



FIRST DAWOOD INVESTMENT BANK LIMITED
(Formerly Dawood Leasing Company Limited)

THIRD QUARTERLY REPORT
MARCH 31, 2004

Unaudited

First Dawood Investment Bank Limited

(Formerly Dawood Leasing Company Limited)

CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. Abdul Latif Uqaili Mr. Hassan Aziz Bilgrami Mr. Ansar Husain Mr. Safdar Rashid	Chairman & Chief Executive (Nominee of ICP) (Nominee of NIT) (Nominee of SLIC) (Nominee of B.R.R. Int. Modaraba)
Audit Committee	Mr. Rasheed Y. Chinoy Mr. Abdul Latif Uqaili Mr. Ayaz Dawood	Chairman Member Member
Company Secretary	Mr. Ali Akbar Abdullah	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants	
Legal Advisors	Mohsin Tayebaly & Co.	
Bankers	American Express Bank Bank AL Habib Union Bank Faysal Bank Habib Bank Habib Bank AG Zurich Metropolitan Bank Muslim Commercial Bank Oman International Bank S.A.O.G. PICIC Commercial Bank United Bank Citi Bank	
Registered Office, Head Office and Shares Registrars	5-B, Lakson Square Building # 1, Sarwar Shaheed Road, Karachi-74200 Tel. : (021) 568-7778 Fax. : (021) 568-5830 E-mail : dlc@cyber.net.pk	
Branch Offices	Office No. 20 & 21, Beverly Centre, 1st Floor, 56-G, Jinnah Avenue Islamabad-74400 Tel. : (051) 227-6367 & 227-4194/5 Fax. : (051) 227-1280 E-mail : moeen@comsats.net.pk 86-B/II, Punjab Government Employees, Cooperative Housing Society, Lahore Tel/Fax : (042) 5184710 E-mail : dlc@brain.net.pk	

FIRST DAWOOD INVESTMENT BANK LIMITED

(Formerly Dawood Leasing Company Limited)

DIRECTORS' REPORT

It is our pleasure to present the quarterly report of FDIBL for the quarter ended March 31, 2004.

The Securities and Exchange Commission of Pakistan (SECP) has approved the change of name of your Company to First Dawood Investment Bank Limited as the Company has received the licence from the SECP to undertake Investment Finance Services and Housing Finance Services in addition to leasing activities.

The Company has disbursed the first housing financing facility. Further, the Company has also been appointed as trustee of Debt Securitisation Trust for the issuance of asset backed certificates for Progas Pakistan Limited. These new activities were conducted in line with the increased range of services your company can now offer to its client base.

The quarter ended with a net profit after tax of Rs. 9.42 million. The Company disbursed Rs. 325.77 million, including advance against leases of Rs. 43.88 million, making the total disbursement at the quarter end to the Rs. 896.94. The net investment in lease finance stood to Rs. 1.97 billion. The Company earned a lease income of Rs. 48.76 million after suspension of income on account of doubtful leases and return on deposits and investment of Rs. 41.76 million. The return on deposits/investment mainly consists of profit on term finance certificates, income from carryover/reverse repo transaction and return on bonds. The Company capitalized the favourable stock market conditions and realized the gain of Rs. 25.76 on stock portfolio. The high KSE index also contributed Rs. 21.05 million of unrealized gain on trading securities and Rs. 31.19 million on securities held as available for sale.

The Company continued its policy in participating in the corporate debt market issue and invested Rs. 44.65 million in Pre-IPOs of Term Finance Certificates issues. The portfolio stands over Rs. 1.3 billion and trades at a premium.

The financial charges and administration and operating expenses are maintained at the budgeted level. The Company, being prudent and consistent, made a provision of Rs. 19.9 million on account of lease losses/doubtful debts and the total provision on account of lease losses/doubtful debts now stands at Rs. 116.13 million.

The Honourable High Court of Sindh has approved the Scheme of Amalgamation for the merger of Industrial Capital Modaraba (ICM) and First General Leasing Modaraba (FGLM) into FDIBL. The merger will be effective from July 1, 2003 and certificate transfer books of the ICM and FGLM would be closed on April 27, 2004.

The overall economic performance of the country is improving which is good sign for the financial sector in general and your Company in particular.

On Behalf of the Board

April 29, 2004
Karachi

Rafique Dawood
Chairman & CEO

FIRST DAWOOD INVESTMENT BANK LIMITED
(Formerly : Dawood Leasing Company Limited)
BALANCE SHEET AS AT MARCH 31, 2004

	Note	Mar-04 Rupees	Jun-03 Rupees
CURRENT ASSETS			
Cash & Bank Balances		7,110,055	27,277,592
Investments - Held for Trading	3	579,273,285	271,946,115
Current Portion of Investments - Held to Maturity		120,425,145	91,695,548
Investments - Available for Sale	4	230,619,213	117,821,135
Placement & Finances		404,367,893	607,045,488
Current Portion of Net Investment in Lease Finance		954,929,875	849,282,011
Advance Against Lease Commitments		120,080,100	41,264,244
Advances and Prepayments		38,856,207	13,624,016
Other Receivables		89,909,855	55,722,682
Total Current Assets		2,545,571,628	2,075,678,831
NON CURRENT ASSETS			
Long Term Deposit and Deferred Cost		3,725,421	4,847,604
Long Term Loans and Advances		4,972,148	1,658,202
Investments - Subsidiaries / Associates		84,094,447	84,094,447
Investments - Held to Maturity	5	1,180,709,174	907,473,001
Net Investment in Lease Finance	6	1,013,376,590	878,156,326
Fixed Capital Expenditure		24,138,381	25,821,672
		2,311,016,161	1,902,051,252
Total Assets		4,856,587,789	3,977,730,083
CURRENT LIABILITIES			
Accrued and Other Liabilities		75,585,623	132,077,594
Taxation		52,308,497	22,669,018
Current Portion of Long Term Liabilities and Lease Deposits		114,086,785	132,936,297
Certificates of Investment		934,299,176	700,383,938
Short Term Borrowings		1,398,015,985	955,646,980
		2,574,296,066	1,943,713,827
NON CURRENT LIABILITIES			
Lease Deposit		432,000,277	342,689,103
Other Deposit		413,347	413,347
Deferred Liabilities		62,735,292	58,322,000
Long Term Liabilities	7	1,076,842,517	1,014,809,569
		1,571,991,432	1,416,234,019
		4,146,287,498	3,359,947,846
Contingencies & Commitments	2		
Net Assets		710,300,291	617,782,237
REPRESENTED BY			
Shares Capital and Reserves			
Authorised Capital			
50,000,000 Ordinary Shares of Rs.10/- each		500,000,000	500,000,000
Issued, Subscribed and Paid-up Capital			
27,562,500 (2003 - 26,250,000) Ordinary Shares of Rs.10/- each		275,625,000	262,500,000
Reserves	8	355,088,769	342,223,933
		630,713,769	604,723,933
Surplus on Revaluation of Investments		79,586,522	13,058,304
		710,300,291	617,782,237

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chief Executive

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
(Formerly : Dawood Leasing Company Limited)
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2004

	Quarter Ended Mar-04 Rupees	Quarter Ended Mar-03 Rupees	Cumulative Period Ended Mar-04 Rupees	Cumulative Period Ended Mar-03 Rupees
INCOME				
Lease Income	48,767,136	49,766,982	155,380,982	157,916,294
Return on Deposits and Investments - Net	41,762,140	42,495,595	154,977,963	94,659,484
(Loss) / Gain on Sale of Investments	(8,605,723)	20,906,000	(10,552,961)	22,778,243
Exchange gain / (Loss)	349,011	1,156,939	2,726,514	(3,912,200)
Other Income	(2,619)	523,748	2,934,749	1,898,528
	<u>82,269,944</u>	<u>114,849,264</u>	<u>305,467,246</u>	<u>273,340,349</u>
PROVISION / CHANGES IN FAIR VALUE				
Provision for Potential Lease Losses / Doubtful debts	19,900,000	8,025,000	25,900,000	24,025,000
Provision Against TFC - Pakland Cement	-	27,529,750	-	27,529,750
(Surplus) / Deficit on Revaluation of Investments	(21,051,643)	206,291	44,069,861	(5,079,733)
	<u>(1,151,643)</u>	<u>35,761,041</u>	<u>69,969,861</u>	<u>46,475,017</u>
	<u>83,421,587</u>	<u>79,088,223</u>	<u>235,497,385</u>	<u>226,865,332</u>
EXPENDITURE				
Administrative and Operating Expenses	12,359,741	11,532,444	27,923,170	28,157,069
Financial Charges	49,737,088	53,961,709	147,944,891	160,963,906
	<u>62,096,828</u>	<u>65,494,153</u>	<u>175,868,060</u>	<u>189,120,975</u>
PROFIT BEFORE TAXATION	<u>21,324,759</u>	<u>13,594,070</u>	<u>59,629,325</u>	<u>37,744,357</u>
Taxation				
Current	11,000,000	3,000,000	25,000,000	9,000,000
Prior Years	-	-	4,639,479	-
Deferred	900,000	1,500,000	4,000,000	3,000,000
	<u>11,900,000</u>	<u>4,500,000</u>	<u>33,639,479</u>	<u>12,000,000</u>
PROFIT AFTER TAXATION	<u>9,424,759</u>	<u>9,094,070</u>	<u>25,989,846</u>	<u>25,744,357</u>
Unappropriated Profit Brought Forward	-	-	3,358,855	6,798,235
	<u>9,424,759</u>	<u>9,094,070</u>	<u>29,348,701</u>	<u>32,542,592</u>
Appropriation :				
Interim Dividend (Nil) (2003 : Re.0.50 per share)	-	-	-	(12,500,000)
Unappropriated Profit Carried Forward	<u>9,424,759</u>	<u>9,094,070</u>	<u>29,348,701</u>	<u>20,042,592</u>
Earning Per Share	0.34	0.33	0.94	0.93

The Annexed notes form 1 to 12 form an integral part of these accounts.

Chief Executive

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
(Formerly : Dawood Leasing Company Limited)
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2004

	<i>Issued, subscribed and paid-up capital</i>	<i>Statutory Reserve *</i>	<i>General Reserve</i>	<i>Reserve for Bonus shares</i>	<i>Surplus Revaluation of investments</i>	<i>Unappropriated Profit</i>	<i>Total</i>
	Rupees						
Balance at June 30, 2002	250,000,000	44,568,661	22,500,000	12,500,000	-	6,798,235	336,366,896
Profit for the Period	-	-	-	-	-	25,744,357	25,744,357
Issue of Bonus Shares	12,500,000	-	-	(12,500,000)	-	-	-
Dividend - Re.0.50 per share	-	-	-	-	-	(12,500,000)	(12,500,000)
Balance as at March 31, 2003	<u>262,500,000</u>	<u>44,568,661</u>	<u>22,500,000</u>	<u>-</u>	<u>-</u>	<u>20,042,592</u>	<u>349,611,253</u>
Balance as at July 01, 2003	262,500,000	100,740,068	225,000,000	13,125,000	13,058,304	3,358,855	617,782,227
Surplus on Revaluation of Investments	-	-	-	-	66,528,218	-	66,528,218
Profit for the Period	-	-	-	-	-	25,989,846	25,989,846
Issue of Bonus Shares	13,125,000	-	-	(13,125,000)	-	-	-
Balance at March 31, 2004	<u>275,625,000</u>	<u>100,740,068</u>	<u>225,000,000</u>	<u>-</u>	<u>79,586,522</u>	<u>29,348,701</u>	<u>710,300,291</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chief Executive

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
(Formerly : Dawood Leasing Company Limited)
CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2004

	Mar-04 Rupees	Mar-03 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	59,629,325	37,744,357
Adjustment to determine Net Cash Flow :		
Depreciation	4,296,911	4,336,432
Loss on Sale of Investments	10,552,961	(1,872,243)
Financial Charges	146,906,307	160,963,905
Gain on Sale of Assets	(15,839)	(64,580)
Provision for Gratuity	521,250	689,884
Provision for Lease Losses & Doubtful Recoveries	25,900,000	24,025,000
Provision Against TFC - Pakland	-	27,529,750
Loss/(Gain) on Revaluation of Securities	44,069,861	(5,079,733)
Exchange (Gain) / Loss	(2,726,514)	3,912,200
Amortization of Investment held to Maturity	(514,026)	(737,044)
Amortization of Deferred Cost	1,038,584	5,140,546
	<u>230,029,495</u>	<u>218,844,117</u>
	289,658,820	256,588,474
Changes in operating assets and liabilities		
Decrease/(Increase) in Operating Assets		
Advances, Deposits and Prepayments	(1,594,740)	675,390
Other Receivables	(34,187,173)	(31,770,285)
Net Investment in Lease Finance/Receivables	(266,768,128)	(2,427,657)
Long Term Loans	(3,408,033)	146,255
Placement & Finances	202,677,595	(77,151,619)
Advance against Lease Commitments	(78,815,856)	(60,814,308)
Deferred Cost	(125,000)	(2,838,124)
	<u>(182,221,335)</u>	<u>(174,180,348)</u>
	107,437,485	82,408,126
Increase/(Decrease) in Operating Liabilities		
Accrued and Other Liabilities	(26,401,951)	(8,363,266)
Lease Deposits	88,934,256	47,005,422
	<u>169,969,789</u>	<u>121,050,282</u>
Financial Charges Paid	(178,034,912)	(161,720,404)
Gratuity Paid	(107,958)	-
Tax Paid	(23,543,364)	(7,445,951)
Net cash (used in) / from operating activities	<u>(31,716,444)</u>	<u>(48,116,073)</u>
B. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Deposits	-	64,927
Redeemable Capital	(19,125,452)	328,448,778
Long Term Loans obtained	68,310,174	681,070,629
Short Term Borrowings	442,369,005	725,089,309
Lease Liability	402,533	-
Certificate of Investment	227,888,337	165,770,857
Dividend Paid	-	(10,229,029)
Net cash from / (used in) financing activities	<u>719,844,596</u>	<u>1,890,215,471</u>
C. CASH FLOW USED IN INVESTING ACTIVITIES		
Deposits	(16,400)	-
Capital Expenditure	(1,995,066)	(2,400,090)
Proceeds from Sale of Fixed Assets	177,759	425,560
Investments	(706,461,982)	(1,841,922,848)
Net cash used in investing activities	<u>(708,295,689)</u>	<u>(1,843,897,378)</u>
Net (decrease) in cash and bank balance	<u>(20,167,537)</u>	<u>(1,797,980)</u>
Cash and bank balance at the beginning of the year	27,277,592	12,245,925
Cash and bank balance at the end of the year	<u><u>7,110,055</u></u>	<u><u>10,447,945</u></u>

The Annexed notes form 1 to 12 form an integral part of these accounts.

Chief Executive

Director

FIRST DAWOOD INVESTMENT BANK LIMITED (UN-AUDITED)
(Formerly : Dawood Leasing Company Limited)
FOR THE PERIOD ENDED MARCH 31, 2004

1. SELECTED EXPLANATORY NOTES TO THE ACCOUNTS

- 1.1. The Company was incorporated in Pakistan on June 22, 1994 as a Public Limited Company under the Companies Ordinance, 1984 and is listed on the Karachi and Islamabad Stock Exchanges. The Company has the licences to conduct the businesses of leasing of assets, investment finance and housing finance under the NBFC (Establishment and Regulation) Rules, 2003. The name of the company was changed from Dawood Leasing Company Limited to First Dawood Investment Bank Limited w.e.f. February 26, 2004.
- 1.2. These financial statements have been prepared under historical cost convention except for the measurement of certain financial instruments at fair value.
- 1.3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan .
- 1.4. The accounting policies and methods of computation followed in the preparation of the half-year financial statements are the same as those of the published annual financial statements for the year ended June 30, 2003.

2. Commitments

Lease financing contracts committed but not executed Rs. 153.85 million (June 30, 2003 Rs. 51.59 million). Underwriting commitments Rs.313 million (June 30, 2003 : Rs.195 million). Participation commitments Rs.200 million (June 30, 2003 : Nil)

	Mar-2004	Jun-03
	Rupees	Rupees
3. Investments - Held for Trading		
Quoted Securities	541,636,475	133,509,975
Pakistan Investment Bonds	37,636,810	138,436,140
	<u>579,273,285</u>	<u>271,946,115</u>

	No. of Units	
	Mar-2004	June-2003

4. Investments - Available For Sale				
Pakistan Income Fund	1,627,016	1,398,877	87,435,824	79,344,293
Meezan Islamic Fund	200,160	-	12,043,631	-
Quoted Securities			131,139,758	38,476,842
			<u>230,619,213</u>	<u>117,821,135</u>

5. Investments - Held to Maturity

Term Finance Certificates			887,816,716	590,618,993
Pakistan Investment Bonds			15,953,477	-
Wapda Bonds			150,000,000	150,000,000
US Dollar Bonds			129,099,136	129,795,180
Euro Bonds			33,668,894	32,657,679
Bank Markazi Iran Bonds			21,328,560	19,780,560
HBOS Capital Funding Perpetual Bonds			4,312,313	-
Asset Backed Certificates - SPV			58,955,223	76,316,137
			<u>1,301,134,319</u>	<u>999,168,549</u>
Current Portion			<u>(120,425,145)</u>	<u>(91,695,548)</u>
			<u>1,180,709,174</u>	<u>907,473,001</u>

6. Net Investment in Lease Finance

Minimum Lease Payments Receivables	2,010,331,345	1,823,271,069
Residual Value of Leased Assets	<u>498,029,349</u>	<u>401,523,541</u>
	2,508,360,694	2,224,794,610
Unearned Lease Income	<u>(423,921,412)</u>	<u>(407,123,456)</u>
	2,084,439,282	1,817,671,154
Provision for Potential Lease Losses	<u>(116,132,817)</u>	<u>(90,232,817)</u>
Net Investment in Lease Finance	1,968,306,465	1,727,438,337
Current Portion	<u>(954,929,875)</u>	<u>(849,282,011)</u>
	<u>1,013,376,590</u>	<u>878,156,326</u>

7. Long Term Liabilities

Certificates of Investment	128,140,725	134,167,626
Liabilities Against Assets Subject to Finance Lease	1,013,792	851,557
Long Term Loans	349,638,000	281,740,386
Redeemable Capital	<u>598,050,000</u>	<u>598,050,000</u>
	<u>1,076,842,517</u>	<u>1,014,809,569</u>

8. Reserves

Statutory Reserve	100,740,068	100,740,068
General Reserve	225,000,000	225,000,000
Reserve for Issue of Bonus Shares	-	13,125,000
Unappropriated Profit	<u>29,348,701</u>	<u>3,358,865</u>
	<u>355,088,769</u>	<u>342,223,933</u>

9. Acquisition of Assets - At Cost

Particulars

Own Assets

Office Equipment	362,450	-
Furniture & Fixtures	723,316	-
Vehicles	<u>2,089,300</u>	<u>-</u>
	<u>3,175,066</u>	<u>-</u>

10. Transactions with Associated Companies

	Mar-04 Rupees	Jun-03 Rupees
Short Term Loans Provided	344,340,000	150,600,000
Short Term Loans Received	248,190,000	119,750,000
Profit Received on Short Term Loans	3,747,027	1,647,071
Lease Facility Obtained	-	1,726,450
Lease Rentals Paid	367,635	-
Share of Common Expenses	2,465,741	3,875,115

11. Date of Authorization for Issue

These financial statements were authorised for issue on April 29,2004 by the Board of Directors of the Company.

12. Figures

Have been rounded off nearest to rupee.