



FIRST DAWOOD INVESTMENT BANK LIMITED

**Third Quarter Report
31 March, 2010
(Un-audited)**

BOOK POST



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FIRST DAWOOD INVESTMENT BANK LTD
1500-A, Saima Trade Towers
I.I. Chundrigar Road, Karachi 74000



FIRST DAWOOD INVESTMENT BANK LIMITED

Head Office : 1500-A, Saima Trade Towers I.I. Chundrigar Road, Karachi-74000
UAN : 111-DAWOOD (111-329663) Fax : 92-21-3227-1913
Email : dlc@cyber.net.pk fdib@firstdawood.com



FIRST DAWOOD INVESTMENT BANK LIMITED

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FIRST DAWOOD INVESTMENT BANK LIMITED

CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Abdus Samad Khan Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. AVM (R) Syed Javed Raza Mr. Omer Hasan Khan Bangash	Chairman Chief Executive Officer Director Director Director (Nominee of DCM) Director
Audit Committee	Mr. Rasheed Y. Chinoy Mr. AVM (R) Syed Javed Raza Mr. Rafique Dawood	Chairman Member Member
Chief Financial Officer	Mr. Abbas Qurban	
Company Secretary	Syed Kabiruddin	
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 Habib Metropolitan Bank Habib Bank KASB Bank MCB Bank National Bank of Pakistan 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	



FIRST DAWOOD INVESTMENT BANK LIMITED

DIRECTOR'S REPORT

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 unaudited third quarter 2010 interim financial statements of the Company for period ended March 31, 2010.

Your company during the 3rd quarter under review has recorded a pre-tax profit of Rs. 34.55 million as compared to loss of Rs. 681.66 million during the corresponding quarter last year. This has resulted in reduction of cumulative loss to Rs. 54.31 million. Gross revenue for the quarter is Rs. 112.16 million as compared to gross revenue loss of Rs. 153.88 million which was resulted mainly due to loss on sale of Securities in previous corresponding period. In view of rescheduling / restructuring / settlement and reduction in liabilities, financial charges have gone down substantially to Rs. 30.44 million from Rs. 271.28 million. Administrative expenses for the quarter under review remained under control and have reduced to Rs. 23.68 million from Rs. 25.09 million.

Your company remained committed to settle its liabilities and has settled over 90% out of its total liability of around Rs. 10 billion. The individuals / provident fund COI's holders have all been settled and merely an amount of Rs. 1.00 million remaining outstanding. Due to settlement with the creditors the balance sheet size has now reduced to Rs. 2,915.54 million from Rs. 5,136.41 million as on June 30, 2009.

As reported in our earlier report that in order to resurrect your company and restart its normal functions, various measures have been adopted including but not limited to debt / equity swaps, fresh equity injection and provision write backs. Till this day a commitment of Rs 705 million has been received from institutions like NBP, ABL, BOK, Askari Bank, IGI Investment Bank and others against Preference Shares issue of Rs. 750 million including green shoe option of 20%. The issue will be completed shortly after the approval of relevant authorities. Preference shares issue will contribute to positive equity by Rs. 201.72 million which will further improve by fresh equity injection by sponsors through right issue and provision writeback.

The Board of Directors acknowledges and appreciates the commitment and continuous efforts of all the employees during these hard times being faced by the company. We also take this opportunity to express our gratitude to SECP, our valued customers, business partners, stake holders, shareholders and particularly our creditors for their continued confidence and patronage.

April 23, 2010

On Behalf of the Board of Directors

First Dawood Investment Bank Limited

Rafique Dawood
Chairman



FIRST DAWOOD INVESTMENT BANK LIMITED

BALANCE SHEET
As At March 31, 2010

	<i>Note</i>	<i>Unaudited March 31, 2010 Rupees</i>	<i>Audited June 30, 2009 Rupees</i>
ASSETS			
NON CURRENT ASSETS			
Property and Equipment	6	35,064,382	85,681,310
Investment Properties	7	191,037,708	97,437,708
Net Investment in Lease Finance	8	238,763,213	549,291,789
Long-Term Investments	9	353,860,913	410,189,882
Long-Term Finances	10	92,033,342	544,915,310
Long-Term Loans		561,115	853,902
Long-Term Deposits		4,763,500	3,637,500
		916,084,173	1,692,007,401
CURRENT ASSETS			
Current Portion of Non-Current Assets	11	1,217,418,220	1,130,423,940
Short Term Investments	12	264,435,887	921,261,227
Placements and Finances	13	317,066,746	894,171,072
Advance Against Lease Commitments		-	7,664,259
Advances and Prepayments		29,409,342	27,184,134
Interest Accrued		28,048,489	113,753,429
Other Receivables		102,629,483	155,611,086
Cash and Bank Balances		40,452,563	194,339,884
		1,999,460,730	3,444,409,031
		<u>2,915,544,903</u>	<u>5,136,416,432</u>
EQUITY AND LIABILITIES			
Share Capital		626,492,900	626,492,900
Reserves and Accumulated losses		(1,084,049,929)	(1,029,739,028)
		(457,557,029)	(403,246,128)
Advance Against Preference Shares	1.3 (b)	659,275,080	-
		201,718,051	(403,246,128)
Deficit on Revaluation of Investments		(60,390,919)	(115,444,741)
NON-CURRENT LIABILITIES			
Redeemable Capital		345,000,000	345,000,000
Long-Term Loans	14	752,260,404	771,206,384
Certificates of Investment	15	9,374,497	9,374,497
Long-Term Deposits		182,442,609	177,077,334
Deferred Liabilities		-	12,870,928
		1,289,077,510	1,315,529,143
CURRENT LIABILITIES			
Current Portion of Long-Term Liabilities	16	326,921,391	993,218,753
Mark-up Accrued		256,941,083	347,320,545
Short-Term Borrowings	17	536,088,963	1,637,288,009
Certificates of Investment / Deposit	18	330,000,000	1,317,818,653
Accrued and Other Liabilities		25,855,354	37,648,723
Taxation		9,333,470	6,283,475
		1,485,140,261	4,339,578,158
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>2,915,544,903</u>	<u>5,136,416,432</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>March 31</i>		<i>March 31</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<----- Rupees ----->			
Income				
Lease Income	24,229,312	28,794,537	4,649,371	(73,147)
Return on Deposits and Investments	113,304,987	438,507,656	17,403,795	73,351,387
(Loss)/Gain on Sale of Securities - Net	(64,776,880)	(429,318,512)	14,648,998	(319,667,655)
Return on Long Term Finances	95,077,122	179,972,885	58,129,911	84,583,233
Brokerage Income	2,570,830	5,792,039	543,500	1,456,183
Exchange Gain	10,964	47,004,544	3,922	443,619
Other Income	28,815,337	33,168,448	16,788,301	6,019,268
	199,231,672	303,921,597	112,167,798	(153,887,112)
Provision / Changes in Fair Value				
Reversal / (Provision) against for Lease Losses and Doubtful Recoveries	45,803,840	(372,893,311)	(10,887,506)	(177,789,918)
Surplus in Fair Valuation of Interest Rate SWAP	-	1,459,167	-	-
Deficit on Revaluation of Investment Property	-	(46,113,241)	-	-
Provision for Impairment	(75,162)	-	(75,162)	-
Deficit on Revaluation of Held for Trading Securities	-	(65,416,784)	-	(47,821,152)
	45,728,678	(482,964,169)	(10,962,668)	(225,611,070)
	244,960,350	(179,042,572)	101,205,130	(379,498,182)
Expenditure				
Administrative and Operating Expenses	(75,394,404)	(66,725,351)	(23,685,587)	(25,091,111)
Financial Charges	(189,548,065)	(923,238,959)	(30,446,306)	(271,279,263)
	(264,942,469)	(989,964,310)	(54,131,893)	(296,370,374)
Share of Loss of Associates	(31,278,782)	(30,421,292)	(12,523,965)	(5,794,929)
(Loss)/Profit Before Taxation	(51,260,901)	(1,199,428,174)	34,549,272	(681,663,485)
Taxation				
Current	(3,050,000)	(5,000,000)	(1,000,000)	(2,000,000)
Loss After Taxation	(54,310,901)	(1,204,428,174)	33,549,272	(683,663,485)
(Loss) / Earnings Per Share	(0.87)	(19.22)	0.54	(10.91)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	<i>Nine Months Ended March 31</i>	
	2010 <i>Rupees</i>	2009 <i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss Before Taxation	(54,310,901)	(1,199,428,174)
Adjustments:		
Depreciation	2,854,408	3,772,141
Loss on Sale of Investments	64,776,880	429,318,512
Share of Loss of Investment in Associates	31,278,782	30,421,292
Financial Charges	189,548,065	923,238,959
(Gain)/Loss on Sale of Property, Plant and Equipment	(76,850)	2,228,643
Provision for Gratuity	-	3,171,500
(Reversal) / Provision against Lease Losses and Doubtful Recoveries	(45,803,840)	372,893,311
Deficit on Revaluation of Held for Trading Securities	-	65,416,784
Deficit on Revaluation of Investment Property	-	46,113,241
Surplus in Fair Valuation of Interest Rate Swap	-	(1,459,167)
Exchange Gain	-	(47,004,544)
	<u>242,577,445</u>	<u>1,828,110,672</u>
Operating Cash Flow Before Movements in Working Capital	188,266,544	628,682,498
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Operating Assets		
Net Investment in Lease Finance	144,595,071	362,874,429
Long-Term Finances	513,233,401	320,597,033
Long-Term Loans	94,006	856,920
Placements and Finances	652,935,135	1,144,730,993
Advances and Prepayments	764,416	(34,953,281)
Advance Against Lease Commitments	-	15,076,202
Interest Accrued	85,704,940	(80,500,037)
Other Receivables	52,981,603	(23,443,219)
	<u>1,450,308,572</u>	<u>1,705,239,040</u>
	1,638,575,116	2,333,921,538
Increase / (Decrease) in Operating Liabilities		
Certificates of Investment / Deposit	(835,613,573)	(2,101,714,858)
Deposits	(37,526,784)	(104,608,260)
Short-Term Borrowings	(567,413,271)	(796,115,156)
Accrued and Other Liabilities	(11,793,369)	(18,752,009)
	186,228,119	(687,268,745)
Financial Charges Paid	(279,927,527)	(828,638,442)
Gratuity Paid	(22,921,458)	(788,228)
Tax Paid	(401,927)	(7,211,267)
Net Cash used in Operating Activities	<u>(117,022,793)</u>	<u>(1,523,906,682)</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(7,097,622)	(3,505,050)
Purchase of Investment Property	(93,600,000)	(3,091,741)
Proceed from Sale of Property and Equipment	56,721,300	2,081,066
Proceed from Sale of Investment Property	-	720,246,164
Investment in Equity Accounted Investee	-	138,855,124
Long-Term Investments	18,384,468	96,380,973
Long-Term Deposits	(1,126,000)	-
Short-Term Investments	657,713,907	944,560,680
Net Cash from Investing Activities	<u>630,996,053</u>	<u>1,895,527,216</u>

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long-Term Loans	<u>(179,074,806)</u>	<u>(284,530,475)</u>
Net Cash Used in Financing Activities	<u>(179,074,806)</u>	<u>(284,530,475)</u>
Net increase in Cash and Bank Balances	334,898,454	87,090,059
Cash and Cash Equivalents at Beginning of the Period	(394,394,873)	(585,357,336)
Cash and Cash Equivalents at End of the Period	<u>20 (59,496,419)</u>	<u>(498,267,277)</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

	Issued,		Capital Reserve			Revenue Reserve		Advance Against Preference Shares	Total
	Subscribed and Paid-up Capital	Statutory Reserve *	Reserve for Issue of Bonus Shares	Premium on Right Issue	Capital Reserve on Acquisition	General Reserve	Accumulated losses		
	<----- Rupees ----->								
Balance as at June 30, 2008	569,539,000	202,186,151	-	53,426,910	2,596,484	375,000,000	185,427,230	-	1,388,175,775
Total Comprehensive Income for the Period							(1,204,428,174)	-	(1,204,428,174)
Transfer to Reserve for Issue of Bonus Shares @ 10% for the Year ended June 30, 2008	-	-	56,953,900	-	-	-	(56,953,900)	-	-
Issue of Bonus Shares	56,953,900	-	(56,953,900)	-	-	-	-	-	-
Balance as at March 31, 2009	626,492,900	202,186,151	-	53,426,910	2,596,484	375,000,000	(1,075,954,844)	-	183,747,601
Total Comprehensive Income for the Period	-	-	-	-	-	-	(586,993,729)	-	(586,993,729)
Transfer from General Reserves	-	-	-	-	-	(375,000,000)	375,000,000	-	-
Balance as at June 30, 2009	626,492,900	202,186,151	-	53,426,910	2,596,484	-	(1,287,948,573)	-	(403,246,128)
Total Comprehensive Income for the Period							(54,310,901)	-	(54,310,901)
Advance Against Preference Shares	-	-	-	-	-	-	-	659,275,080	659,275,080
Balance as at March 31, 2010	626,492,900	202,186,151	-	53,426,910	2,596,484	-	(1,342,259,474)	659,275,080	201,718,051

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>March 31</i>		<i>March 31</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<----- Rupees ----->			
(Loss)/Profit after Taxation for the Period	(54,310,901)	(1,204,428,174)	33,549,272	(683,663,485)
Other Comprehensive Income				
Surplus / (Deficit) on Remeasurement of Investments Classified as Available for Sale	61,719,541	(681,945,490)	22,454,829	(49,855,865)
Share of Surplus / (Deficit) on Remeasurement of Investments in Associate	(6,665,719)	4,079,894	(7,281,230)	44,375,064
	<u>55,053,822</u>	<u>(677,865,596)</u>	<u>15,173,599</u>	<u>(5,480,801)</u>
Total Comprehensive Income for the Period	<u>742,921</u>	<u>(1,882,293,770)</u>	<u>48,722,871</u>	<u>(689,144,286)</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

I. 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 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). Registered office of the company is situated in Karachi, Sindh.

1.2 The Company is also acting as Trustees to Term Finance Certificates / Sukuk and mutual funds issued by various corporate clients. The value of such assets as at March 31, 2010 amounted to Rs.34,740 million (June 30, 2009 : Rs.34,740 million).

1.3 Challenges

Since second quarter of 2008-09, the company is facing financial difficulties as a result of unwarranted liquidity crunch in the financial sector which resulted in withdrawal/suspension of money market/credit 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 commitment on time. This triggered an uncalled for run on the business of the Company. The Company could not promptly repay its short term and long term obligations. 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 non-renewal of leasing license and permission to issue certificates of investment & deposit.

The Company in order to meet the creditors' obligation entered into full & partial settlements against its assets. Due to closure of stock market, introduction of MUFAP pricing, provisioning and settlements, the company incurred losses and its accumulated loss to date is Rs.1,342 million (June 2009 : Rs.1,288 million) and its equity is in the negative zone by Rs.518 million (June 2009 : Rs.519 million) before advance against preference shares. These cast doubt about the going concern ability of the company. The intensity of doubt created on the going concern ability of the Company seems to have diluted due to the following mitigation steps taken by the management.

a. Mitigating Efforts and Achievements

During the year 2009, steering committee of the creditors was made which recommended the settlement process against its assets and to date about 90% of creditors/lenders have agreed to it.

The process is being taken forward and to date the company has successfully able to pay / settle / restructure Rs. 8,902 million (almost 90%) of its liabilities of Rs. 9,818 million as at June 30, 2008 (principal and markup). The balance sheet footing has reduced from Rs. 11,064 million (at June 30 2008) to Rs. 5,136 million as at June 30, 2009 and to Rs.2,916 million as at March 31, 2010. We reiterate that the Company continues to remain current on its long term liabilities and 'Term Finance Certificates'. Further, out of Rs.499.37 million outstanding COI's, Company repaid Rs.498.18 million to individuals, provident funds and other corporate customers. The remaining will be paid on respective maturities.

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 agreed / committed to convert a part of their outstanding debts worth Rs.659.3 million into company's 5 year convertible cumulative preference shares. These preference shares carries dividend rate of 4% and are non-participatory and callable. The Company is in the process of negotiation with other lenders to convert part of their liabilities to bring the preference shares size to Rs.705 million.



FIRST DAWOOD INVESTMENT BANK LIMITED

b. Capital and Equity

Advance against Preference Shares

The debt / equity swap i.e. conversion of debt / loan by certain lenders into preference shares of 'FDIB' is presently being reflected under accounting head of 'Advance Against Preference Shares'. The Board of Directors and the shareholders have separately approved this swap. FDIB has approached 'SECP' for their approval which we hope will be received soon. Therefore, until such time, the amount is being reflected under 'Advance Against Preference Shares'.

Right Issue

The Board has considered 50% right issue of shares latest by June 30, 2010 and sponsoring directors are committed to subscribe their portion and also to arrange underwriting for the remaining to comply with the 'Minimum Capital Requirement' for NBFCs.

The proposed debt - equity swap by way of issuance of cumulative preference shares, proposed right issue upto 50% and certain provision write-back / income suspense reversal pertaining to assets settled / disposed off would make the equity of the company positive by June 30, 2010, which is the target date for restarting normal business operations by the Company.

c. Litigation cases by the creditors

Originally eight unsecured lenders having a total outlay of Rs.1,000 million 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, three institutions settled their liabilities against company's assets via out of court settlement. Negotiations are being held with others and hopefully another Rs.250 million will be settled soon. Two institutions (having exposure of Rs.125 million only) continue to insist for cash settlement and they are being pursued to settle / restructure in the same fashion as others have done. Further, the case of Pak Iran continues to remain subjudice requiring the company for specific performance of settlement agreement originally entered with them. However, based on legal opinion, our stance is that the agreement holds no more valid as certain formalities and conditions as mentioned in the agreement to be fulfilled within 45 days could not be met. However, active negotiations are taking place between both the parties to resolve the issue before June 20, 2010.

d. Credit Rating

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 have been achieved. The management feel that the 'Rating Agency' has developed 'selective rating criteria' and have protested the same. We understand that at this point in time when company has already met almost all its liabilities, and individual corporate and provident COI fully paid, and banks agreeing to Debt / equity swap, the down grade the company from BB (Non investment Grade) to "D" is harsh.

e. 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 non-compliances and irregularities in the affairs of the company. The company had submitted its detailed reply to their observations on July 25, 2009. The company received show cause notice from SECP on February 18, 2010 to explain reasons for non-compliances and violations reported in the SECP inspection report. The company had submitted its response on March 02, 2010 through its legal counsel.

f. Future Prospect

The Company is expected to be equity compliant and normal business are targeted to be started by July, 2010. As evident, the business mode / projections prepared in June 2009, are adhered to. After meeting majority of the creditors' claims, emphasis has now been shifted to recoveries. A special team has been inducted and willful defaulters are rigorously followed. The recoveries will enable the company to maintain reasonable cash in hand so that a sizeable cash pool for business is available to the company for business operations and revenue generation.

The company also plan to reactivate its Karachi, Lahore and Islamabad branches, which will become the base of resource mobilization. Under the new business plan, low concentration has been given to the inter-bank borrowings. The present management is committed and fully geared to turn around the Company for the benefit of the creditors, share holders and other stakeholders in the least possible time.



FIRST DAWOOD INVESTMENT BANK LIMITED

2. ***BASIS OF PRESENTATION***

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'.

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.

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 2009.

5. ***STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR***

In the current year, the Company has adopted all new Standards issued by the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for Company's accounting period beginning on July 01, 2009.

*Effective for accounting period
beginning on or after*

- IAS 1 (revised) - Presentation of Financial Statements

January 01, 2009

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Company has applied IAS 1 (revised) from July 1, 2009, and has elected to present two statements (the income statement and statement of comprehensive income).



FIRST DAWOOD INVESTMENT BANK LIMITED

- IFRS 8 Operating Segments

January 01, 2009

IFRS 8 'Operating segments' also became effective from January 1, 2009 which requires an entity to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker (CODM) that is, the Company's function which allocates resources to and assesses performance of its operating segments. The adoption of this standard has not resulted in a significant change in the presentation of financial information.

	Note	March 31, 2010 Rupees	June 30, 2009 Rupees
6. PROPERTY AND EQUIPMENT			
6.1 Acquisition of assets - at cost			
Equipment and Appliances		308,453	177,050
Vehicles - Owned		6,789,169	3,328,000
		<u>7,097,622</u>	<u>3,505,050</u>
6.2 Disposal of assets - at cost			
Vehicles - Owned		3,895,800	7,777,403
Capital Work in Progress - settlement against liabilities		52,825,500	-
		<u>56,721,300</u>	<u>7,777,403</u>
7. INVESTMENT PROPERTIES			
Opening Balance		97,437,708	863,624,534
Acquisitions during the Period / Year		93,600,000	3,091,742
Disposed off in Settlement of Liabilities		-	(760,839,414)
Net Loss on Fair Value Adjustment		-	(8,439,154)
Closing Balance		<u>191,037,708</u>	<u>97,437,708</u>
8. NET INVESTMENT IN LEASE FINANCE			
Net Investment in Lease Finance	8.1	1,460,611,735	1,600,977,948
Provision for Doubtful receivables		(390,249,364)	(364,013,719)
Current Portion	11	(831,599,158)	(687,672,440)
		<u>238,763,213</u>	<u>549,291,789</u>
8.1 Particulars of net investment in lease finance			
Minimum Lease Payments Receivable		1,448,874,094	1,593,469,165
Residual Value of Leased Assets		311,317,331	330,674,462
		<u>1,760,191,425</u>	<u>1,924,143,627</u>
Unearned Finance Income		(299,579,690)	(323,165,679)
Net Investment in Lease Finance		<u>1,460,611,735</u>	<u>1,600,977,948</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

		<i>March 31, 2010 Rupees</i>	<i>June 30, 2009 Rupees</i>
9. LONG TERM INVESTMENTS			
Investment in Associates	9.1	353,860,913	391,805,414
Investment - Held to Maturity		-	18,384,468
		<u>353,860,913</u>	<u>410,189,882</u>
9.1 Investment in associates			
Opening Balance		391,805,414	297,550,896
Increase in Interest in Associates		-	203,739,187
Share of Loss		(31,278,778)	(54,355,451)
Share of Surplus / (Deficit) on Revaluation of Investments		(6,665,718)	(55,129,218)
		<u>353,860,918</u>	<u>391,805,414</u>
10. LONG TERM FINANCES			
Term Finance Facilities		701,252,659	1,214,486,060
Provision for Doubtful Receivables		(223,788,229)	(227,192,976)
Current Portion	11	(385,431,088)	(442,377,774)
		<u>92,033,342</u>	<u>544,915,310</u>
11. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance		831,599,158	687,672,440
Long-term finances		385,431,088	442,377,774
Long-term loans		387,974	373,726
		<u>1,217,418,220</u>	<u>1,130,423,940</u>
12. SHORT TERM INVESTMENTS			
Investments - Available for sale	12.1	264,435,887	920,339,670
Investments designated at fair value through profit & loss		-	921,557
		<u>264,435,887</u>	<u>921,261,227</u>
12.1 Investments - Available for sale			
Term Finance Certificates		155,839,262	563,557,160
National Investment Trust Units		48,027	41,259
Quoted Securities		17,948,598	257,641,251
Unquoted Securities		90,600,000	99,100,000
		<u>264,435,887</u>	<u>920,339,670</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

		<i>March 31, 2010 Rupees</i>	<i>June 30, 2009 Rupees</i>
13. PLACEMENTS AND FINANCES			
Placements and finances- unsecured		84,235,781	308,183,497
Provision for doubtful finances		-	(85,887,672)
		84,235,781	222,295,825
Financing against shares		472,834,676	494,440,593
Provision for doubtful finances		(412,477,017)	(398,187,821)
		60,357,659	96,252,772
Short-term finance - secured		107,678,481	510,186,399
Provision for doubtful finances		(18,939,726)	(21,326,160)
		88,738,755	488,860,239
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful deposits		(5,000,000)	(5,000,000)
		-	-
Morabaha / Musharika Finances		138,478,833	143,352,417
Provision for Doubtful Finances		(54,744,282)	(56,590,181)
		83,734,551	86,762,236
		<u>317,066,746</u>	<u>894,171,072</u>
14. LONG TERM LOANS			
<i>Secured</i>			
<i>Foreign Currency</i>			
Asian Development Bank		81,200,398	88,213,826
<i>Local Currency</i>			
Commercial Banks		850,069,087	1,477,050,465
		931,269,485	1,565,264,291
Maturing within one year	16	(179,009,081)	(794,057,907)
		<u>752,260,404</u>	<u>771,206,384</u>
15. LONG TERM CERTIFICATES OF INVESTMENT / DEPOSIT			
Corporate		9,474,497	12,474,497
Individuals		1,092,025	5,242,025
		10,566,522	17,716,522
Maturing within one year	16	(1,192,025)	(8,342,025)
		<u>9,374,497</u>	<u>9,374,497</u>
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long Term Loans		179,009,081	794,057,907
Certificates of Investment / Deposit		1,192,025	8,342,025
Lease Deposits		146,720,285	190,818,821
		<u>326,921,391</u>	<u>993,218,753</u>



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	<i>March 31, 2010</i>	<i>March 31, 2009</i>
	<i>Rupees</i>	<i>Rupees</i>
17. SHORT TERM BORROWINGS		
<i>Secured</i>		
Running Finance	99,948,982	588,734,757
<i>Unsecured</i>		
From Commercial Banks - Call Borrowings	6,418,223	291,772,286
Non-Banking Finance Companies - Call Borrowings	429,721,758	756,780,966
	<u>536,088,963</u>	<u>1,637,288,009</u>

18. SHORT TERM CERTIFICATES OF INVESTMENT / DEPOSIT		
Commercial Banks	-	203,818,653
Non Banking Financial Institutions	330,000,000	545,000,000
Corporate	-	509,000,000
Individuals	-	60,000,000
	<u>330,000,000</u>	<u>1,317,818,653</u>

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingent Liability

Letters of Comfort / Guarantee	19.1.1	1,819,750,000	3,869,726,729
Markup on a Placement under Litigation	19.2	38,419,973	-

19.1.1 The Company has not booked any liability on guarantees called by the beneficiaries amounting to Rs. 843.75 million (June 30, 2009 : Rs.1,229 million) as the company does not foresee any cash outflow in view of the status explained in the ensuing paragraphs . Out of balance guarantees of Rs.976 (June 30, 2009 : Rs.2,640) million the guarantees worth Rs.626 (June 30, 2009 : Rs.1,624) million are issued in favour of Trustees of TFCs and Sukuks and the profit payments of these instruments are regular at this point in time. Remaining guarantees of Rs.350 million are against finance facilities and Letters of confort and are regular.

a. Under litigation

These are guarantees amounting to Rs.843.75 (June 30, 2009 : Rs.256.93) million which were called. Beneficiaries filed recovery suit against the Company which are now under dispute / litigations and are being defended by competent lawyers. The Company is confident that there is adequate legal protection and there would not be any cash outflow. Brief detail of these guarantees are as under: -

A Guarantee of Rs.245 million was given against the Letter of Comfort which is currently in Litigation. The company has proposed that the underline securities maybe accepted by the gurantor as full & final settlement. However, beneficiary subsequently filed a winding up petition against the company. As per the opinion of lawyer, the company holds valid ground to defend the petition. Further, the client is also trying to restructure the facility with the beneficiary.

A 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 company contended that guarantee should have been called for after taking all legal measures against the principle debtor. Furhter the underlying assets representing the Sukuks have not yet been transferred in the name of trustees of Sukuk which make the guarantee ineffective abinito.



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In respect of a 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.

The guarantees of Rs. 148.75 million issued against the finance facilities extended to clients. The company has adequate security and collaterals covering these guarantee amounts.

19.2 This represents markup differential on a clean placement which the management consider no more chargeable as per the original terms of placement after its expiry date and the matter is subjudiced.

19.3 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.582,197 and Rs.2,970,416 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 cash outflow to the Company.

20. CASH AND CASH EQUIVALENTS

Cash and Bank Balances	40,452,563	16,017,876
Short Term Running Finance	(99,948,982)	(514,285,153)
	<u>(59,496,419)</u>	<u>(498,267,277)</u>

21. SEGMENT ANALYSIS

Segment information for the nine months period ended March 31, 2010 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long Term Finances</i>	<i>Placements & Finances</i>	<i>Fee & Commission</i>	<i>Total</i>
	<----- Rupees ----->					
External operating revenue	24,229,312	(5,568,521)	95,077,122	50,109,528	28,815,337	192,662,778
Unallocated revenue	-	-	-	-	-	6,568,894
Revenue	<u>24,229,312</u>	<u>(5,568,521)</u>	<u>95,077,122</u>	<u>50,109,528</u>	<u>28,815,337</u>	<u>199,231,672</u>
Segment results	(6,604,953)	1,517,989	(25,918,189)	(13,659,945)	(7,855,111)	(52,520,209)
Unallocated revenue						(1,790,692)
Loss for the period					<i>Rupees</i>	<u>(54,310,901)</u>

Segment information for the nine months period ended March 31, 2009 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long Term Finances</i>	<i>Placements & Finances</i>	<i>Fee & Commission</i>	<i>Total</i>
	<----- Rupees ----->					
External operating revenue	28,794,537	(252,529,407)	179,972,885	252,006,975	33,168,448	241,413,438
Unallocated revenue	-	-	-	-	-	62,508,159
Revenue	<u>28,794,537</u>	<u>(252,529,407)</u>	<u>179,972,885</u>	<u>252,006,975</u>	<u>33,168,448</u>	<u>303,921,597</u>
Segment results	(114,111,508)	1,000,763,143	(713,224,777)	(998,692,767)	(131,445,128)	(956,711,037)
Unallocated revenue						(247,717,137)
Loss for the period					<i>Rupees</i>	<u>(1,204,428,174)</u>



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22. **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: -

	<i>March 31, 2010</i>		<i>June 30, 2009</i>	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
<----- Rupees ----->				
Net Investment in Finance Lease				
Balance at Beginning	-	60,886,313	-	73,568,039
Sanctioned / Granted	-	-	-	-
Rentals Received	-	-	-	-
Balance at End	-	(8,009,969)	-	(12,681,726)
	-	52,876,344	-	60,886,313
Long term finances / loans				
Balance at Beginning	702,073	-	2,060,457	-
Sanctioned / Granted	-	-	-	307,922,427
Received	(229,015)	-	(1,358,384)	(307,922,427)
Balance at End	473,058	-	702,073	-
Placement and finances				
Balance at Beginning	-	42,560,044	-	425,849,464
Sanctioned / Granted	-	-	-	5,261,909,312
Received	-	(42,560,044)	-	(5,645,198,732)
Balance at End	-	-	-	42,560,044
Investment in associate				
Balance at Beginning	-	391,805,414	-	297,550,896
Increase in Interest of Associate	-	-	-	203,739,187
Decrease in Interest of Associate	-	-	-	-
Share of Loss/Surplus on Revalu	-	(37,944,501)	-	(109,484,669)
Balance at End	-	353,860,913	-	391,805,414
Available for Sale Securities	-	-	-	94,609,180
Securities Purchased	-	-	-	218,230,585
Securities Sold	-	-	-	186,285,168
Advances and Prepayments	-	-	-	3,000,920
Mark-up Receivable	-	-	-	259,052
Other Receivables	-	-	-	120,108,947
Mark-up Payable	-	20,679,452	-	1,630,137
Short-term Borrowings	-	-	-	100,000,000
Disposal of Fixed Assets - Cost	1,619,000	-	1,757,166	415,833
<----- Rupees ----->				
Charge to profit and loss account				
Finance Cost	-	20,679,452	-	22,522,480
Lease Income	-	2,268,991	-	6,130,782
Return on Placements, Finances, Deposits and Investments	-	1,857,143	-	46,471,206
Common Expenses Paid	-	11,772,570	-	13,187,499
Share of Loss from Associate	-	31,278,782	-	30,421,292
Brokerage Expenses - CFS	-	-	-	10,400
Brokerage Expenses - Equity	-	-	-	420,400
Capital Loss	-	-	-	4,742,570
Long Term Finance Income	-	-	-	3,195,215
Common Expenses Received	-	-	-	7,393,950



FIRST DAWOOD INVESTMENT BANK LIMITED

23. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorised for issue on April 23, 2010 by the Board of Directors of the Company.

24. GENERAL

Figures have been rounded off nearest to Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

