



FIRST DAWOOD INVESTMENT BANK LIMITED

**Half Yearly Report
31 December, 2010
(Un-audited)**



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CORPORATE INFORMATION

FIRST DAWOOD INVESTMENT BANK LIMITED

Board of Directors

Mr. Rafique Dawood
Mr. Abdus Samad Khan
Mr. Rasheed Y. Chinoy
Mr. Ayaz Dawood
Mr. AVM (R) Syed Javed Raza
Mr. Omar Hasan Khan Bangash
Mr. M. Riyazul Haque

Chairman
Chief Executive Officer
Director
Director
Director (Nominee of DCM)
Director
Director (Nominee of NIT)

Audit Committee

Mr. Rasheed Y. Chinoy
Mr. Omar Hasan Khan Bangash
Mr. Rafique Dawood

Chairman
Member
Member

Chief Financial Officer & Company Secretary

Mr. Abbas Qurban

Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.

Bankers

Bank Al-Habib
Bank Al-Falah
Dawood Islamic Bank
Faysal Bank
First Women Bank
Habib Metropolitan Bank
Habib Bank
KASB Bank
National Bank of Pakistan
Oman International Bank
State Bank of Pakistan
Standard Chartered Bank
United Bank

Registered Office Head Office

1500-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000
UAN 111-DAWOOD (111-329663)
PABX +92 (21) 3227-1874-96
Fax +92 (21) 3227-1913
Email fdib@firstdawood.com
URL www.firstdawood.com

Branch Offices

Islamabad Branch
Office No 20 & 21, Beverly Centre, 1st Floor, 56-G-7, Jinnah Avenue, Islamabad-7400.

Tel +92 (051) 227-6367 & 227-4194-5
Fax +92 (051) 227-1280
Email brrim@isb.paknet.com.pk

Lahore Branch
Suite No. 210, 5th Floor, Siddiq Trade Centre, Main Boulevard, Gulberg III, Lahore

Tel +92 (42) 3578-1888
Fax +92 (42) 3578-1890
Email fdibl@yahoo.com

Share Registrar

F.D. Registrar Services (SMC-Pvt) Ltd.

17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000
Tel +92 (21) 3547 8192-93
Fax +92 (21) 3227 1905
Email fdregistrar@hotmail.com, fdregistrar@yahoo.com



IN THE NAME OF 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 reviewed interim financial statements of the Company for the period ended December 31, 2010.

The year 2010 was another year of financial turmoil in the history of Pakistan. The widening budgetary gaps, and higher inflation rate has been continuously haunting the economic indicators. Political image of the country, tainted with controversies and alleged corruption combined with bad governance is not letting the economy to lead to recovery. Due to this upheaval and unending inflationary pressures, cost of doing business has become unacceptable. Persistent increase in interest rates, hike in electricity & gas tariffs & increased Government borrowing from the banks further sky rocketed the inflation which started eroding the purchasing power and deteriorated savings in the economy. This situation directly hits the financial sector of the country in general and SME in particular, which is being catered to by the NBFC sector.

Your company during the 1st half for financial year 2010-11, has reported after-tax profit of Rs.59.22 million as compared to loss of Rs.87.86 million during corresponding period last year. Gross revenue for the quarter is Rs.118.33 million as compared to Rs.87.06 million last year. The increase in revenue is mainly attributed to reversal of suspended income due to improved recoveries. Administrative expenses for the period under review shows declining trend and stands at Rs.49.84 million as compared to Rs.51.71 million in previous period. Financial Cost drastically reduced to Rs.51.44 million from Rs.159.10 during previous period. The main factor of this reduction was settlement of liabilities, and restructuring a small portion on softer terms.

Your company licenses for renewal of Investment Finance Services and Leasing are still awaited from SECP, despite the fact that the company is fully equity compliant

During the period under report the management has directed its concentration to adequate recoveries from problem loans, which in the present scenario is the back bone to let the company sustain its present state of affairs and gear up itself for normal business activities to be undertaken soonest possible.

The Board of Directors acknowledges and appreciates the collective effort and contribution of all staff and management. We also take this opportunity to express our gratitude to SECP, our valued customers, business partners, other stakeholders, shareholders and particularly our creditors for their continued patience, confidence and patronage.

Let us work together and strive hard to make FDIBL the best and most efficient Investment Bank of Pakistan.

February 26, 2011
Karachi.

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

Rafique Dawood
Chairman

**AUDITORS' REPORT TO THE
SHAREHOLDERS ON REVIEW
OF INTERIM FINANCIAL INFORMATION**



FIRST DAWOOD INVESTMENT BANK LIMITED

Deloitte

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

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Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Dawood Investment Bank Limited** ("the company") as at December 31, 2010, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months ended December 31, 2010 (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim statement of changes in equity for the quarters ended December 31, 2009 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**AUDITORS' REPORT TO THE
SHAREHOLDERS ON REVIEW
OF INTERIM FINANCIAL INFORMATION**



FIRST DAWOOD INVESTMENT BANK LIMITED

Without qualifying our conclusion we draw attention to following: -

1. As fully described in note 1.3 to the interim financial information, the company in the financial year 2008-2009 suffered substantial losses which resulted into erosion of equity and its business licenses were not renewed. The company successfully arranged restructuring of its liabilities in the previous financial year and the period under review which has resulted in improvement in its financial position and the results of its operations. There are still significant uncertainties as described in the said note and note 21.1.1 to the financial statements. During the period under review SECP again conducted an inspection of the company's operations for renewal of licenses. Management is confident that after the inspection its licenses will be renewed shortly and that the company will be able to settle its remaining debts and streamline its operations.
2. As mentioned in note 21.1.1 to the interim financial information, the company has unfunded exposures in respect of performance guarantees and letters of comfort of Rs. 3,441 million issued on behalf of its customers. As stated in the said note, the company does not foresee any exposure of cash outflows and as such has not provided for any liability there against.

Chartered Accountants

Karachi

Dated: February 26, 2010

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2010



FIRST DAWOOD INVESTMENT BANK LIMITED

		<i>Unaudited</i> <i>December 31,</i> <i>2010</i>	<i>Audited</i> <i>June 30,</i> <i>2010</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
ASSETS			
NON CURRENT ASSETS			
Property and Equipment	5	16,069,948	9,431,583
Investment Properties	6	164,695,896	191,037,708
Net Investment in Lease Finance	7	76,075,139	288,753,097
Long-Term Investments	8	173,566,264	22,961,150
Long-Term Finances	9	42,300,152	191,792,808
Long-Term Loans		353,010	461,060
Long-Term Deposits		2,763,500	4,763,500
Deferred Tax Assets		144,228,543	147,528,543
		620,052,452	856,729,449
CURRENT ASSETS			
Current Portion of Non-Current Assets	10	1,075,265,495	1,052,765,571
Short-Term Investments	11	156,579,124	578,818,839
Placements and Finances	12	290,936,450	332,219,665
Advance Against Lease Commitments		28,531,099	30,031,100
Advances and Prepayments		22,859,515	23,329,725
Interest Accrued		50,040,288	64,818,615
Other Receivables		81,421,225	62,808,209
Cash and Bank Balances		74,617,206	146,587,174
		1,780,250,402	2,291,378,898
		2,400,302,854	3,148,108,347
EQUITY AND LIABILITIES			
Ordinary Shares	13	626,492,900	626,492,900
Preference Shares	13	715,833,540	715,833,540
		1,342,326,440	1,342,326,440
Reserves		345,589,407	333,744,789
Accumulated Loss		(954,563,733)	(987,507,862)
		733,352,114	688,563,367
Deficit on Revaluation of Investments		(70,836,205)	(67,870,526)
		662,515,909	620,692,841
NON CURRENT LIABILITIES			
Redeemable Capital	14	345,000,000	345,000,000
Long-Term Loans	15	689,579,793	752,010,405
Certificates of Investment		-	9,374,497
Long Term Lease Deposits		18,818,813	111,158,142
		1,053,398,606	1,217,543,044
CURRENT LIABILITIES			
Current Portion of Long-Term Liabilities	16	230,653,504	275,652,668
Mark-up Accrued		128,991,760	164,117,877
Short Term Borrowings	17	106,222,309	505,645,127
Certificates of Investment	18	170,000,000	325,000,000
Accrued and Other Liabilities		40,644,966	34,586,690
Taxation		7,875,800	4,870,100
		684,388,339	1,309,872,462
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		2,400,302,854	3,148,108,347

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2010	2009	2010	2009
<i>Note</i>	< ----- Rupees ----- >			
Income				
Lease Income	29,551,129	19,579,941	24,225,165	(2,158,282)
Return on Deposits and Investments	56,393,760	95,901,192	44,000,794	34,984,587
Loss on Sale of Securities	(8,372,166)	(79,425,878)	(8,774,566)	(85,584,572)
Return on Long-Term Finances	20,317,934	36,947,211	7,046,308	6,012,833
Loss on de-recognition of Financial Assets	(18,707,169)	-	(18,707,169)	-
Brokerage Income	-	2,027,330	-	1,057,600
Exchange Gain	2,217	7,042	(628)	7,042
Other Income	39,148,316	12,027,036	22,911,537	4,495,142
20	118,334,021	87,063,874	70,701,441	(41,185,650)
Provision / Changes in Fair Value				
Reversal / (Provision) for Lease Losses and Doubtful Recoveries	35,014,765	56,691,346	16,985,485	(31,691,346)
Reversal of Impairment in Financial Assets	1,152,614	-	-	-
Deficit on Revaluation of Held for Trading Securities	-	-	-	389,313
	36,167,379	56,691,346	16,985,485	(31,302,033)
	154,501,400	143,755,220	87,686,926	(9,883,617)
Expenditure				
Administrative and Operating Expenses	(49,840,875)	(51,708,817)	(30,036,000)	(31,695,930)
Financial Charges	(51,438,913)	(159,101,759)	(35,866,644)	(48,661,500)
	(101,279,788)	(210,810,576)	(65,902,644)	(80,357,430)
Share of Profit / (Loss) of Associates	12,307,177	(18,754,817)	(2,141,969)	(18,621,822)
Profit / (Loss) before Taxation	65,528,789	(85,810,173)	19,642,313	(108,862,869)
Taxation				
Current	3,005,700	2,050,000	2,005,700	850,000
Deferred	3,300,000	-	3,300,000	-
	6,305,700	2,050,000	5,305,700	850,000
Profit / (Loss) after Taxation	59,223,089	(87,860,173)	14,336,613	(109,712,869)
Earnings Per Share - Basic and Diluted	0.95	(1.40)	0.23	(1.75)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>Six months ended</i>	
	<i>December 31</i>	
	<i>2010</i>	<i>2009</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Taxation	65,528,789	(85,810,173)
Adjustments:		
Depreciation	1,919,795	1,851,632
Loss on Sale of Investments	8,372,166	78,012,010
Share of (Profit)/ loss of Investment in Associates	(12,307,177)	18,754,817
Financial Charges	51,438,913	159,101,759
Gain on Sale of Property, Plant and Equipment	(185,475)	-
Provision for Gratuity	-	10,050,530
Provision against Lease Losses and Doubtful Recoveries	(35,014,765)	-
Reversal of Impairment in Financial Assets	(1,152,614)	(56,691,346)
Other Income	9,705,479	-
Loss on de-recognition of Financial Assets	18,707,169	-
	<u>41,483,491</u>	<u>211,079,402</u>
Operating Cash Flow Before Movements in Working Capital	107,012,280	125,269,229
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Operating Assets		
Net investment in Lease Finance	237,175,633	94,194,969
Long-Term Finances	14,473,474	343,704,154
Long-Term Loans	193,971	184,533
Placements and Finances	(96,520,324)	561,936,759
Advance Against Lease Commitments	1,500,001	-
Advances and Prepayments	1,522,083	(602,989)
Interest Accrued	12,454,008	62,380,723
Other Receivables	(42,613,016)	8,251,491
	<u>128,185,830</u>	<u>1,070,049,640</u>
	235,198,110	1,195,318,869
Increase / (Decrease) in operating liabilities		
Certificates of Investment / Deposit	(15,566,522)	(572,209,512)
Long Term Lease Deposits	(128,187,467)	(13,456,477)
Short Term Borrowings	91,474,846	(118,244,863)
Accrued and Other Liabilities	(43,697,676)	(3,585,352)
	<u>(95,976,819)</u>	<u>(707,496,204)</u>
Financial Charges Paid	(64,631,984)	(135,432,480)
Gratuity Paid	-	(1,019,507)
Tax Paid	(1,051,873)	(1,984,708)
Net Cash Generated in Operating Activities	<u>73,537,434</u>	<u>349,385,970</u>

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>Six months ended</i>	
	<i>December 31</i>	
	<i>2010</i>	<i>2009</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(8,636,585)	(37,633,822)
Purchase of Investment Property	-	(93,600,000)
Proceed from Sale of Property and Equipment	263,900	54,665,092
Long-Term Investments	(136,552,931)	56,580,663
Long-Term Deposits	2,000,000	(126,000)
Short-Term Investments	91,259,951	(640,454)
Net Cash (Used in) / from Investing Activities	<u>(51,665,665)</u>	<u>(20,754,521)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-Term Loans Obtained	8,000,000	87,519,435
Repayment of Long-Term Loans	(1,892,755)	-
Net Cash from Financing Activities	<u>6,107,245</u>	<u>87,519,435</u>
Net Increase / (Decrease) in Cash and Bank Balances	27,979,014	416,150,884
Cash and Cash Equivalents at Beginning of the Period	46,638,192	(394,394,873)
Cash and Cash Equivalents at End of the Period	<u>22 74,617,206</u>	<u>21,756,011</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<----- Rupees ----->			
Profit / (Loss) after Taxation for the Period	59,223,089	(87,860,173)	14,336,613	(109,712,869)
Other Comprehensive Income				
Surplus / (Deficit) on Remeasurement of Investments Classified as Available for Sale	(4,710,685)	39,264,712	(1,224,311)	223,539
Share of Surplus / (Deficit) on Remeasurement of Investments in Associate	1,745,006	615,511	1,632,476	(928,371)
	(2,965,679)	39,880,223	408,165	(704,832)
Total Comprehensive Income for the period	<u>56,257,410</u>	<u>(47,979,950)</u>	<u>14,744,778</u>	<u>(110,417,701)</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010



FIRST DAWOOD INVESTMENT BANK LIMITED

	Share Capital		Capital Reserve		Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserve *	Premium on Right Issue	(Deficit)/ Surplus on Revaluation of Investments	Accumulated losses	
Balance at June 30, 2009	626,492,900	-	202,186,151	53,426,910	(115,444,741)	(1,287,948,573)	(518,690,869)
Total Comprehensive Income for the Period					398,880,223	(87,860,173)	(47,979,950)
Balance at December 31, 2009	626,492,900	-	202,186,151	53,426,910	(75,564,518)	(1,375,808,746)	(566,670,819)
Issuance of 4% Preference Shares	-	715,833,540	-	-	-	-	715,833,540
Total Comprehensive Income for the Period					7,693,992	465,536,394	473,230,386
Transfer to Statutory Reserve			75,535,244	-	-	(75,535,244)	-
Dividend on Preference Shares @ 4%			-	-	-	(1,700,266)	(1,700,266)
Balance at June 30, 2010	626,492,900	715,833,540	277,721,395	53,426,910	(67,870,526)	(987,507,862)	620,692,841
Total Comprehensive Income for the Period					(2,965,679)	59,223,089	56,257,410
Transfer to Statutory Reserve			11,844,618	-	-	(11,844,618)	-
Dividend on Preference Shares @ 4%			-	-	-	(14,434,342)	(14,434,342)
Balance at December 31, 2010	626,492,900	715,833,540	289,566,013	53,426,910	(70,836,205)	(954,563,733)	662,515,909

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



1. STATUS AND NATURE OF BUSINESS

- 1.1** The Company was incorporated on June 22, 1994 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. Company had obtained license of Leasing business and Investment Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 from the Securities and Exchange Commission of Pakistan (SECP) which are in the process of renewal. Registered office of the company is situated in Karachi, Sind.
- 1.2** The Company is also acting as Trustees to Term Finance Certificates / Sukuk and mutual issued by various corporate clients. The value of such assets as at December 31, 2010 amounted to Rs. 23,415 million (June 30, 2010 : Rs.34,740 million).

1.3 Challenges & Mitigation Plan

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 repay its commitments promptly 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 requirement of NBFC Regulations regarding minimum capital and suspension of leasing license and permission to issue certificates of investment and deposit.

In order to meet the creditors' obligations company entered into settlements arrangement of its liabilities against assets owned by the Company. Due to stock market crash, MUEAP pricing, provisioning and settlements, the company incurred losses and its accumulated loss till June 2009 were Rs.1,288 million which resulted in a negative equity of Rs.519 million. These casted doubt about the going concern ability of the company during the year 2009. The intensity of such doubts created on the going concern ability of the Company have now significantly been diluted due to the following mitigation steps taken by the management and result achieved so far.

Mitigating efforts and achievements

During the year 2009, a Steering Committee of the creditors was formed which recommended a settlement process. The process has been taken forward and to date the company has successfully able to pay / settle / restructure Rs. 9,500 million (almost 97%) of its liabilities of Rs. 9,818 million as at June 30, 2008 (principal and markup). The balance sheet footing of the Company reduced from Rs. 11,064 million (at June 30 2008) to Rs. 3,148 million as at June 30, 2010 and to Rs. 2,400 million as at December 31, 2010. Further, out of Rs.499.37 million outstanding COI's, Company repaid Rs. 498.13 million to individuals, provident funds and other corporate customers. The Company continued to remain current on its long term liabilities and 'Term Finance Certificates'.

Debt equity swap, restructuring and settlement with financial institutions

The major lenders National Bank of Pakistan, Allied Bank Limited, The Bank of Khyber, National Insurance Company Limited, Askari Bank Limited and IGI Investment Bank Limited have converted a part of their outstanding debts to a Rs.715 million into 5 year convertible cumulative preference shares and settled their remaining balances against assets. These preference shares carries dividend rate of 4% and are non-participatory and callable.

During the last two years, Company has been able to settle liabilities of over Rs.7,000 million against its assets and those acquired from its borrowers. Further, Company has been able to restructure long and short term obligation valuing Rs.695 million into long term at a considerably reduced markup rates. These will result in increase in net spread of company significantly the impact of which will be reflected in the operating results of the company in future.



Further, the settlements and recoveries from debtors of the Company has resulted in a net reversal of provision Rs.35 million against loans / advances as on December 31, 2010 (June 30 2010: 204 million). The management expect the continuation of this trend in next few years.

Capital and equity

The Board had considered 50% right issue of shares which is likely to be issued by June 30, 2011. Sponsoring directors are committed to subscribe their portion as Rs. 20 million cash injection and property worth Rs. 104 million, to add to the equity.

Litigation cases by the creditors

Originally eight unsecured lenders having a total outlay of Rs.1 billion resorted to legal course. These institutions had lent clean money to the company and insisted for cash settlement. However, when the actual scenario (unprecedented liquidity crunch) was explained to them, five institutions settled their liabilities amounting to Rs. 800 million against company's assets via out of court settlement. However, three institutions (having exposure of Rs.210 million only) continue to insist for full cash settlement but they are being pursued to settle / restructure in the same fashion as done by others.

Bank guarantees

The company initially had non-funded exposures in respect of performance guarantees of Rs.3,869 million issued on behalf of its customers. As mentioned in more detail in the notes, out of these, guarantees Rs. 2,260 million (June 2010 : Rs.2,060 million) have either been settled or has expired. The guarantees amounting to Rs. 340 million (June 2010 : Rs.340 million) are current. However, guarantees worth Rs.843.75 (June 2010 : Rs.843.75) million are under litigation and being defended by competent lawyers and the management is confident that no funded exposure will arise out of it. Apart from the above, guarantees worth Rs.536 million (June 2010 : Rs.536 million) which have been called, are under negotiation with the beneficiaries. No provision is required against these guarantees as management does not anticipate any cash outflow. Further, subsequent to year end, the exposure of the Company in respect of guarantees against finances amounting to Rs.626 million will become nil due to restructuring by beneficiary banks.

Credit rating

As of December 31, 2009, Pakistan Credit Rating Agency (PACRA) downgraded company's rating to "D" (Previous Entity ratings; long-term: BB; short term B) despite the fact that reasonable restructuring / settlements had been achieved. The management feel that the 'Rating Agency' had developed 'selective rating criteria' and have recorded its protest. At this point when most of the concerns are resolved, the company will apply soon for fresh credit rating, which in view of turning around will hopefully be minimum investment grade.

SECP report

The Securities and Exchange Commission of Pakistan (SECP) had undertaken inspection of the books and affairs of company and issued inspection report on May 21, 2009 identifying certain non-compliances and irregularities in the affairs of the company. The company had submitted detailed reply to their observations on July 25, 2009. The company received show cause notice from SECP on February 18, 2010. The Company sent a reply and Board members had a meeting with SECP in which they responded the concerns raised by SECP in their report. During the year SECP has conduct another inspection for the purpose of renewal of licenses and look into the affairs of the Company. The management is confident that the licenses of the Company will be renewed with the conclusion of this inspection.

Future prospect

SECP has shown its willingness to the renewal of Company's licenses based on their recent inspection and compliance of equity requirement by Company for the purpose of licenses . The present equity of Rs.622 million meets the MCR and will allow renewal of both leasing and investment and finance services licenses.



2. **BASIS OF PRESENTATION**

- 2.1** These interim financial information have been prepared in accordance with requirements of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Companies Ordinance, 1984 (the Ordinance), directives issued by the SECP and approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Regulations, the NBFC Rules, the Ordinance and the said directives take precedence. The disclosures made in these interim financial information have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'.
- 2.2** These interim financial information are un-audited and have been prepared in condensed form in accordance with International Accounting Standard 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchange.
- 2.3** During the period the Securities Exchange Commission of Pakistan (SECP) has implemented the revised Non-Banking Finance Companies and Notified Entities Regulations issued through SRO 1203(I) 2008 dated November 21, 2008. In accordance with Regulation 25 of the above regulations, the SECP 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 360 days are now required to be classified as substandard, doubtful and loss respectively. As per the previous requirements, short-term and long-term facilities were required to be separately assessed and were 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 realisable and adjusted forced sale value of mortgaged / pledged assets.

The aforementioned guidelines for determining the provisioning requirements have become effective from July 01, 2010. The management has assessed the impact the aforementioned guidelines on the provisioning requirements of the Company and the same has been incorporated in these condensed interim financial information.

3. **BASIS OF MEASUREMENT**

These interim financial information have been prepared under the historical cost convention except for the measurement of certain financial instruments at fair value.

4. **ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in preparation of these interim financial information are the same as those applied in the preparation of annual financial statements of the Company for the year ended 30 June 2010.



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		<i>December 31, 2010 Rupees</i>	<i>June 30, 2010 Rupees</i>
5. PROPERTY AND EQUIPMENT	<i>Note</i>		
5.1 Acquisition of assets - at cost			
Furniture and Fixtures		15,500	42,500
Equipment and Appliances		1,379,585	406,153
Vehicles		4,457,500	7,387,169
Capital Work in Progress		2,784,000	-
		<u>8,636,585</u>	<u>7,835,822</u>
5.2 Disposal of assets - at cost			
Furniture and Fixtures		-	3,989,050
Equipment and Appliances		819,000	1,925,841
Vehicles		1,509,500	5,351,300
		<u>2,328,500</u>	<u>11,266,191</u>
6. INVESTMENT PROPERTIES			
Opening Balance		191,037,708	97,437,708
Acquired in Settlement of Assets		131,864,000	93,600,000
Disposed Off in Settlement of Liabilities		<u>(158,205,812)</u>	<u>-</u>
Closing Balance		<u>164,695,896</u>	<u>191,037,708</u>
7. NET INVESTMENT IN LEASE FINANCE			
Net Investment in Lease Finance	7.1	1,028,305,913	1,369,376,659
Provision for Doubtful Receivables	7.3	(280,598,628)	(291,470,451)
Current Portion	10	<u>(671,632,146)</u>	<u>(789,153,111)</u>
		<u>76,075,139</u>	<u>288,753,097</u>
7.1 Particulars of net investment in lease finance			
Minimum Lease Payments Receivable		1,030,776,529	1,338,061,986
Residual Value of Leased Assets		<u>191,984,566</u>	<u>301,672,033</u>
		1,222,761,095	1,639,734,019
Unearned Finance Income		<u>(194,455,182)</u>	<u>(270,357,360)</u>
Net Investment in Lease Finance		<u>1,028,305,913</u>	<u>1,369,376,659</u>

7.1.1 These lease finances carry mark up ranging from 8% to 32.43% (June 30, 2010 8% to 32.43%) having maturity period of three to five years and are secured against lease assets.

7.2 As at 31 December 2010 the balance of non-performing lease portfolio amounts to Rs.816.61 million (June 30, 2010 : Rs.911.85 million). Provision against non performing leases is made after netting off forced sale values of the leased assets amounting to Rs. 511.47 million (June 30, 2010 : Rs.601.25 million).



	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>June 30, 2010 Rupees</i>
7.3	Movement of provision for lease losses:		
	Opening Balance	291,470,451	364,013,719
	(Reversal) / Charge during the Year - net	39,629,295	(61,164,882)
	Transfer from Long-term Finance	-	2,000,000
	Written Off	<u>(50,501,118)</u>	<u>(13,378,386)</u>
	Closing Balance	<u>280,598,628</u>	<u>291,470,451</u>

7.3.1 Had the classification been determined in accordance with the previous requirements of NBFC Regulations 2008, the profit before taxation would have been higher by Rs. 34.6 million and net investment in finance lease would have been higher by the same amount.

	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>June 30, 2010 Rupees</i>
8.	LONG TERM INVESTMENTS		
	Investment in Associates	8.1 <u>173,566,264</u>	<u>22,961,150</u>
8.1	Investment in associates		
	Opening Balance	22,961,150	391,805,414
	Increase in Interest in Associates	136,552,931	(22,187,150)
	Transfer to Available-for-Sale Investment	-	(301,297,407)
	Share of Profit / (Loss)	12,307,177	(36,373,779)
	Share of Surplus / (Deficit) on Revaluation of Investments	<u>1,745,006</u>	<u>(8,985,928)</u>
		<u>173,566,264</u>	<u>22,961,150</u>

		<i>December 31, 2010 Rupees</i>	<i>June 30, 2010 Rupees</i>
9.	LONG-TERM FINANCES		
	Term Finance Facilities	9.1 & 9.2 590,864,054	680,833,499
	Provision for Doubtful Receivables	9.3 (145,237,475)	(225,821,074)
	Current Portion	10 <u>(403,326,427)</u>	<u>(263,219,617)</u>
		<u>42,300,152</u>	<u>191,792,808</u>

9.1 These are secured against mortgage of immovable properties. The mark-up / profit rates ranges from 8% to 19.27% (June 30, 2010 : 8% to 20.18%) per annum subject to change in SBP discount rate and KIBOR, receivable on monthly / quarterly basis. The principal is receivable in installments upto year 2026.

9.2 These include Rs.472.2 million (June 30, 2010 : Rs.657.93 million) which have been placed under non-performing status. The forced sales value considered against these non-performing finances amounts to Rs. 351.82 million (June 30, 2010 : 531.25 million).



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		<i>December 31, 2010</i>	<i>June 30, 2010</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
9.3 Particulars of provision for doubtful receivables			
Opening Balance		225,821,074	227,192,976
(Reversal) / Charge for the Period - net		(80,583,599)	3,378,939
Written Off		-	(4,750,841)
Closing Balance		<u>145,237,475</u>	<u>225,821,074</u>

9.3.1 Had the classification been determined in accordance with the previous requirements of NBFC Regulations 2008, the profit before taxation would have been higher by Rs.16.65 million and long term finances would have been higher by the same amount.

		<i>December 31, 2010</i>	<i>June 30, 2010</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
10 CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in Lease Finance	7	671,632,146	789,153,111
Long-term Finances	9	403,326,427	263,219,617
Long-term Loans		306,922	392,843
		<u>1,075,265,495</u>	<u>1,052,765,571</u>

11. SHORT TERM INVESTMENTS

Term Finance Certificates	134,888,176	150,067,991
Unquoted Securities	21,690,948	410,372,027
Quoted Securities	-	18,334,575
National Investment Trust Units	-	44,246
		<u>156,579,124</u>
		<u>578,818,839</u>

12. PLACEMENTS AND FINANCES

Placements and Finances- Unsecured	12.1	154,346,582	84,235,781
Provision for Doubtful Finances		-	(4,575,681)
		154,346,582	79,660,100
Financing Against Shares	12.2	363,041,101	472,366,259
Provision for Doubtful Finances		(341,071,100)	(344,071,100)
		21,970,001	128,295,159
Short-term Finance - Secured	12.3	66,781,567	66,781,567
Provision for Doubtful Finances		(19,393,478)	(17,400,000)
		47,388,089	49,381,567
Certificates of Deposit		5,000,000	5,000,000
Provision for Doubtful Finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / Musharika Finances	12.4	137,557,780	138,262,780
Provision for Doubtful Finances		(70,326,002)	(63,379,941)
		67,231,778	74,882,839
		<u>290,936,450</u>	<u>332,219,665</u>



- 12.1** Profit rates on these placements range from 15% to 20% (June 30, 2010: 15% to 24%) per annum with profit being receivable on maturity. These placements will mature on December 31, 2010.
- 12.2** These are secured against listed equity securities with market value of securities held as collateral being Rs.21.97 million (June 30, 2010 : Rs.28.29 million). Short-term placements and financing are made to financial institutions and profit is receivable on maturity. These finances were matured on June 30, 2009. As at December 31, 2010 the balance of non-performing advances amounts to Rs.341.07 million (June 30, 2010 : Rs. 372.51 million). The market value of shares pledged against these finances amounts to Rs.21.97 million which is considered while calculating the provision against these finances.
- 12.3** These are secured by mortgage of immovable properties and first ranking charge over hypothecation of stocks. The mark-up / profit rates range from 15.5% to 18.11% (June 30, 2010 : 14% to 18.11%) per annum. These facilities were matured on June 30, 2009. As at December 31, 2010 the balance of non-performing advances amounts to Rs.66.78 million (June 30, 2010 : Rs.66.78 million). Provision against non performing finances is made after netting off forced sale values of the collateral assets amounts to Rs.47.39 million (June 30, 2010 : Rs.49.38 million).
- 12.4** These are secured by hypothecation of all present and future stocks, receivables, demand promissory note and personal guarantee of directors. The mark-up / profit rate ranges from 8.5% to 19.5% (June 30, 2010 : 15% to 19.5%) per annum subject to change in KIBOR. These facilities were matured on June 30, 2009. As at December 31, 2010 the balance of non-performing advances amounts to Rs.137.58 million (June 30, 2010 : Rs.138.35 million). Provision against non performing finances is made after netting off forced sale values of the collateral assets amounts to Rs.67.23 million (June 30, 2010 : Rs.74.88 million).
- 12.5** Had the classification been determined in accordance with the previous requirements of NBFC Regulations 2008, the profit before taxation would have been higher by Rs.38.01 million and placement and finances would have been higher by the same amount.

13. SHARE CAPITAL AND RESERVES	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>June 30, 2010 Rupees</i>
Authorized Capital			
75,000,000 Ordinary Shares of Rs.10/- each		750,000,000	750,000,000
75,000,000 preference shares of Rs.10/- each		<u>750,000,000</u>	<u>750,000,000</u>
		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, Subscribed and Paid-Up Capital			
35,685,382 ordinary shares of Rs.10/- each fully paid in cash		356,853,820	356,853,820
26,491,821 ordinary shares of Rs.10/- each issued as fully paid bonus shares		264,918,210	264,918,210
472,087 ordinary shares of Rs.10/- each issued for consideration other than cash		4,720,870	4,720,870
		<u>626,492,900</u>	<u>626,492,900</u>
71,583,354 Fully paid 4% cumulative preference shares of Rs.10/- each issued against settlement of loans		715,583,540	715,583,540
		<u>1,342,076,440</u>	<u>1,342,076,440</u>



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		<i>December 31, 2010</i>	<i>June 30, 2010</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
14. REDEEMABLE CAPITAL - Secured - Non-Participatory			
Term Finance Certificates - Unlisted	14.1	<u>345,000,000</u>	<u>345,000,000</u>

14.1 This represents privately placed Term Finance Certificates (TFCs) redeemable on September 12, 2012. Profit is payable semi-annually at the rate of six months KIBOR + 1.60 percent. The TFCs are secured by way of a first floating pari passu charge on leased assets and lease rentals receivable.

		<i>December 31, 2010</i>	<i>June 30, 2010</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
15. LONG TERM LOANS Secured			
<i>Foreign Currency</i> Asian Development Bank	15.1	73,836,385	73,836,385
<i>Local Currency</i> Commercial Banks	15.2	<u>673,885,596</u>	<u>744,275,209</u>
		747,721,981	818,111,594
Payable within One Year shown under Current Liabilities	17	<u>(58,142,188)</u>	<u>(66,101,189)</u>
		<u>689,579,793</u>	<u>752,010,405</u>

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

15.2 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 redeemable capital and short term borrowings. These are subject to mark-up rate ranging from 3% to 18.15% (June 30, 2009 : 3% to 18.5%) per annum payable on quarterly / half yearly basis.

		<i>December 31, 2010</i>	<i>June 30 2010</i>
		<i>Rupees</i>	<i>Rupees</i>
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long Term Loans		58,142,188	66,101,189
Certificates of Investment		-	1,192,025
Lease Deposits		<u>172,511,316</u>	<u>208,359,454</u>
		<u>230,653,504</u>	<u>275,652,668</u>



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	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>June 30 2010 Rupees</i>
17. SHORT TERM BORROWINGS			
<i>Secured</i>			
Running Finance		-	99,948,982
<i>Unsecured</i>			
From Commercial Banks - Call Borrowings	17.1	6,418,223	6,418,223
Non-Banking Finance Companies - Call Borrowings	17.2	99,804,086	399,277,922
		<u>106,222,309</u>	<u>505,645,127</u>

17.1 The facility is subject to mark-up rate of 16.75% (June 30, 2010 : 16.75%) per annum. This facility matured on June 30, 2009.

17.2 These facilities are subject to mark-up rate ranging from 17% to 18% (June 30, 2010 : 17% to 18%) per annum. These facilities matured on June 30, 2009.

	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>June 30 2010 Rupees</i>
18. SHORT TERM CERTIFICATES OF INVESTMENT			
Non Banking Financial Institutions	18.1	<u>170,000,000</u>	<u>325,000,000</u>

18.1 These represent the mobilization of funds under the scheme of certificates of investment and deposits issued with the permission of Securities and Exchange commission of Pakistan. The scheme is based on profit and loss sharing basis. The expected rate of profit ranges from 11% to 20% (June 30, 2010 : 11% to 20%) payable on various dates.

	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>June 30 2010 Rupees</i>
19. CONTINGENCIES AND COMMITMENTS			
19.1 Contingent Liability			
Letters of Comfort / Guarantee	19.1.1	<u>3,441,550,163</u>	<u>3,441,550,163</u>

19.1.1 These include guarantees amounting to Rs.895 million expired up to December 31, 2010 (June 30, 2010: Rs.695 million) and original documents of which are not returned to the Company. These also includes guarantees amounting to Rs. 2,107 million (June 30, 2010: Rs.2,107 million) called by the beneficiaries. The Company has not booked any liability on guarantees called as the company does not foresee any cash outflow in view of the explanations / justification here under. Out of balance guarantees of Rs. 1,134 million (June 30, 2010: Rs.1,334 million) the guarantees worth Rs.1,130 million (2009: Rs. 1,130 million) are provided in favor of Trustees of TFCs and Sukuks. The profit payments of majority of these instruments are regular at this point in time. Remaining guarantees are against finance facilities and letters of comfort and were regular at the year end.



a. Guarantees against gas bills

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

b. Guarantees against finances

This includes guarantees called by commercial banks amounting to Rs. 536 million (June 30, 2010: Rs.536 million) issued against the finance facilities extended to clients. The company has adequate security and collateral covering these guarantee amounts. Finance facility against which a guarantee of Rs.426 million is given is under restructuring and guarantee will be released after completion of the process.

c. Under litigation

These are guarantees amounting to Rs. 844 million (June 30, 2010 Rs. 844 million) which were called and are now under dispute / litigations which are being defended by the competent lawyers. The Company is confident that there is adequate legal protection and there would not be any cash outflows. Detail of the guarantees under litigation is as under:

i. The Guarantee of Rs 245 million was given against a letter of comfort. The company has proposed that the underline securities maybe accepted by the guarantor as full & final settlement. However, the Guarantor has filed a winding up petition against the company. Subsequent to year end the beneficiary bank has restructured its facilities to the customer due which the guarantee of the company will be released and winding up petition will be withdraw by the beneficiary bank.

ii. The guarantee of Rs. 250 million against the repayment of Sukuk was called as the principle debtor defaulted in payment of coupon of Rs. 62 million. The Guarantor has filed a recovery suit against the company. The company contended that guarantee should have been called for after taking all legal measures against the principal debtor. Further the underlying assets representing the Sukuks have not yet been transferred in the name of Trustees of Sukuk in contravention of Shariah Regulations which make the guarantee ineffective abinito. Further, according to guarantee instrument the guarantee was to become operational only after the return of previous guarantee dated November 28, 2007. The said guarantee was not returned to the Company, therefore, this gaurantee did not become operational and as a consequence any demand is premature and unsustainable.

iii. In respect guarantee of Rs. 200 million the beneficiary bank has restructured the facility without obtaining NOC from the company as such the company considers that it has enough legal protection.

iv. The guarantees of Rs. 149 million issued against the finance facilities extended to clients. The company has adequate security and collaterals covering these guarantee amounts. Further, in case of guarantee of Rs.128 million, the beneficiary bank has restructured the finance facility.

19.2 Commissioner of Income Tax (CIT) has disallowed certain expenses on allocation of expenses basis for the assessment year 2001-02 and tax year 2003 resulting in increase in tax liability by Rs. 0.582 million and Rs. 3 million respectively. The Company had filed appeals in Income Tax Appellate Tribunal (ITAT) which were decided in favor of the Company, however, the CIT has filed appeal against ITAT decision for rectification. The management is confident that it will not result in any liability and cash outflow to the Company.

20. OTHER INCOME

This includes gain on settlement of liabilities against the assets of the Company amounting to Rs.26.705 million (December 31, 2009: Rs.4.246 million)



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	<i>Note</i>	<i>December 31, 2010 Rupees</i>	<i>December 31, 2009 Rupees</i>
21. PROVISION / (REVERSAL) FOR LEASE LOSSES AND DOUBTFUL RECOVERIES			
Net Investment in Finance Lease	7	39,629,295	(26,235,645)
Long-Term Finances	9	(80,583,599)	23,390,661
Placements and Finances	12	-	85,887,672
Financing against Shares	12	(3,000,000)	(18,532,946)
Short-Term Finances	12	1,993,478	2,000,000
Morabaha / Musharika Finance	12	6,946,061	(2,154,137)
Advance against Lease Commitments		-	(7,664,259)
		<u>(35,014,765)</u>	<u>56,691,346</u>
22. CASH AND CASH EQUIVALENTS			
Cash and Bank Balances		74,617,206	121,704,994
Short Term Running Finance		-	(99,948,983)
		<u>74,617,206</u>	<u>21,756,011</u>

23. SEGMENT ANALYSIS

Segment information for the six months period ended December 31, 2010 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long Term Finances</i>	<i>Placements & Finances</i>	<i>Fee, Commission & Other Income</i>	<i>Total</i>
<----- Rupees ----->						
External operating revenue	29,551,129	(14,456,147)	20,317,934	43,770,572	39,148,316	118,331,804
Unallocated revenue	-	-	-	-	-	2,217
Revenue	<u>29,551,129</u>	<u>(14,456,147)</u>	<u>20,317,934</u>	<u>43,770,572</u>	<u>39,148,316</u>	<u>118,334,021</u>
Segment results	14,789,569	(7,234,924)	10,168,596	21,906,029	19,592,710	59,221,979
Unallocated revenue						1,110
Profit for the period						<u>59,223,089</u>

Segment information for the six months period ended December 31, 2009 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long Term Finances</i>	<i>Placements & Finances</i>	<i>Fee, Commission & Other Income</i>	<i>Total</i>
<----- Rupees ----->						
External operating revenue	19,579,941	(29,300,189)	36,947,241	44,343,288	12,027,036	83,597,317
Unallocated revenue	-	-	-	-	-	3,466,557
Revenue	<u>19,579,941</u>	<u>(29,300,189)</u>	<u>36,947,241</u>	<u>44,343,288</u>	<u>12,027,036</u>	<u>87,063,874</u>
Segment results	(19,759,029)	29,568,173	(37,285,166)	(44,748,851)	(12,137,037)	(84,361,910)
Unallocated revenue						(3,498,263)
Loss for the period						<u>(87,860,173)</u>



24. **TRANSACTIONS WITH RELATED PARTIES**

Related parties comprises of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, key management personnels and their close family members.

Details of transactions with related parties and balances with them as at the period / year-end were as follows:-

	December 31, 2010		June 30, 2010	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
<----- Rupees ----->				
Net Investment in Finance Lease				
Balance at Beginning	-	52,581,328	-	60,886,313
Rentals Received/ Settled	-	(52,581,328)	-	(8,304,985)
Balance at End	-	-	-	52,581,328
Long term finances / loans				
Balance at Beginning	394,796	-	702,073	-
Sanctioned / Granted	-	-	-	307,922,427
Received	(159,484)	-	(307,277)	(307,922,427)
Balance at End	235,312	-	394,796	-
Placement and finances				
Balance at Beginning	-	-	-	42,560,044
Sanctioned / Granted	-	148,083,808	-	-
Received / Settled	-	(8,737,226)	-	(42,560,044)
Balance at End	-	139,346,582	-	-
Investment in associate				
Balance at Beginning	-	22,961,150	-	391,805,414
Increase / (decrease) in interest	-	136,552,931	-	(22,187,150)
Transfer to available-for-sale investment	-	-	-	(301,297,407)
Share of Profit / (Loss)	-	12,307,177	-	(36,373,779)
Share of surplus/(deficit) on revaluation	-	1,745,006	-	(8,985,928)
Balance at End	-	173,566,264	-	22,961,150
Mark-up Payable	-	33,487,671	-	24,917,808
Mark-up Receivable	-	4,634,292	-	-
Disposal of Fixed Assets - Cost	879,000	-	1,619,000	-
Settlement Transactions				
Purchase of Property	-	95,000,000	-	-
Net Investment in Finance Lease - Transferred	-	(53,675,681)	-	-
Other Receivables- (Transferred) / Received	-	(30,210,000)	-	17,742,225
Cash and Bank Balances Paid	-	(2,324,319)	-	-
Short term Investments Acquired	-	70,710,230	-	-
Long Term Finances Transferred	-	(66,767,706)	-	-
Accrued and Other Liabilities Transferred	-	(3,942,524)	-	-
Long Term Lease Deposits	-	20,000,000	-	-



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>December 31, 2010</i>		<i>December 31, 2009</i>	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	<i><----- Rupees -----></i>			
<i>Charge to profit and loss account</i>				
Lease Income	-	1,129,129	-	1,539,638
Return on Placements, Finances, Deposits and Investments	-	4,634,292	-	1,857,143
Share of Profit / (Loss) from Associate	-	12,307,177	-	(18,754,817)
Other Income	-	8,790,000	-	
Finance Cost	-	8,569,863	-	16,847,671
Common Expenses Paid	-	5,025,295	-	8,108,949

25. ***DATE OF AUTHORIZATION OF ISSUE***

These financial statements were authorised for issue on 26 February 2011 by the Board of Directors of the Company.

26. ***GENERAL***

Figures have been rounded off nearest to Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

BOOK POST

If undelivered, Please return to:
FIRST DAWOOD INVESTMENT BANK LTD
1500-A, Saima Trade Towers
I.I. Chundrigar Road, Karachi 74000



FIRST DAWOOD INVESTMENT BANK LIMITED

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