

**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Third Quarter Report  
31 March 2014**



FIRST DAWOOD INVESTMENT BANK LIMITED

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## CORPORATE INFORMATION

<b>Board of Directors*</b>	Mr. Rafique Dawood Mr. Abu Khursheed M. Ariff Mr. Ayaz Dawood Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Amir Amin	Chairman Director & CEO (Not assumed charge as CEO) Director Director Director Director (Nominee of NIT) (Not assumed charge)
<b>Audit Committee</b>	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Amir Amin	Chairman Member Member (Not assumed charge)
<b>HR &amp; R Committee</b>	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khursheed M. Ariff	Chairman Member Member
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Nabeel Asif	
<b>Auditors</b>	Mr. Yousuf Asif Saleem & Company. Chartered Accountants (Deloitte)	
<b>Legal Advisor</b>	A.Q. Abbasi & Associates Kabiraji & Talibuddin Kamal Azfar & Associates Khalil Asif & Co Mohsin Tayebaly & Co Minto & Mirza Nishtar & Zafar (Advocate & Legal Consultants) S.B. Durrani Law Associates	
<b>Management Consultants</b>	Shekha & Mufti Chartered Accountants (Moore Stephens International)	
<b>Bankers</b>	Al-Baraka Islamic Bank Bank Al-Habib Habib Metropolitan Bank MCB Bank National Bank of Pakistan Oman International Bank Standard Chartered Bank United Bank	
<b>Registered Office Head Office</b>	18th Floor, B.R.R Tower, Hasan Ali Street Off: I. I. Chundrigar Road, Karachi-74000 PABX +92 (21) 3227-1875-78 Fax: +92 (21) 3227-1912 Email: fdib@firstdawood.com URL: www.firstdawood.com	
<b>Share Registrar</b>	<b>F.D. Registrar Services (SMC-Pvt) Ltd.</b> 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Tel: +92 (21) 3547 8192-93 / 021-32771906 Fax: +92 (21) 3262 1233 / 021-32271905 Email: fdregistrar@hotmail.com, fdregistrar@yahoo.com	

\*Application for the prior approval of Directors is pending with SECP. Till approval is granted the newly elected directors cannot assume charge hence, the previous directors will continue to hold office.

**DIRECTORS' 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 interim financial statements of the Company for the period ended March 31, 2014.

Your company during the 9 months of the current financial year has recorded after-tax loss of Rs.43.45 million as compared to after-tax profit of Rs.25.33 million during the corresponding period last year. The latter was predominately due to 'booking of deferred tax' last year. However, overall performance has slightly improved, as the company had earlier reported after tax loss of Rs.36.86 million in December 31, 2013, which translates to an after tax loss of Rs.6.59 million for the third quarter compared to loss of Rs.14.55 million last year for the three quarters.

The Gross revenue for the period is Rs.18.72 million as compared to Rs.29.96 million during corresponding nine months last year. Despite high inflation; administrative expenses show a declining trend and have reduced to Rs.52.09 million compared to corresponding figure of Rs.56.54 million due to tight controls and austerity measures undertaken by the management. The stock market has been performing well and your company has positioned itself to make best use of its limited funds. Clinging to its core philosophy of taking appropriate exposure in companies and sector which exhibit growth potential, but at same time remaining wary of market fluctuations; your company, has been earning relatively high returns.

Gross revenue is reducing as loans, leases and other assets are continuously being utilized to set-off company's liabilities. The company will restart its operations, once its license are renewed which are currently pending approval and the regulator lays down the new road map to 'NBFC' sector. After the financial crises of 2008-09, when stock market was closed for 110-days and other related factors changed the dynamics for NBFC, Modaraba and smaller commercial banks operating in the country faced unprecedented conditions. Your Company since the crises has been meticulously managing its affairs through; (i) internal cash generation (ii) recoveries and (iii) restructuring of liabilities. Nevertheless, it is expected that the reforms and facilitation of the new business model for the 'NBFC' Sector will recuperate the ailing sector. The market players await key decisions by government to be undertaken soon, so that the atmosphere of uncertain fizzles-out quickly and casualties are reduced. Thus giving opportunity, especially to small businesses / companies to rearrange their plans, as per new rules & regulations. Otherwise, i.e. in the absence of new directions, we understand that the businesses will only be groping in dark.

The management of FDIBL is continuing its efforts for recoveries and focusing its priority on reduction in non-performing portfolio, rebuilding cash reserve. Correspondingly, costs are also being controlled and overhead restricted. For the same reasons our 'Special Assets' and 'Recovery Departments' have been restructured and rationalised to ensure costs do not exceed the expected benefits.

The company is now approaching its most chronic and well known market defaulters; henceforth 'Special Assets' and 'Legal Department' are making joint efforts to negotiate to settle with these non-performing loans. We are pleased to inform that these efforts have already borne fruits, as some of these loans have been restructured and revenue stream has started flowing from these defaulters. It is expected that once all such accounts are regularised, it will enhance company's financial health and corresponding values.

The Board of Directors acknowledges and appreciates the collective effort and contribution of all staff members and management. The board also takes this opportunity to express gratitude to its business partners, shareholders, other stakeholders, particularly creditors / lenders for their continued support, patience, confidence and patronage.

April 24, 2014  
Karachi.

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

**Rafique Dawood**  
Chairman

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2014

	Note	Unaudited March 31, 2014 Rupees	Audited June 30, 2013 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	7,495,368	4,795,768
Investment properties		70,855,000	70,855,000
Net investment in lease finance	7	986,839	92,369,542
Long-term investments	8	199,557,506	195,984,535
Long-term finances	9	2,373,839	23,288,578
Long-term loans		-	132,531
Long-term deposits		3,704,000	3,704,000
Deferred tax asset	10	198,893,526	198,893,526
		483,866,078	590,023,480
<b>CURRENT ASSETS</b>			
Current portion of non-current assets	11	294,041,345	228,624,516
Short-term investments	12	54,203,932	55,233,953
Placements and finances	13	58,415,151	67,286,078
Assets acquired in satisfaction of claims	14	33,103,000	29,603,000
Loans, advances and prepayments		5,683,524	5,497,073
Mark-up accrued		1,930,282	3,880,871
Other receivables		122,044,255	96,595,100
Cash and bank balances		19,497,801	67,003,068
		588,919,290	553,723,659
		1,072,785,367	1,143,747,139
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		626,492,900	626,492,900
Preference shares		715,833,540	715,833,540
		1,342,326,440	1,342,326,440
Reserves		333,744,789	333,744,789
Accumulated loss		(1,508,856,653)	(1,443,910,048)
		167,214,577	232,161,181
Deficit on revaluation of investments		1,413,242	(5,006,303)
		168,627,819	227,154,878
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	15	-	65,500,000
Long-term deposits		18,905	16,006,780
		18,905	81,506,780
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities	16	539,510,564	501,181,641
Mark-up accrued		69,915,665	59,779,713
Short term borrowings		81,418,223	81,418,223
Certificates of investment	17	88,500,000	88,500,000
Deferred Income		-	1,376,765
Accrued and other liabilities		123,713,838	101,748,785
Taxation		1,080,354	1,080,354
		904,138,644	835,085,481
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18	1,072,785,367	1,143,747,139

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

DIRECTOR

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<i>Note</i>	----- Rupees -----			
<b>INCOME</b>				
Lease income	1,355,518	3,879,616	26,023	1,077,682
Return on deposits and investments	10,952,625	12,603,623	4,750,479	3,470,776
Gain on sale of securities	3,372,676	811,262	2,336,894	497,586
Income from long-term finances	494,799	284,414	126,228	34,968
Other income	2,548,383	12,387,479	644,040	540,824
	18,724,001	29,966,394	7,883,664	5,621,836
<b>PROVISION / CHANGES IN FAIR VALUE</b>				
Reversal / (Provision ) for lease losses and doubtful recoveries	1,153,177	8,151,923	-	280,000
Deficit on remeasurement of held for trading securities	503,226	(1,103,825)	1,405,632	(325,125)
Loss on settlement of Liabilities	(64,926)	(8,500,000)	-	-
	1,591,477	(1,451,902)	1,405,632	(45,125)
	20,315,478	28,514,492	9,289,296	5,576,711
<b>EXPENDITURES</b>				
Administrative expenses	(52,092,333)	(56,537,318)	(14,849,282)	(16,439,352)
Finance cost	(8,100,477)	(11,792,847)	(1,035,017)	(3,691,181)
	(60,192,809)	(68,330,165)	(15,884,298)	(20,130,533)
Share of (loss) / profit of associates	(3,367,517)	(4,210,357)	-	-
	(3,367,517)	(4,210,357)	-	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>(43,244,848)</b>	<b>(44,026,030)</b>	<b>(6,595,002)</b>	<b>(14,553,823)</b>
<b>TAXATION</b>				
Current	(972,830)	(516,264)	-	-
Prior year	765,692	728,732	-	-
Deferred	-	69,146,861	-	-
	(207,138)	69,359,329	-	-
<b>(LOSS) / PROFIT AFTER TAXATION</b>	<b>(43,451,986)</b>	<b>25,333,299</b>	<b>(6,595,002)</b>	<b>(14,553,823)</b>
Earning / (Loss) per share - basic	(0.35)	0.75	0.01	(0.12)
Earning / (Loss) per share - diluted	(0.32)	0.19	(0.05)	(0.11)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

DIRECTOR

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTERS ENDED MARCH 31, 2014**

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	----- Rupees -----			
Profit / (Loss) after taxation	(43,451,986)	25,333,299	(6,595,002)	(14,553,823)
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified</b>				
<b>subsequently to profit or loss</b>				
Share of associates on reversal of unrealised loss on remeasurement of investments	5,838,055	-	5,838,055	-
Unrealised gain on remeasurement of investments classified as available-for-sale	581,490	-	-	-
	<u>6,419,545</u>	<u>-</u>	<u>5,838,055</u>	<u>-</u>
Total comprehensive (loss) / income for the period	<u>(37,032,441)</u>	<u>25,333,299</u>	<u>(756,947)</u>	<u>(14,553,823)</u>

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DIRECTOR

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

	Share Capital		Capital Reserve		Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Capital Reserve on Acquisition	Deficit on Revaluation of Investments	
Balance at June 30, 2012	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(9,987,869)	200,897,377
Total comprehensive income for the period	-	-	-	-	-	-	25,333,299
- Profit for the period	-	-	-	-	-	-	25,333,299
- Other comprehensive income	-	-	-	-	-	160,639	160,639
Dividend on preference shares @ 4%	-	-	-	-	-	-	(21,494,618)
Balance as at March 31, 2013	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(9,827,230)	204,896,697
Total comprehensive income for the period	-	-	-	-	-	-	24,575,976.80
- Profit for the period	-	-	-	-	-	-	24,575,976.80
- Other comprehensive income	-	-	-	-	-	4,820,927	4,820,927.00
Dividend on preference shares @ 4%	-	-	-	-	-	-	(7,138,723.00)
Balance as at June 30, 2013	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(5,006,303)	227,154,878
Total comprehensive income for the period	-	-	-	-	-	-	(43,451,986)
- Profit for the period	-	-	-	-	-	-	(43,451,986)
- Other comprehensive income	-	-	-	-	-	6,419,545	6,419,545.00
Dividend on preference shares @ 4%	-	-	-	-	-	-	(21,494,618.00)
Balance as at March 31, 2014	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	1,413,242	168,627,819

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

DIRECTOR

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	<i>Nine months ended</i>	
	<i>March 31</i>	
	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(43,244,848)	(44,026,030)
Adjustments:		
Depreciation	2,018,395	2,090,930
Gain on sale of investments	(3,372,676)	(811,262)
Share of loss / (profit) of equity accounted investees	3,367,517	4,210,357
Finance cost	8,100,477	11,792,847
Gain on sale of property and equipment	(18,157)	-
Provision against lease losses and doubtful recoveries	(1,153,177)	(8,151,923)
Deficit on remeasurement of held for trading securities	(503,226)	1,103,825
Loss on settlement of Liabilities	64,926	8,500,000
Other income	(2,548,383)	-
	<u>5,955,696</u>	<u>18,734,774</u>
	(37,289,152)	(25,291,256)
<b>Changes in operating assets and liabilities</b>		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	42,794,176	21,034,661
Long-term finances	8,837,458	8,888,124
Long-term loans	199,455	-
Placements and finances	14,600,927	3,000,000
Advance against lease commitments	-	2,468,900
Advances and prepayments	(338,224)	566,953
Mark up accrued	1,950,589	(1,176,772)
Other receivables	(33,060,690)	(3,259,040)
	<u>34,983,691</u>	<u>31,522,826</u>
	(2,305,460)	6,231,570
<i>Increase / (decrease) in operating liabilities</i>		
Certificates of investment	-	(18,750,000)
Long term deposits	(25,485,075)	(481,095)
Deffered Income	(1,376,765)	-
Accrued and other liabilities	470,435	21,308,550
	<u>(26,391,406)</u>	<u>2,077,455</u>
Financial cost paid	(2,035,476)	(11,912,513)
Tax paid	(524,675)	(983,736)
Net cash generated from operating activities	<u>(31,257,016)</u>	<u>(4,587,224)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,365,070)	(1,240,022)
Proceed from sale of property and equipment	71,049	1,672,033
Long-term investments	-	-
Long-term deposits	-	(204,000)
Short-term investments	4,719,647	(19,458,266)
Net cash used in investing activities	<u>1,425,626</u>	<u>(19,230,255)</u>

	<i>Nine months ended</i>	
	<i>March 31</i>	
	<b>2014</b>	<b>2013</b>
	<i>Rupees</i>	<i>Rupees</i>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loans	(17,673,877)	(48,468,286)
Long-term loans obtained	-	-
Net cash (used in) / generated from financing activities	<u>(17,673,877)</u>	<u>(48,468,286)</u>
Net increase in cash and cash equivalents	(47,505,267)	(72,285,765)
Cash and cash equivalents at beginning of the period	67,003,068	139,860,361
Cash and cash equivalents at end of the period	<u>19,497,801</u>	<u>67,574,596</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

*DIRECTOR*

*DIRECTOR*

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS AND QUARTERS ENDED MARCH 31, 2014****1. STATUS AND NATURE OF BUSINESS**

- 1.1** First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi and Islamabad Stock Exchange. The registered office of the Company is situated in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which have been expired and awaiting renewal.
- 1.2** The Company had applied for renewal of certificate of registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied vide order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Allied Bank of Pakistan, Escorts Investment Bank Limited, Engro Fertilizers Limited, Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Pvt.) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited, Bunny's Limited, Pak Hy-Oils Limited, and Flying Board and Paper Products Limited. The value of assets under trustee as at March 31, 2014 amounted to Rs. 16.39 billion (June 30, 2013: Rs. 23.93 billion).
- 1.3** An application for prior approval of directors is pending with the SECP. Till the approval of SECP is received, directors elected in Annual General Meeting held on October 25, 2013 cannot assume charge of their office. Hence, the previous directors shall continue to hold office except Rasheed Y. Chinoy who left the charge of the Chief Executive Officer on October 29, 2013 and subsequently resigned from the Board and in the situation, two directors have signed this condensed interim financial information.

**2. BASIS OF PREPARATION**

- 2.1** This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of 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) and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2** This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2013.
- 2.3** This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.
- 2.4** This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

**3. SIGNIFICANT ACCOUNTING POLICIES**

- 3.1** The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2013.
- 3.2** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company and therefore not stated in this condensed interim financial information.

**4. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2013.

**5. ACCOUNTING ESTIMATES AND JUDGEMENT**

The basis for accounting estimates and judgment adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2013.

	Note	March 31, 2014 Rupees	June 30, 2013 Rupees
<b>6. PROPERTY AND EQUIPMENT</b>			
<b>6.1 Acquisition of assets - at cost</b>			
Vehicles		3,365,070	265,000
Equipment and appliances		-	175,575
		<u>3,365,070</u>	<u>440,575</u>
<b>6.2 Disposal of assets - at cost</b>			
Vehicles		108,741	1,324,000
		<u>108,741</u>	<u>1,324,000</u>
<b>7. NET INVESTMENT IN LEASE FINANCE</b>			
Net investment in lease finance	7.1	633,403,932	676,198,108
Provision for potential lease losses		(467,459,527)	(465,266,835)
		165,944,405	210,931,273
Current portion	11	(164,957,566)	(118,561,731)
		<u>986,839</u>	<u>303,300,815</u>
<b>7.1 Particulars of net investment in lease finance</b>			
Minimum lease payments receivable		662,026,436	680,691,055
Residual value of leased assets		106,880,101	132,365,176
		768,906,537	813,056,231
Unearned finance income		(154,413)	(237,543)
Mark-up held in suspense		(135,348,192)	(136,620,580)
Net investment in lease finance		<u>633,403,932</u>	<u>676,198,108</u>
<b>8. LONG TERM INVESTMENTS</b>			
Investment in:			
- associates - equity method	8.1	191,708,861	189,238,323
- USD bond - available for sale		7,848,645	6,746,212
		<u>199,557,506</u>	<u>195,984,535</u>
<b>8.1 Investment in associates</b>			
Balance at beginning of the period / year		189,238,323	182,360,837
Share of (loss) / gain		(3,367,517)	2,540,645
Share of reversal of deficit on revaluation of investments recognised in other comprehensive income		5,838,055	4,336,841
		<u>191,708,861</u>	<u>189,238,323</u>
<b>9. LONG-TERM FINANCES</b>			
Term finance facilities		285,190,427	296,877,293
Provision for doubtful finances		(153,732,809)	(163,592,854)
		131,457,618	133,284,439
Current portion	11	(129,083,779)	(109,995,861)
		<u>2,373,839</u>	<u>23,288,578</u>

**10. DEFERRED TAX ASSET**

Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors on November 07, 2012. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realisability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and consequently it is expected that out of the total deferred tax asset of Rs. 748 million as at March 31, 2014; the deferred tax asset up to Rs. 198.89 million will be realized in the future. Accordingly, the Company has not recognized deferred tax assets of Rs. 549.11 million in respect of remaining carry forward losses and deductible temporary differences.

	<i>Note</i>	<b>March 31, 2014 Rupees</b>	<b>June 30, 2013 Rupees</b>
<b>11. CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in lease finance	7	164,957,566	118,561,731
Long-term finances	9	129,083,779	109,995,861
Long-term loans		-	66,924
		<u>294,041,345</u>	<u>228,624,516</u>

**12. SHORT TERM INVESTMENTS**

<b>Held-for-trading</b>			
Listed Ordinary shares		18,837,781	12,977,102
<b>Available-for-sale</b>			
Term finance certificates / sukuk bonds		3,750,000	9,688,911
Unquoted securities		18,263,447	20,123,515
<b>Held-to-Maturity</b>			
Treasury Bills		13,352,705	12,444,425
		<u>54,203,932</u>	<u>55,233,953</u>

**13. PLACEMENTS AND FINANCES**

Placement and finances - unsecured	12,000,000	14,500,000
Provision for doubtful finances	(12,000,000)	(14,500,000)
	-	-
Financing against shares	306,756,172	311,071,100
Provision for doubtful finances	(306,756,172)	(311,071,100)
	-	-
Short-term finance - secured	52,581,567	60,581,567
Provision for doubtful finances	(34,000,901)	(34,000,901)
	18,580,666	26,580,666
Certificates of deposit	5,000,000	5,000,000
Provision for doubtful finances	(5,000,000)	(5,000,000)
	-	-
Morabaha / musharika finances	90,785,959	94,886,886
Provision for doubtful finances	(50,951,474)	(54,181,474)
	<u>39,834,485</u>	<u>40,705,412</u>
	<u>58,415,151</u>	<u>67,286,078</u>

**14. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS**

These represent three properties (repossessed assets) having market values of Rs 25.10 million, Rs 4.5 million and Rs 3.5 million respectively acquired by the Company in settlement of its term finance and lease financing. The Company intends to utilize these properties for settlement of its liabilities.

		<b>March 31, 2014</b>	<b>June 30, 2013</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>15. LONG TERM LOANS</b>			
<i>Secured</i>			
Asian Development Bank		10,880,107	21,242,060
Commercial Banks		432,573,673	439,885,597
		<u>443,453,780</u>	<u>461,127,657</u>
Current portion	16	<u>(443,453,780)</u>	<u>(395,627,657)</u>
		<u>-</u>	<u>65,500,000</u>
<b>16. CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	15	443,453,780	395,627,657
Lease deposits		96,056,784	105,553,984
		<u>539,510,564</u>	<u>501,181,641</u>
<b>17. SHORT TERM CERTIFICATES OF INVESTMENT</b>			
Non Banking Financial Institutions		<u>88,500,000</u>	<u>107,250,000</u>

**17.1** An out of court settlement with State Life Insurance Corporation of Pakistan (SLIC) was initiated on December 29, 2012 with the assistance of Karachi Centre for Dispute Resolution (KCDR) for payment of Rs. 108.50 million. Subsequently a Compromise Application has been filed and accepted by the Honourable High Court of Sindh on February 6, 2013. According to the agreement, the Company agreed to pay (i) Rs 20 million in cash and (ii) transfer 8.4 million shares of Burj Bank Limited (after acquiring it from BRRGM) at par value of Rs 10 each within 90 days from the date of signing of the said agreement and (iii) transfer a repossessed property (flat) of Rs 4.5 million (refer note 14) to the SLIC. The Company duly paid cash of Rs 20 million at the time of signing of the said agreement and also handed possession of the flat however, the shares could not be transferred as the necessary approval of the Registrar Modaraba to BRRGM regarding sale of these shares to the Company is pending. However, sponsors are fully committed to make the aforesaid shares and property available for settlement with SLIC. In February 2014, SLIC filed a case for recovery against the Company in SHC which is pending for hearing.

**18. CONTINGENCIES AND COMMITMENTS****18.1 Contingent liabilities**

Letters of comfort / guarantee	<u>2,038,000,000</u>	<u>2,038,000,000</u>
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**19. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise 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 period / year-end are as follows: -

	<i>March 31, 2014</i>		<i>June 30, 2013</i>	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
<b>Investment in associate</b>				
Balance at beginning of the period / year	-	189,238,323	-	182,360,837
Share of (loss / profit)	-	(3,367,517)	-	2,540,645
Share of surplus / (deficit) on revaluation	-	5,838,055	-	4,336,841
Balance at end of the period / year	-	191,708,861	-	189,238,323
Short term loan	1,090,125	3,000,920	-	3,000,920
Long term finance	-	-	-	7,500,000
Disposal of fixed assets - cost	-	-	1,387,500	-
Advance Rent	-	310,019	-	1,991,000
<b>Settlement transactions</b>				
Land transferred	-	-	-	55,880,000
Transfer cost related to land transfer	-	-	-	6,072,500
Liability of group customer towards BRRGM settled with transfer of land	-	-	-	9,000,000
<b>Charge to profit and loss account</b>				
Common expenses charged	-	681,448	-	2,072,600
Share of (loss) / profit from associate	-	(3,367,517)	-	(4,210,357)
Share of common expenses received	-	56,499	-	408,384
Service charges on staff loan	5,743	-	18,564	-
Rental income	-	814,500	-	814,500
Rental expense	-	1,510,800	-	1,720,440
Takaful expense	-	34,500	-	38,852

**20. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 24, 2014 by the Board of Directors of the Company.

**21. GENERAL**

Figures have been rounded off to the nearest Rupee.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

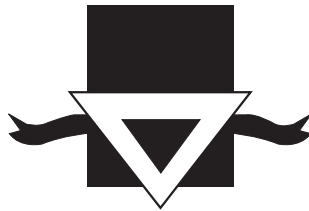
DIRECTOR

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