,454,104)	-	1,551,349
Share of common expenses received	-	3,245,099	-	1,612,607
Service charges on staff loan	18,335	-	33,709	-
Gain on settlement of redeemable capital	-	-	-	40,897,142
Rental income	-	2,334,790	-	957,240
Rent expense	-	964,640	-	-
Insurance expense	-	94,207	-	95,001
Reversal of markup accrued	-	-	-	41,917,808

42. SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive Officer (CEO) has been identified as the chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments. The CEO with his team is responsible for the business of the Company which is divided into four categories:

1. Leasing
2. Investments
3. Long term finances
4. Placements and finances

Primary segment information

Leasing	Principally engaged in providing lease finance to individual and corporate customers in acquiring plant and machinery, vehicles and equipment.
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.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

The Company's financial charges, administration and other operating expenses, taxation and assets and liabilities not related to the above mentioned segments are managed on the Company basis and are not allocated to operating segment.

There were no change in the reportable segments during the year.

43. FINANCIAL RISK MANAGEMENT POLICIES

The Company's directors and management are responsible for ensuring that financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The Board of Directors reviews and agree policies for managing each of these risks.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. 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 financial assets comprise of lease finances, long term and short finances, placements, other receivables and cash and bank balances. The Company also holds available-for-sale investments, held to maturity investments and initially designated as investments at fair value through profit and loss. 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's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

43.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

43.1.1 Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates . 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.

Cash flow and fair value interest rate risks

The Company's exposure to the risk of changes in interest rates relates primarily to the following:

	2012	2011
	Rupees	Rupees
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	136,804,414	104,050,736
Long term investment	4,568,400	-
Long term loans	315,797	461,012
	141,688,611	104,511,748
Financial liabilities		
Loan term loans	278,079,794	688,471,982
Short-term borrowings	81,418,223	81,418,223
Certificates of investment	107,250,000	165,500,000
	466,748,017	935,390,205

	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
Variable rate instruments at carrying amount:		
Financial assets		
Net investment in lease finance	269,779,403	652,334,519
Long term finances	163,855,771	343,427,535
Placements and finances	75,475,649	133,538,651
Advance against lease commitments	10,999,999	21,000,000
	<u>520,110,822</u>	<u>1,150,300,705</u>

Management of the Company estimates that an increase of 100 basis points in the market interest rate, with all other factors remaining constant, would increase the Company's income by Rs. 0.63 million and a decrease of 100 basis points would result in a decrease in the Company's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

Management is of the view that the above sensitivity analysis 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:

43.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. As the Company does not have any foreign currency asset and liabilities except for investment in US dollar bonds having carrying value of USD 48,600, therefore, the Company is not materially exposed to foreign currency risk as at June 30, 2012.

43.1.3 Price risk

Price risk is the risk of volatility in the value of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Company in which the investment is made, change in business circumstances of the Company, its business sector, industry and / or the economy in general. The Company's Executive Committee reviews and approves all investment related decisions.

At the balance sheet date, the exposure to listed equity securities is Rs. 6.38 million. Management of the Company estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Company's net assets by Rs.0.32 million. However, in practice, the actual results may differ from the sensitivity analysis.

43.2 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Company's maximum exposure to credit risk.

	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
Net investment in lease finance	269,779,403	652,334,519
Long term investments	186,929,237	163,947,170
Long term finances	163,855,771	343,427,535
Long term loans	315,797	461,012
Long term deposits	3,500,000	2,500,000
Short term investments	7,675,786	29,125,005
Placements and finances	75,475,649	133,538,651
Advance against lease commitments	10,999,999	21,000,000
Loans and advances	8,100,000	8,100,000
Mark-up accrued	762,053	1,690,893
Other receivables	47,637,883	45,759,849
Cash and bank balances	139,860,361	114,051,788
	<u>914,891,939</u>	<u>1,515,936,422</u>

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Credit risk on bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies

	Short term	Long term	Rating agency
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Burj Bank Limited	A-1	A	JCR-VIS
MCB Bank Limited	A1+	AA+	PACRA
Al Baraka Bank	A-1	A	JCR-VIS
National Bank of Pakistan	A1+	AAA	JCR-VIS
Bank Al-Habib Limited	A1+	AA+	PACRA
Standard Chartered Bank	A1+	AAA	PACRA
Oman International Bank	A-2	BBB	JCR-VIS

43.3 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company has investments carried at fair value amounting to Rs. 18,625,934 (2011: 29,125,000) which are valued under level 1 valuation method. There have been no movements in or out of the level 1 category during the year. The Company does not have any investment in level 2 or level 3 category.

44. **FINANCIAL INSTRUMENTS BY CATEGORY**

	2012 Rupees	2011 Rupees
Financial assets as per balance sheet		
Held for trading		
Quoted equity securities	6,381,748	-
Held to maturity		
Long term investments	186,929,237	163,947,170
Available for sale		
Term finance certificates	7,675,786	29,125,005
Unquoted equity securities	19,678,723	20,761,433
	27,354,509	49,886,438
Loans and receivables		
Net investment in lease finance	269,779,403	652,334,519
Long-term finances	163,855,771	343,427,535
Long-term loans	315,797	461,012
Long term deposits	3,500,000	2,500,000
Placements and finances	75,475,649	133,538,651
Advance against lease commitments	10,999,999	21,000,000
Loans, advances and prepayments	9,186,632	9,619,144
Interest accrued	762,053	1,690,893
Other receivables	47,637,883	45,759,849
Cash and bank balances	139,860,361	114,051,788
	721,373,548	1,324,383,391
	942,039,042	1,538,216,999
Financial liabilities as per balance sheet		
Financial liabilities measured at amortised cost		
Long term loans	510,345,941	688,471,982
Long term deposits	126,773,813	166,419,147
Mark-up accrued	49,316,029	69,338,411
Short-term borrowings	81,418,223	81,418,223
Certificates of investment	107,250,000	165,500,000
Accrued and other liabilities	76,365,833	58,224,571
	951,469,839	1,229,372,334
 44.1 Reconciliation of financial assets and liabilities with total assets and liabilities		
Total financial assets	942,039,042	1,538,216,999
Add: Non financial assets		
Property and equipment	7,486,509	69,470,998
Investment properties	70,095,000	119,086,520
Deferred tax asset	129,746,665	98,116,360
Other asset	4,500,000	-
	211,828,174	286,673,878
Total assets	1,153,867,216	1,824,890,877
Total financial liabilities		
	951,469,839	1,229,372,334
Add: Non financial liabilities		
Taxation	1,500,000	4,375,173
Total liabilities	952,969,839	1,233,747,507

45. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital 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. 700 million as at June 30, 2012 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. 500 million as at June 30, 2012 and Rs. 700 million to be achieved in a phased manner by June 30, 2013. Currently the Company has net equity of Rs. 200.89 million which does not meet the minimum equity requirement for investment finance services and leasing license.

Consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in balance sheet and plus net debt.

The gearing ratios of the Company as at June 30, 2012 and 2011 were as follows:

	<i>2012</i>	<i>2011</i>
	<i>Rupees</i>	<i>Rupees</i>
Total borrowings	699,014,164	935,390,205
Less: Cash and bank balances	(139,860,361)	(114,051,788)
Net debt	<u>559,153,803</u>	<u>821,338,417</u>
Total equity	<u>200,897,377</u>	<u>591,143,370</u>
Total capital	<u><u>760,051,180</u></u>	<u><u>1,412,481,787</u></u>
Gearing ratio	<u><u>73.57%</u></u>	<u><u>58.15%</u></u>

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

47. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

5.1 Operating fixed assets

	<i>COST</i>		<i>ACCUMULATED DEPRECIATION</i>			<i>Carrying value at June 30, 2012</i>	<i>Rate of depreciation %</i>	
	<i>At July 01 2011</i>	<i>Additions / (deletions)</i>	<i>At June 30, 2012</i>	<i>At July 01 2011</i>	<i>For the year / (on deletions)</i>			<i>At June 30, 2012</i>
----- <i>Rupees</i> -----								
<i>Owned</i>								
Office premises	51,072,000	- (51,072,000)	-	851,200	1,489,600 (2,340,800)	-	5	
Leasehold improvements	6,898,253	770,000 (7,668,253)	-	574,854	1,405,494 (1,980,348)	-	33.33	
Furniture and fixtures	171,235	-	171,235	8,468	17,124	25,592	145,643	10
Equipment and appliances	8,064,020	143,491 (70,350)	8,137,161	6,472,637	430,766 (66,442)	6,836,961	1,300,200	20 - 33.33
Vehicles	17,817,709	360,300 (4,281,109)	13,896,900	6,645,060	3,374,774 (2,163,600)	7,856,234	6,040,666	20
	84,023,217	1,273,791 (63,091,712)	22,205,296	14,552,219	6,717,758 (6,551,190)	14,718,787	7,486,509	

	<i>COST</i>		<i>ACCUMULATED DEPRECIATION</i>			<i>Carrying value at June 30, 2011</i>	<i>Rate of depreciation %</i>	
	<i>At July 01 2010</i>	<i>Additions / (deletions)</i>	<i>At June 30, 2011</i>	<i>At July 01 2010</i>	<i>For the year / (on deletions)</i>			<i>At June 30, 2011</i>
----- <i>Rupees</i> -----								
<i>Owned</i>								
Office premises	-	51,072,000	51,072,000	-	851,200	851,200	50,220,800	5
Leasehold improvements	-	6,898,253	6,898,253	-	574,854	574,854	6,323,399	33.33
Furniture and fixtures	42,500	128,735	171,235	354	8,114	8,468	162,767	10
Equipment and appliances	7,463,735	1,599,835 (999,550)	8,064,020	6,685,063	727,329 (939,755)	6,472,637	1,591,383	20 - 33.33
Vehicles	13,817,009	5,938,500 (1,937,800)	17,817,709	5,206,245	3,227,190 (1,788,375)	6,645,060	11,172,649	20
	21,323,244	65,637,323 (2,937,350)	84,023,217	11,891,662	5,388,687 (2,728,130)	14,552,219	69,470,998	

5.1.1 Cost of fully depreciated assets still in use is Rs. 4.71 million (2011: Rs.6.06 million).

5.1.2 Disposal of property and equipment

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

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Carrying value</i>	<i>Sale proceeds / settlement amount</i>	<i>Name of purchaser</i>	<i>Mode of disposal</i>
Office premises	51,072,000	2,340,800	48,731,200	33,309,179	B.R.R. Guardian Modaraba	Negotiation
Lease hold improvements	7,668,253	1,980,348	5,687,905	3,887,847	B.R.R. Guardian Modaraba	Negotiation
Equipment and appliances	70,350	66,442	3,908	3,908	Mr. Abdus Samad, Karachi (Employee)	As per Company's Policy
Vehicle	1,800,000	990,000	810,000	810,000	Mr. Abdus Samad, Karachi (Employee)	As per Company's Policy
Vehicle	1,354,000	744,700	609,300	609,300	Mr. Abdus Samad, Karachi (Employee)	As per Company's Policy
Vehicle	475,000	182,083	292,917	340,417	Mr. Agha Khurram Khan (Employee)	As per Company's Policy
Vehicle	172,309	89,026	83,283	100,514	Mr. Nazakat Rafique (Employee)	As per Company's Policy
Vehicle	70,500	25,850	44,650	51,700	Mr. Nasir Mehmood (Employee)	As per Company's Policy
Vehicle	70,500	37,600	32,900	39,950	Mr. Robert Michael (Employee)	As per Company's Policy
Vehicle	70,500	30,550	39,950	47,000	Mr. Muhammad Shakeel (Employee)	As per Company's Policy
Vehicle	41,000	17,767	23,233	23,233	Mr. Amin Amdani (Employee)	As per Company's Policy
Vehicle	39,500	9,217	30,283	38,647	Mr. Shahid Raza (Employee)	As per Company's Policy
Vehicle	35,000	29,167	5,833	5,833	Mr. Naveed Ahmed (Employee)	As per Company's Policy
Vehicle	76,400	-	76,400	76,400	Jubilee General Insurance Company Limited	Insurance claim
Vehicle	76,400	7,640	68,760	68,758	Jubilee General Insurance Company Limited	Insurance claim
2012	63,091,712	6,551,190	56,540,522	39,412,686		
2011	2,937,350	2,728,130	209,220	398,680		

8.1.3 The summarized financial information of the associates based on audited / reviewed financial statements for the year / period ended June 30, 2012 are as follows.

	<i> Holding</i>	<i> Total assets</i>	<i> Total liabilities</i>	<i> Equity</i>	<i> Revenue</i>	<i> Profit / (loss)</i> <i> after tax</i>
	<i> %</i>	<i>-----Rupees-----</i>				
2012						
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	154,079,161	3,854,734	150,224,427	19,715,844	1,171,827
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	82,361,573	38,646,362	43,715,211	16,190,236	154,780
Dawood Family Takaful Limited Chief Executive: Rizwan Ahmed Farid	26.57	964,223,308	431,018,216	533,205,092	147,769,978	(19,175,197)
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 Chief Executive: Rizwan Ahmed Farid	20.70	829,884,301	229,329,917	600,554,384	102,242,126	(37,201,546)

13.1 Term Finance Certificates (TFCs)

2012 Number of Certificates	2011 Quoted		Note	2012 Rupees	2011 Rupees
3,000	3,000	Al-Zamin Leasing Modaraba (Managed by Al-Zamin Modaraba Management Limited)		15,000,000	15,000,000
82	82	Trust Investment Bank Limited		186,276	237,505
				<u>15,186,276</u>	<u>15,237,505</u>
		Un-quoted			
-	8,000	Flying Paper and Board Limited		-	40,000,000
1,123	1,123	Gharibwal Cement Limited		5,550,000	5,550,000
1,023	1,023	New Allied Electronics (Private) Limited		4,348,775	4,348,775
3,000	3,000	Three Star Hosiery Mills (Private) Limited		15,000,000	15,000,000
				<u>24,898,775</u>	<u>64,898,775</u>
				40,085,051	80,136,280
		Less: Provision for impairment in value of investments	13.1.1	(32,398,775)	(36,011,275)
		Less: Unrealized loss on remeasurement of investments	13.1.2	<u>(10,490)</u>	<u>(15,000,000)</u>
				<u>7,675,786</u>	<u>29,125,005</u>
		13.1.1 Movement in provision for impairment in value of investments			
		Balance at beginning of the year		36,011,275	5,501,389
		Transfer from provision of deficit on revaluation of investment	13.1.2	15,000,000	18,025,663
		(Reversal) / provision for impairment during the year - net		<u>(18,612,500)</u>	<u>12,484,223</u>
		(Reversal) / charge for the year	34	<u>(3,612,500)</u>	<u>30,509,886</u>
		Balance at end of the year		<u>32,398,775</u>	<u>36,011,275</u>
		13.1.2 Movement of unrealized loss on remeasurement of investments			
		Balance at beginning of the year		(15,000,000)	(52,442,794)
		Transfer to provision for impairment	13.1.1	15,000,000	18,025,663
		Loss during the year		(10,490)	(10,099,746)
		Reversal during the year		-	29,516,877
		Balance at end of the year	22	<u>(10,490)</u>	<u>(15,000,000)</u>

			<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
13.2 Un-quoted equity securities					
Fully paid ordinary shares of Rs.10 each:					
2012	2011				
<i>Number of shares</i>					
2,512,299	2,512,299	Burj Bank Limited	13.2.1	24,950,489	24,950,489
2,518,454	2,518,454	First Pakistan Securities Limited	13.2.2	36,000,000	36,000,000
2,396,881	2,396,881	World Bridge Connect (Private) Limited		23,968,810	23,968,810
				<u>84,919,299</u>	<u>84,919,299</u>
		Less: Provision for impairment		(59,968,810)	(59,968,810)
		Less: Deficit on revaluation of investment	13.2.3	<u>(5,271,766)</u>	<u>(4,189,056)</u>
				<u>19,678,723</u>	<u>20,761,433</u>

13.2.1 These shares have been held with Nazir High Court for settlement against short term borrowing.

13.2.2 During the year, two jumbo certificates representing 2,518,454 shares having carrying value of Rs. Nil (fully impaired) were lost from the head office of the Company. The management is in the process of taking necessary steps in this regard.

13.2.3 Movement in unrealized loss on remeasurement of investments

Balance at beginning of the year		(4,189,056)	-
Deficit during the year		<u>(1,082,710)</u>	<u>(4,189,056)</u>
Balance at end of the year	22	<u>(5,271,766)</u>	<u>(4,189,056)</u>

13.1.3 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				
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 12 equal quarterly installments after the grace period.
New Allied Electronics (Private) Limited Chief Executive: Mr. Mian Pervaiz	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 installments after the grace period.

13.1.4 TFCs of Three Star Hosiery Mills (Private) Limited amounting to Rs. 15 million (2011: Rs. 15 million) have been held with Nazir High Court for settlement against short term borrowing.

13.3 Quoted equity securities

Fully paid ordinary shares of Rs.10 each:

<i>2012</i>	<i>2011</i>		<i>2012</i>	<i>2011</i>
<i>Number of shares</i>			<i>Rupees</i>	<i>Rupees</i>
2,000	-	Adamjee Insurance Company Limited	116,500	-
14,500	-	Arif Habib Corporation Limited	448,485	-
20,000	-	The Bank of Punjab	153,600	-
15,000	-	BYCO Petroleum Pakistan	126,450	-
5,000	-	D.G. Khan Cement Company Limited	196,900	-
720	-	Dawood Hercules Corporation Limited	23,767	-
500	-	Dawood Lawrencepur Limited	31,010	-
20,000	-	Descon Oxychem Limited	77,600	-
2,000	-	Engro Corporation Limited	203,680	-
5,000	-	Engro Polymer & Chemicals Limited	49,250	-
66,902	-	Fatima Fertilizer Company Limited	1,650,472	-
60,000	-	Fauji Cement Company Limited	337,800	-
2,000	-	Fauji Fertilizer Company Limited	222,100	-
10,490	-	Glaxosmithkline Pakistan Limited	663,388	-
2,972	-	Habib Bank Limited	335,360	-
12,000	-	Jahangir Siddiqui & Company Limited	148,920	-
15,000	-	Karachi Electric Supply Company Limited	48,600	-
2,000	-	Lucky Cement Limited	230,780	-
1,400	-	Murree Brewery Company Limited	140,224	-
14,050	-	Netsol Technologies Limited	192,907	-
9,500	-	Pakistan Reinsurance Company Limited	162,545	-
1,500	-	Pakistan State Oil Company Limited	353,760	-
45,000	-	Silk Bank Limited	94,950	-
20,000	-	Sitara Peroxide Limited	198,000	-
40,000	-	Summit Bank Limited	127,200	-
25,000	-	Telecard Limited	37,250	-
5,000	-	World Telecom Limited	10,250	-
			<u>6,381,748</u>	<u>-</u>

42.1 Segment information for the year ended June 30, 2012

	<i>Leasing</i>		<i>Investments</i>		<i>Long Term Finances</i>		<i>Placements and Finances</i>		<i>Others</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	----- (Rupees) -----											
Segment revenue	11,793,755	25,673,141	7,097,321	20,058,898	4,559,966	31,868,561	1,000,000	40,004,221	22,594,594	95,049,697	47,045,636	212,654,518
Provisions and fair value changes	(194,159,870)	(85,089,626)	3,226,411	(30,509,886)	(52,549,865)	85,216,032	(27,273,002)	3,309,926	(1,000,896)	5,462,624	(271,757,222)	(21,610,930)
Loss on derecognition of financial assets / investment property	-	(18,707,169)	-	-	-	-	-	-	(15,187,650)	-	(15,187,650)	(18,707,169)
Loss on sale of securities / investment properties	-	-	-	(1,688,667)	-	-	-	-	-	-	-	(1,688,667)
Share of (loss) / profit of associate	-	-	(27,454,104)	1,551,349	-	-	-	-	-	-	(27,454,104)	1,551,349
Segment results	(182,366,115)	(78,123,654)	(17,130,372)	(10,588,306)	(47,989,899)	117,084,593	(26,273,002)	43,314,147	6,406,048	100,512,321	(267,353,340)	172,199,101
Unallocated cost												
Loss on disposal of property and equipment											(17,127,836)	-
Other provisions											(34,244,520)	(52,863,591)
Finance cost											(4,874,962)	(18,403,423)
Administration expenses											(84,482,499)	(88,027,391)
											<u>(140,729,817)</u>	<u>(159,294,405)</u>
(Loss) / profit before taxation											<u>(408,083,157)</u>	<u>12,904,696</u>
Taxation											<u>31,695,935</u>	<u>(56,928,911)</u>
Loss after taxation											<u><u>(376,387,222)</u></u>	<u><u>(44,024,215)</u></u>
Other information												
Segment assets	280,779,402	673,334,519	220,665,494	168,972,958	163,855,771	343,427,535	75,475,649	133,538,651	-	-	740,776,316	1,319,273,663
Unallocated assets											<u>413,090,900</u>	<u>505,617,214</u>
Total assets											<u><u>1,153,867,216</u></u>	<u><u>1,824,890,877</u></u>
Segment liabilities	368,767,590	508,828,240	155,500,942	173,247,735	174,347,087	254,858,273	254,354,220	296,812,200	-	-	<u>952,969,839</u>	<u>1,233,746,448</u>
Total liabilities											<u><u>952,969,839</u></u>	<u><u>1,233,747,507</u></u>
Net assets											<u><u>200,897,377</u></u>	<u><u>591,143,370</u></u>

42.2 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>	2012				%
	<i>Leasing operations</i>	<i>Investments</i>	<i>Long-term finance</i>	<i>Total</i>	
	----- Rupees -----				
Cement	-	6,315,480	-	6,315,480	0.44
Chemicals, fertilizers and pharmaceuticals	47,560,278	3,536,742	29,362,135	80,459,155	5.62
Construction	35,387,264	-	105,200,000	140,587,264	9.83
Electrical goods	3,930,700	4,348,775	871,301	9,150,776	0.64
Energy, oil and gas	576,620	528,810	26,673,078	27,778,508	1.94
Financial	293,882	264,205,077	-	264,498,959	18.49
Food, tobacco and beverages	24,223,425	140,224	-	24,363,649	1.70
Health care	7,452,900	-	-	7,452,900	0.52
Miscellaneous	114,911,239	-	179,681,387	294,592,626	20.59
Steel, engineering and automobile	46,443,172	-	4,585,021	51,028,193	3.57
Sugar and allied	27,731,415	-	-	27,731,415	1.94
Textile composite	197,236,202	408,678	-	197,644,880	13.82
Textile finishing	48,837,055	15,000,000	-	63,837,055	4.46
Transport and communication	200,292,726	24,209,217	10,521,066	235,023,009	16.43
	754,876,878	318,693,003	356,893,988	1,430,463,869	100.00

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

43.1.1.1 Mismatch of interest rate sensitive assets and liabilities

Effective Rate	2012							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 year but 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	8% - 29.17%	208,771,873	58,367,574	2,639,956	-	-	-	-	269,779,403
Long term investments	-	-	-	-	-	-	-	186,929,237	186,929,237
Long-term finances	8% - 18.27%	153,793,465	2,535,517	1,121,017	2,759,588	1,715,357	1,930,827	-	163,855,771
Long-term loans	5.00%	75,000	83,288	85,263	72,246	-	-	-	315,797
Long term deposits	-	-	-	-	-	-	-	3,500,000	3,500,000
Short term investments	12.99% - 15.29%	-	7,675,786	-	-	-	-	26,060,471	33,736,257
Placements and finances	8.5% - 24%	75,475,649	-	-	-	-	-	-	75,475,649
Advance against lease commitments	14.38% - 15.56%	10,999,999	-	-	-	-	-	-	10,999,999
Loans, advances and prepayments	-	-	-	-	-	-	-	9,186,632	9,186,632
Interest accrued	-	-	-	-	-	-	-	762,053	762,053
Other receivables	-	8,100,000	-	-	-	-	-	39,537,883	47,637,883
Cash and bank balances	6% - 13%	136,804,414	-	-	-	-	-	3,055,947	139,860,361
		<u>594,020,400</u>	<u>68,662,165</u>	<u>3,846,236</u>	<u>2,831,834</u>	<u>1,715,357</u>	<u>1,930,827</u>	<u>269,032,223</u>	<u>942,039,042</u>
Financial Liabilities									
Long-term loans	0% -5%	199,682,873	78,396,921	-	-	-	-	232,266,147	510,345,941
Deposits	-	-	-	-	-	-	-	126,773,813	126,773,813
Certificates of investment	17% - 20%	107,250,000	-	-	-	-	-	-	107,250,000
Accrued mark-up	-	-	-	-	-	-	-	49,316,029	49,316,029
Short-term borrowings	17.00%	81,418,223	-	-	-	-	-	-	81,418,223
Accrued and other liabilities	-	-	-	-	-	-	-	76,365,833	76,365,833
		<u>388,351,096</u>	<u>78,396,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,721,822</u>	<u>951,469,839</u>
On balance sheet gap		<u>205,669,304</u>	<u>(9,734,756)</u>	<u>3,846,236</u>	<u>2,831,834</u>	<u>1,715,357</u>	<u>1,930,827</u>	<u>(215,689,599)</u>	<u>(9,430,797)</u>

<i>Effective Rate</i>	<i>2011</i>							<i>Total</i>	
	<i>One year or less</i>	<i>More than one year but less than two years</i>	<i>More than two year but less than three years</i>	<i>More than three year but less than four years</i>	<i>More than four year but less than five years</i>	<i>More than five year</i>	<i>Not exposed to interest rate risk</i>		
	----- <i>Rupees</i> -----								
<i>Financial Assets</i>									
Net investment in lease finance	8% - 29.17%	592,111,446	39,634,198	20,125,423	463,452	-	-	-	652,334,519
Long term investment	-	-	-	-	-	-	-	163,947,170	163,947,170
Long-term finances	8% - 18.27%	330,583,755	3,926,254	2,511,764	2,759,588	1,715,357	1,930,817	-	343,427,535
Long-term loans	5.00%	145,216	77,171	81,116	85,263	72,246	-	-	461,012
Long term deposits	-	-	-	-	-	-	-	2,500,000	2,500,000
Short term investments	8% - 17.3%	237,505	-	20,000,000	7,500,000	-	1,387,500	20,761,433	49,886,438
Placements and finances	8.5% - 24%	133,538,651	-	-	-	-	-	-	133,538,651
Advance against lease commitments	14.38% - 15.56%	21,000,000	-	-	-	-	-	-	21,000,000
Loans, 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	5% - 13%	104,050,736	-	-	-	-	-	10,001,052	114,051,788
		<u>1,183,358,202</u>	<u>43,637,623</u>	<u>42,718,303</u>	<u>10,808,303</u>	<u>1,787,603</u>	<u>3,318,317</u>	<u>252,588,648</u>	<u>1,538,216,999</u>
<i>Financial Liabilities</i>									
Long-term loans	3.55%	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	17% - 20%	165,500,000	-	-	-	-	-	-	165,500,000
Accrued mark-up	-	-	-	-	-	-	-	69,338,411	69,338,411
Short-term borrowings	17.00%	81,418,223	-	-	-	-	-	-	81,418,223
Accrued and other liabilities	-	-	-	-	-	-	-	58,224,571	58,224,571
		<u>376,261,512</u>	<u>265,076,908</u>	<u>273,051,785</u>	<u>21,000,000</u>	<u>-</u>	<u>-</u>	<u>293,982,129</u>	<u>1,229,372,334</u>
On balance sheet gap		<u>807,096,690</u>	<u>(221,439,285)</u>	<u>(230,333,482)</u>	<u>(10,191,697)</u>	<u>1,787,603</u>	<u>3,318,317</u>	<u>(41,393,481)</u>	<u>308,844,665</u>

43.4 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.

43.4.1 MATURITIES OF ASSETS AND LIABILITIES

	2012				
	<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	7,486,509	798,860	2,022,425	4,547,278	117,947
Investment property	70,095,000	-	-	-	70,095,000
Net investment in lease finance	269,779,403	59,858,741	148,913,132	61,007,530	-
Long term investments	186,929,237	-	-	-	186,929,237
Long-term finances	163,855,771	41,187,741	112,605,724	10,062,306	-
Long-term loans	315,797	18,750	56,250	240,797	-
Long-term deposits	3,500,000	-	-	-	3,500,000
Deferred tax asset	129,746,665	-	-	129,746,665	-
Short-term investment	33,736,257	6,381,748	-	7,675,786	19,678,723
Placement and finances	75,475,649	75,475,649	-	-	-
Advance against lease commitments	10,999,999	10,999,999	-	-	-
Other asset	4,500,000	4,500,000	-	-	-
Advances and prepayments	9,186,632	9,186,632	-	-	-
Interest accrued	762,053	762,053	-	-	-
Other receivables	47,637,883	47,637,883	-	-	-
Cash and bank balances	139,860,361	139,860,361	-	-	-
	<u>1,153,867,216</u>	<u>396,668,417</u>	<u>263,597,531</u>	<u>213,280,362</u>	<u>280,320,907</u>
Liabilities					
Long-term loans	510,345,941	139,409,461	93,273,412	277,663,068	-
Certificates of investment	107,250,000	107,250,000	-	-	-
Lease Deposits	126,773,813	126,773,813	-	-	-
Accrued mark-up	49,316,029	49,316,029	-	-	-
Short-term borrowings	81,418,223	81,418,223	-	-	-
Accrued and other liabilities	76,365,833	76,365,833	-	-	-
Taxation	1,500,000	-	1,500,000	-	-
	<u>952,969,839</u>	<u>580,533,359</u>	<u>94,773,412</u>	<u>277,663,068</u>	<u>-</u>
Net Assets	<u>200,897,377</u>	<u>(183,864,942)</u>	<u>168,824,119</u>	<u>(64,382,706)</u>	<u>280,320,907</u>
Share capital	1,342,326,440				
Reserves net of accumulated loss	(1,141,429,063)				
Net assets	<u>200,897,377</u>				

	2011				
	Total	Upto three months	Over three months to one year	Over one year to five years	Over five years
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					
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)				
Net assets	<u>591,143,370</u>				

F. D. REGISTRAR SERVICES (SMC-PVT) LIMITED
FIRST DAWOOD INVESTMENT BANK LTD
PATTERN OF SHAREHOLDING - FORM "34
SHAREHOLDERS STATISTICS AS AT JUNE 30, 2012

NUMBER OF SHARE HOLDERS	FROM	SHARE HOLDING TO	TOTAL SHARES HELD	
913	1	-	100	32,299
404	101	-	500	105,934
697	501	-	1,000	623,507
535	1,001	-	5,000	1,277,070
164	5,001	-	10,000	1,337,630
53	10,001	-	15,000	677,366
35	15,001	-	20,000	655,363
27	20,001	-	25,000	642,380
21	25,001	-	30,000	602,182
7	30,001	-	35,000	237,566
9	35,001	-	40,000	350,876
11	40,001	-	45,000	485,604
12	45,001	-	50,000	590,071
5	50,001	-	55,000	259,193
7	55,001	-	60,000	404,907
6	60,001	-	65,000	372,176
2	65,001	-	70,000	136,000
2	70,001	-	75,000	141,946
4	75,001	-	80,000	312,171
1	80,001	-	85,000	82,000
2	85,001	-	90,000	175,278
3	90,001	-	95,000	280,630
4	95,001	-	100,000	398,306
3	100,001	-	105,000	306,324
2	115,001	-	120,000	231,839
2	120,001	-	125,000	248,620
2	125,001	-	130,000	257,804
1	135,001	-	140,000	136,090
3	145,001	-	150,000	445,475
1	150,001	-	155,000	152,396
1	155,001	-	160,000	157,855
1	175,001	-	180,000	175,352
3	180,001	-	185,000	546,470
2	185,001	-	190,000	373,450
2	195,001	-	200,000	397,858
2	200,001	-	205,000	404,852
1	205,001	-	210,000	205,934
1	215,001	-	220,000	218,291
1	220,001	-	225,000	222,222
1	225,001	-	230,000	225,081
1	245,001	-	250,000	246,373
1	260,001	-	265,000	260,408
1	270,001	-	275,000	275,000
1	275,001	-	280,000	278,300
2	300,001	-	305,000	602,611
2	315,001	-	320,000	634,483
1	330,001	-	335,000	330,090
1	385,001	-	390,000	387,371
1	395,001	-	400,000	397,963
1	400,001	-	405,000	400,537
2	410,001	-	415,000	826,390

1	435,001	-	440,000	436,425
1	490,001	-	495,000	492,594
2	500,001	-	505,000	1,004,438
1	525,001	-	530,000	529,171
1	595,001	-	600,000	599,276
1	1,375,001	-	1,380,000	1,380,000
1	1,390,001	-	1,395,000	1,394,028
1	1,415,001	-	1,420,000	1,418,522
1	1,920,001	-	1,925,000	1,921,400
1	2,340,001	-	2,345,000	2,341,935
1	2,380,001	-	2,385,000	2,382,641
1	2,585,001	-	2,590,000	2,585,770
1	2,735,001	-	2,740,000	2,735,564
1	4,655,001	-	4,660,000	4,655,426
1	8,865,001	-	8,870,000	8,867,566
1	10,375,001	-	10,380,000	10,378,637
2984				62,649,287

CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
Individuals	2922	34,442,896	54.98
Joint Stock Companies	30	351,924	0.56
Insurance Companies	7	10,904,933	17.41
Financial Institutions	6	4,107,674	6.56
Investment Companies	4	817,151	1.30
Foreign Company	4	30,600	0.05
Modarabas	3	3,515,274	5.61
Others	3	5,053,749	8.07
Modaraba Management Companies	2	637,092	1.02
Leasing Companies	1	237	0.00
Mutual Fund	1	2,735,564	4.37
Cooperative Societies	1	52,193	0.08
	2984	62,649,287	100.00

FIRST DAWOOD INVESTMENT BANK LIMITED - ORDINARY SHARES
ADDITIONAL INFORMATION OF ORDINARY SHARES AS ON JUNE 30, 2012

S. No.	Categories Shareholders	Numbers	Shares Held	% Age
1	Associated Companies	3	6,213,154	9.92
	B.R.R. Guardian Modaraba		3,339,922	5.33
	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
	National Investment Trust		70,666	0.11
3	Directors, CEO and their Spouses and Minor Childern	6	15,000,178	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
	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	56	8,808,370	14.06
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

FIRST DAWOOD INVESTMENT BANK LIMITED - PREFERENCE SHARES
PATTERN OF SHAREHOLDING - PREFERENCE SHARES AS ON 30-JUNE-2012

Number of Share Holders (Preference Shares)	Share Holding			Total Shares Held
	From		To	
1	1,495,001	-	1,500,000	1,500,000
1	1,995,001	-	2,000,000	2,000,000
1	2,495,001	-	2,500,000	2,500,000
1	3,040,001	-	3,045,000	3,044,380
1	5,995,001	-	6,000,000	6,000,000
1	9,935,001	-	9,940,000	9,935,500
1	14,090,001	-	14,095,000	14,092,000
1	31,395,001	-	31,400,000	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, 2012

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
XVIII Annual General Meeting

First Dawood Investment Bank Limited
Karachi.

I/ we _____ of
_____ (full address)

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

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 **XVIII Annual General Meeting** of the Company to be held on November 30, 2012 at 12:00
hours and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2012, 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 November 23, 2012 to November 30, 2012 (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.

BOOK POST

If undelivered, Please return to:

FIRST DAWOOD INVESTMENT BANK LTD
1900-B, Saima Trade Towers
I.I. Chundrigar Road, Karachi 74000



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