



FIRST DAWOOD INVESTMENT BANK LIMITED

**Condensed Interim Financial
Statements (Unaudited)**
For the Six months and quarter ended
31 December 2007

S. M. T Traders Mobile : 0301-2089652



BOOK POST

UNDER POSTAL CERTIFICATE



If undelivered, please return to:

FIRST DAWOOD INVESTMENT BANK LIMITED

1500 A Saima Trade Towers,
11, Chundrigar Road, Karachi 74000





CONTENTS

<u>Corporate Information</u>	1
<u>Directors' Report</u>	2
<u>Review Report to the Members</u>	3
<u>Balance Sheet</u>	4
<u>Profit & Loss Account</u>	5
<u>Statement of Changes in Equity</u>	6
<u>Cash Flow Statements</u>	7
<u>Notes to the Financial Statements</u>	9



CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Rasheed Y. Chinoy Mr. Ayaz Dawood Mr. Shamshad Ahmed Mr. Ansar Hussain AVM (R) Syed Javed Raza Mr. Abdul Hamid Dagia	Chairman & Chief Executive (Nominee of NIT) (Nominee of SLIC) (Nominee of DCM)
Audit Committee	Mr. Rasheed Y. Chinoy AVM (R) Syed Javed Raza Mr. Ayaz Dawood	Chairman Member Member
Group Finance Director	Mr. Muhammad Shoab	
Chief Financial Officer	Mr. Abbas Qurban	
Company Secretary	Mr. Tahir Mehmood	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	Mohsin Tayebaly & Co.	
Bankers	Bank AL Habib Faysal Bank First Women Bank Habib Bank Habib Bank AG Zurich KASB Bank Habib Metropolitan Bank Muslim Commercial Bank Standard Chartered Bank Ltd. United Bank Ltd. Bank Al-Falah Ltd.	
Website	www.firstdawood.com	
Registered Office and Head Office	1500-A Saima Trade Towers, I. I. Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329663) PABX : 92-21-227-1974/1897 Fax : 92-21-227-1913 E-mail : dlc@cyber.net.pk : fdib@firstdawood.com	
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 72 Main Boulevard, Siddique Trade Centre, Suite 210, 2nd Floor, Lahore. Tel : (042) 578-1891 Fax : (042) 578-1980 E-mail : dlc@brain.net.pk	
Registrar	F.D. Registrar Services (SMC-Pvt) Ltd. 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Ph# 9221-227 1875 Fax # 9221-227 1913	



DIRECTORS' REPORT

It gives me immense pleasure to present on behalf of the Board of Directors the reviewed Financial Statement for the six months period ended December 31, 2007.

Al Hamdolillah, the company continued its journey towards establishing itself as a dynamic and a premier financial service provider offering a diversified range of investment banking products that meet the financial needs of our customers.

During the last six months of 2007, your Company attained an after-tax profit of Rs.140.46 million, total assets increased to Rs.12.31 billion as compared to Rs.8.32 billion on December 31, 2006.

Equity has also climbed to Rs.1.92 billion as compared to Rs.1.23 billion in the same period of 2006. This was possible due to continued commitment of the management, teamwork displayed by the staff and guidance provided by the Board.

Customer deposits also increased to Rs. 4.11 billion as of December 31, 2007 as against Rs. 2.50 billion on December 31, 2006, an increase of 64.40% during the twelve months.

The Board of Directors have decided not to renew the Housing Finance License.

Economic indicators have undergone intense pressure during the period under review. However with the successful elections, we anticipate improvement in economic indicators.

Pakistan Credit Rating Agency Limited has maintained long-term and short-term credit rating at A+ and A1 respectively.

The Board of Directors and the management of the Company would like to place on record their gratitude to the Regulatory Authorities especially the Securities & Exchange Commission of Pakistan for their continued professional guidance and support. We also take this opportunity to thank our shareholders for their patronage and support as well as the entire FDIB team for its commitment, dedication and continuous effort to make FDIB a success.

February 29, 2008
Karachi.

For and on behalf of the
Board of Directors

Chairman



**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS TO THE MEMBERS**



KPMG Taseer Hadi & Co.

Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road,
Karachi 75530 Pakistan

Telephone + 92 (21) 568 5847
Fax + 92 (21) 568 5095
Internet www.kpmg.com.pk

Introduction

We have reviewed the accompanying condensed interim balance sheet of First Dawood Investment Bank Limited ("the Company") as at 31 December 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period ended 31 December 2007 (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and 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.

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 the auditing standards as applicable in Pakistan 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 at and for the six months period ended 31 December 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended 31 December 2006 and 31 December 2007 in the condensed interim profit and loss accounts have not been reviewed and we do not express a conclusion thereon.

February 29, 2008
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan and a member firm of the KPMG network of independence member firms affiliated with KPMG International, a Swiss Cooperative



**CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
ASSETS			
NON CURRENT ASSETS			
Plant and equipment	5 & 6	13,134,151	11,974,473
Investment property		289,559,980	217,145,000
Net investment in lease finance	7	752,596,839	911,076,280
Investments in equity accounted investees	8	268,915,351	233,085,060
Other investments	9	211,275,090	271,425,131
Long-term finances		648,990,478	556,356,137
Mortgage finances		74,428,241	87,109,389
Long-term loans		3,290,037	5,169,685
Long-term deposits		137,500	137,500
		2,262,327,667	2,293,478,655
CURRENT ASSETS			
Current portion of non-current assets	10	2,035,664,236	2,364,668,137
Other investments	9	3,287,762,728	3,414,036,541
Placement and finances	11	4,036,216,767	3,505,171,339
Advance against lease commitments		171,213,977	148,832,208
Advances and prepayments		228,761,517	96,193,443
Other receivables		261,842,850	530,799,312
Cash and bank balances		25,422,833	9,403,986
		10,046,884,908	10,069,104,966
	<i>Rupees</i>	12,309,212,575	12,362,583,621
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
75,000,000 Ordinary Shares of Rs. 10 each	<i>Rupees</i>	750,000,000	750,000,000
Issued, subscribed and paid-up capital			
35,685,382 (30 June 2007: 35,685,382) Ordinary shares of Rs. 10 each fully paid in cash		356,853,820	356,853,820
20,796,431 (30 June 2007: 6,907,861) Ordinary shares of Rs.10/- each issued as fully paid bonus shares		207,964,310	133,676,610
472,087 (30 June 2007: 472,087) Ordinary shares of Rs.10/- each issued for consideration other than cash		4,720,870	4,720,870
		569,539,000	495,251,300
Reserves and unappropriated profit		1,354,829,760	1,190,257,184
		1,924,368,760	1,685,508,484
NON CURRENT LIABILITIES			
Redeemable capital	12	345,000,000	-
Long-term loans	13	1,552,803,255	1,198,648,044
Liabilities against assets subject to finance lease		-	136,811
Certificates of investment / deposit		208,594,129	51,972,239
Deferred liabilities		19,078,748	109,663,933
Long-term security deposits		485,111,899	486,816,154
		2,610,588,031	1,847,237,181
CURRENT LIABILITIES			
Current portion of long-term liabilities	14	544,748,947	952,177,822
Short-term borrowings	15	2,898,283,762	3,250,046,258
Certificates of investment / deposit		3,839,292,918	4,234,969,885
Accrued and other liabilities		462,787,259	372,333,558
Taxation		29,142,898	20,310,433
		7,774,255,784	8,829,837,956
Contingencies and commitments	16	-	-
	<i>Rupees</i>	12,309,212,575	12,362,583,621

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

Chairman & Chief Executive

Director



**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Unaudited)
FOR THE PERIOD SIX MONTHS AND QUARTER ENDED 31 DECEMBER 2007**

	Six months ended 31 December		Quarter ended 31 December	
	2007	2006 (Restated)	2007	2006 (Restated)
Income				
Lease income	81,853,098	155,456,385	25,380,057	86,054,185
Return on deposits and investments - net	459,567,392	316,729,909	202,377,260	175,553,171
Gain on sale of securities - net	134,004,471	44,137,597	103,727,292	25,286,943
Mortgage finance	6,093,383	3,826,878	1,657,784	2,256,144
Brokerage income	5,115,184	2,747,896	2,564,599	1,175,484
Exchange gain	1,904,271	1,315,839	779,702	407,502
Other income	50,628,758	33,754,889	33,055,577	5,210,140
	739,166,557	557,969,393	369,542,271	295,943,569
Provisions / changes in fair value				
Provision for lease losses and doubtful recoveries	(186,742,680)	(73,812,458)	(151,742,680)	(60,812,458)
Surplus in fair valuation of interest rate SWAP	3,506,761	5,354,707	3,506,761	5,354,707
Surplus on revaluation of investment property	72,389,979	6,931,644	72,389,979	3,465,822
(Deficit) / surplus on revaluation of securities	(25,946,552)	(2,779,692)	31,110,598	13,153,103)
	(136,792,492)	(64,305,799)	(44,735,342)	(38,838,826)
	602,374,065	493,663,594	324,806,929	257,104,743
Expenditure				
Administrative and operating expenses	(47,375,015)	(17,505,037)	(22,949,912)	(838,891)
Financial charges	(498,257,009)	(375,552,840)	(252,695,547)	(198,893,883)
	(545,632,024)	(393,057,877)	(275,645,459)	(199,732,774)
Share of profit / (loss) of equity accounted investees	6,686,067	(241,247)	2,501,352	(428,234)
Profit / (Loss) before taxation	63,428,108	100,364,470	51,662,822	56,943,735
Taxation				
Current	(8,832,466)	(6,774,804)	(6,582,466)	(2,524,804)
Deferred	85,867,499	5,018,655	84,367,499	3,918,655
	77,035,033	(1,756,149)	77,785,033	1,393,851
Profit / (Loss) after taxation	140,463,141	98,608,321	129,447,855	58,337,586
Earning per share - basic and diluted	2.47	1.73	2.27	1.02

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



**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	Issued Subscribed and Paid-up Capital	Capital Reserve			Revenue Reserve		Total		
		Statutory Reserve*	Reserve for Issue of Bonus Shares	Premium on Right Issue	Capital Reserve on Acquisition	Surplus on Revaluation of Investments		Un- appropriated Profit	
Rupees									
Balance as at 30 June 2006	323,799,480	143,551,029	-	-	2,596,484	221,425,098	250,000,000	120,898,726	1,062,270,817
Effect of change in accounting policy with respect to accounting for investment property	-	-	-	-	-	-	-	84,878,917	84,878,917
Balance as at 30 June 2006 - restated	323,799,480	143,551,029	-	-	2,596,484	221,425,098	250,000,000	205,777,643	1,147,149,734
Profit for the six months ended 31 Dec. 2006	-	-	-	-	-	-	-	98,608,321	98,608,321
Deficit on revaluation of investments	-	-	-	-	-	(43,210,513)	-	-	(43,210,513)
Share of deficit on revaluation of investments of associates	-	-	-	-	-	(2,555,946)	-	-	(2,555,946)
Total recognised income and expense for the six months ended 31 December 2006	-	-	-	-	-	(45,766,459)	-	98,608,321	52,841,862
Right share issue	106,853,820	-	-	-	-	-	-	-	106,853,820
Premium on right issue	-	-	-	53,426,910	-	-	-	-	53,426,910
Transfer to reserve for issue of bonus shares @ 10% for the year ended 30 June 2006	-	-	64,598,000	-	-	-	-	(64,598,000)	-
Issue of bonus shares	64,598,000	-	(64,598,000)	-	-	-	-	-	-
Transfer to statutory reserve	-	15,220,587	-	-	-	-	-	(15,220,587)	-
Balance as at 31 December 2006	495,251,300	158,771,616	-	53,426,910	2,596,484	175,658,639	250,000,000	224,567,377	1,360,272,326
Balance as at 30 June 2007 Previously reported	495,251,300	179,455,066	-	53,426,910	2,596,484	410,971,882	250,000,000	199,916,788	1,591,618,430
Effect of change in accounting policy with respect to accounting for investment property	-	-	-	-	-	-	-	93,890,054	93,890,054
Balance as at 30 June 2007 - restated	495,251,300	179,455,066	-	53,426,910	2,596,484	410,971,882	250,000,000	293,806,842	1,685,508,484
Profit for the six months ended 31 Dec. 2007	-	-	-	-	-	-	-	140,463,141	140,463,141
Surplus on revaluation of investments	-	-	-	-	-	89,852,911	-	-	89,852,911
Share of surplus on revaluation of investments of associates	-	-	-	-	-	8,544,224	-	-	8,544,224
Total recognised income and expense for the six months ended 31 December 2007	-	-	-	-	-	98,397,135	-	140,463,141	238,860,276
Transfer to general reserve	-	-	-	-	-	-	125,000,000	(125,000,000)	-
Transfer to reserve for issue of bonus shares @ 15% for the year ended 30 June 2007	-	-	74,287,700	-	-	-	-	(74,287,700)	-
Issue of bonus shares	74,287,700	-	(74,287,700)	-	-	-	-	-	-
Transfer to statutory reserve	-	28,092,628	-	-	-	-	-	(28,092,628)	-
Balance as at 31 December 2007	569,539,000	207,547,694	-	53,426,910	2,596,484	509,369,017	375,000,000	206,889,655	1,924,368,760

* The statutory reserve is created by transferring not less than 20% after tax profit for the year which is required under Prudential Regulations issued by Securities and Exchange Commission of Pakistan under Circular No.21 dated 25 August 2003 for Non-Banking Finance Companies (NBFC's).

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



**CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2007**

	Six months period ended 31 December	
	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	63,428,108	100,364,470
Adjustments:		
- Depreciation	3,031,381	362,411
- Gain on sale of investments	(134,004,471)	(44,137,597)
- Share of profit of equity accounted investee	(6,686,067)	241,247
- Financial charges	(498,257,009)	375,552,840
- (Gain) / loss on sale of property, plant and equipment	(63,867)	23,106
- Provision for gratuity	1,604,000	1,058,000
- Provision for lease losses and doubtful recoveries	186,742,680	73,812,458
- Deficit / (surplus) on revaluation of securities at fair value through profit or loss	25,946,552	2,779,692
- Surplus on revaluation of investment property	(72,389,979)	(6,931,644)
- Surplus in fair valuation of interest rate SWAP	(3,506,761)	(5,354,707)
- Exchange gain	(1,904,271)	(1,315,839)
- Amortization of discount income	(3,317,205)	(4,291,167)
- Amortization of premium on investment - held to maturity	-	72,493
	<u>(502,805,017)</u>	<u>391,871,293</u>
Operating cash flow before movements in working capital	(439,376,909)	492,235,763
Changes in operating assets and liabilities (Increase) / decrease in operating assets		
Net investment in lease finance	373,062,576	227,992,205
Mortgage finance	8,818,482	(64,284,645)
Long-term finances	45,581,008	(191,489,392)
Long-term loans	2,008,689	451,820
Placements and finances	(712,554,945)	(141,152,948)
Advances and prepayments	(124,359,440)	24,209,754
Advance against lease commitments	(22,381,769)	(3,595,859)
Other receivables	270,831,470	55,372,449
	<u>(158,993,929)</u>	<u>(92,496,616)</u>
	(598,370,838)	399,739,147
Increase / (decrease) in operating liabilities		
Certificates of investment / deposits	(241,150,077)	(728,587,801)
Deposits	31,940,720	12,405,672
Short-term borrowings	(709,908,500)	240,500,000
Accrued and other liabilities	75,555,249	568,736
	<u>(1,441,933,446)</u>	<u>(75,374,246)</u>
Financial charges paid	516,669,350	(337,624,284)
Gratuity paid	-	(591,546)
Bad debts recovered	4,056,192	22,818,356
Tax paid	(8,208,635)	(5,239,798)
Net cash from operating activities	(929,416,539)	(396,011,518)



	Note	Six months period ended 31 December	
		2007	2006 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,597,262)	(13,047,500)
Proceeds from sale of property, plant and equipment		470,067	256,500
Investment in equity accounted investees		(29,144,225)	-
Other investments		360,553,387	(457,689,639)
Long-term deposits		-	(86,800)
Net cash from investing activities		327,281,967	(470,567,439)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans obtained		450,000,000	1,050,000,000
Repayment of long-term loans		(189,690,002)	(97,316,672)
Redeemable capital		-	(253,050,000)
Lease liability paid		(295,456)	(616,377)
Dividend paid		(7,127)	-
Net cash from financing activities		260,007,415	699,016,951
Net decrease in cash and bank balances		(342,127,157)	(167,562,006)
Cash and cash equivalents at beginning of the period		(323,915,772)	(117,869,000)
Cash and cash equivalents at end of the period	17 Rupees	<u>(666,042,929)</u>	<u>(285,431,006)</u>

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



**NOTES TO THE
CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

1. STATUS AND NATURE OF BUSINESS

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. The Company has obtained the license of Leasing business, Investment Finance Services and Housing Finance Services, under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 from the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Company is situated in Karachi, Sindh.

2. BASIS OF PRESENTATION

These interim financial statements are un-audited and have been prepared in condensed form in accordance with International Accounting Standard (IAS) 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 financial statements 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 condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended 30 June 2007, except for investment property. Till 30 June 2007 the Company was using the "cost model" for measurement of its investment properties under which such properties were measured at cost less accumulated depreciation and any impairment losses. However, during the period ended 31 December 2007 the Company has adopted the "fair value model" for measurement of its investment properties. Under the fair value model, investment property is measured at fair value with any change therein recognised in the profit and loss account. A fair valuation of the investment properties was carried out at 31 December 2007 and subsequently the change in accounting policy has been applied retrospectively and corresponding figures have been restated in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The change in accounting policy had the following impact on these financial statements.

**Profit and loss account for the six months
ended 31 December**

	2007	2006
Surplus on revaluation of investment property	72,389,979	6,931,644
Increase in tax expense	<u>(25,336,493)</u>	<u>(2,426,075)</u>
Increase in profit	<u>47,053,486</u>	<u>4,505,569</u>



Balance sheet as at

	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
Cumulative increase in the value of investment property	Rupees <u>216,861,257</u>	<u>144,446,237</u>
Cumulative increase in deferred tax liability	Rupees <u>75,901,440</u>	<u>50,556,183</u>
Cumulative increase in equity	Rupees <u>140,959,817</u>	<u>93,890,054</u>

4.1 Estimates and judgements

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2007 except for investment property which has been revalued during the six month ended 31 December 2007 by an external independent valuation Company having appropriate professional qualification and experience. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion.

In addition, during the period the Company has changed the method of charging depreciation. Previously, depreciation on additions was charged for the whole year in the year of additions and no depreciation was charged in the year of disposal. Now, depreciation on additions is charged from the date on which asset is acquired till its disposal. The change in accounting estimate has been applied prospectively. Had there been no change in accounting estimate the profit for the six months ended 31 December 2007 would have been higher by 0.467 million. The carrying amount of property plant and equipment would have been higher by the same amount.



5. ACQUISITION OF ASSETS - AT COST	31 December 2007 (Unaudited)	31 December 2006
Equipment and appliances	750,972	404,500
Vehicles - owned	3,636,390	1,859,000
Office premises	25,000	10,350,000
Vehicles - leased	164,000	434,000
Furniture and fixtures	20,900	-
	<i>Rupees</i> <u>4,597,262</u>	<u>13,047,500</u>
6. DISPOSAL OF ASSETS - AT COST		
Vehicles - owned	682,000	72,768
Vehicles - leased	-	590,000
	<i>Rupees</i> <u>682,000</u>	<u>662,768</u>
7. NET INVESTMENT IN LEASE FINANCE	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
Minimum lease payments receivables	2,431,618,177	2,880,968,259
Residual value of leased assets	508,171,206	541,342,626
	<u>2,939,789,383</u>	<u>3,422,310,885</u>
Unearned finance income	<u>(476,256,861)</u>	<u>(585,715,787)</u>
	<u>2,463,532,522</u>	<u>2,836,595,098</u>
Provision for lease losses	<u>(416,281,313)</u>	<u>(405,682,865)</u>
Net investment in lease finance	<u>2,047,251,209</u>	<u>2,430,912,233</u>
Current portion of net investment in lease finance	<u>(1,294,654,370)</u>	<u>(1,519,835,953)</u>
	<i>Rupees</i> <u>752,596,839</u>	<u>911,076,280</u>

As at 31 December 2007 the balance of non-performing lease portfolio amounts to Rs. 1,063.7 million (30 June 2006: Rs. 882 million). Provision against non performing leases is made after netting off forced sale values of the leased assets amounts to Rs. 150 million.



8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
Balance at beginning of the year	233,085,060	58,765,161
Gain on derecognition of interest in subsidiaries	-	24,264,053
Share of profits	6,686,067	9,341,038
Increase in interest in associates	20,600,000	126,356,947
Share of surplus on revaluation of investments	8,544,224	14,357,861
Balance at end of the year	<i>Rupees</i> <u>268,915,351</u>	<u>233,085,060</u>
9. OTHER INVESTMENTS		
<i>Non-current investments</i>		
Held to maturity investments	<i>Rupees</i> <u>211,275,090</u>	<u>271,425,131</u>
<i>Current investments</i>		
Available for sale investments	2,412,358,235	2,453,089,765
Investments designated at fair value through profit or loss at initial recognition	52,230,791	59,399,819
Investments held for trading	823,173,702	901,546,957
	<i>Rupees</i> <u>3,287,762,728</u>	<u>3,414,036,541</u>
10. CURRENT PORTION OF NON-CURRENT ASSETS		
Net investment in lease finance	7 <u>1,294,654,370</u>	1,519,835,953
Other investments	<u>241,262,638</u>	168,210,684
Long-term finances	<u>478,698,741</u>	658,723,849
Mortgage finance	<u>20,144,033</u>	16,864,156
Long-term loans	<u>904,454</u>	1,033,495
	<i>Rupees</i> <u>2,035,664,236</u>	<u>2,364,668,137</u>



11. PLACEMENTS AND FINANCES

		31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
Placements - unsecured	11.1	843,091,969	660,917,474
Provision for doubtful finances		(10,000,000)	-
		833,091,969	660,917,474
Financing against shares	11.2	1,499,021,124	1,179,815,737
Provision for doubtful finances		(120,845,634)	-
		1,378,175,490	1,179,815,737
Short-term finances - secured	11.3	1,708,641,821	886,623,692
Provision for doubtful finances		(60,000,000)	(10,000,000)
		1,648,641,821	876,623,692
Certificates of deposit		5,000,000	9,217,000
Provision for doubtful finances		(5,000,000)	(9,217,000)
		-	-
Morabaha / musharika finances	11.4	184,238,207	145,028,300
Provision for doubtful finances		(14,958,220)	(14,294,334)
		169,279,987	130,733,966
Financing against continuous funding system	11.5	7,027,500	157,080,470
Reverse repo transactions		-	500,000,000
		Rupees 4,036,216,767	3,505,171,339

11.1 The unsecured placement includes Rs. 266.50 million (30 June 2007: Rs. 125 million) due from associated undertakings. Maximum aggregate balance at the end of any month during the period was Rs.317 million (30 June 2007 : Rs. 225.50 million). Profit rates on these placements range from 11% to 14% (30 June 2007: 13% to 24%) per annum with profit being receivable on maturity. These placements mature on various dates by 9 November 2008 and are renewable. As at 31 December 2007 the balance of non-performing advances amounts to Rs. 50 million (30 June 2007: Nil).

11.2 These are secured against listed equity securities with market value of securities held as collateral being Rs. 1,835.909 million (30 June 2007: Rs. 1,892.998 million). Short-term placements and financing are made to financial institutions and individuals in the normal course of business with profit rates ranging from 12% to 24% (30 June 2007: 1.5% to 14.5%) per annum. Profit is receivable on maturity. The financing mature on various dates by 9 November 2008 and are renewable. As at 31 December 2007 the balance of non-performing advances amounts to Rs.292.7 million (30 June 2007: Nil). Provision against non performing advances is made after netting off forced sale value amounts to Rs.120 million of the mortgaged properties held as collateral.



11.3 These are secured by first ranking charge over hypothecation of stock and mortgage of immovable properties. The mark-up/profit rates range from 12.83% to 20% (30 June 2007: 13.27% to 24.15%) per annum. These facilities mature on various dates by 27 June 2008 and are renewable. As at 31 December 2007 the balance of non-performing advances amounts to Rs. 60 million (30 June 2007: 10 million).

11.4 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 22% (30 June 2007: 8.5% to 22%) per annum subject to change in KIBOR. These facilities mature on various dates by 29 August 2007 and are renewable. As at 31 December 2007 the balance of non-performing advances amounts to Rs.18.851 million (30 June 2007: 14.294)

11.5 This represents financing under continuous funding system which is secured against equity securities. The rates of return on these transactions range between 10% to 17% (30 June 2007: 14% to 15%) per annum with maturities ranging from overnight to 22 (30 June 2007: 22) working days. Fair value of the collaterals accepted against the above receivable balance amounted to Rs. 6.629 million (30 June 2007: Rs. 150.025 million).

12. REDEEMABLE CAPITAL - secured - non-participatory

		31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
Term Finance Certificates - listed		-	345,000,000
Term Finance Certificates - unlisted	12.1	345,000,000	-
		345,000,000	345,000,000
Current portion		-	(345,000,000)
		Rupees 345,000,000	-

12.1 This represents privately placed Term Finance Certificates (TFCs) repayable after 5 years. Profit is payable semi-annually at the rate of six months Kibor + 1.60 percent. The redemption of principal is due on September 12, 2012. The TFCs are secured by way of a first floating pari passu charge on leased assets and associated rental receivables.



13. LONG TERM LOANS	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
<i>Secured</i>		
<i>Foreign currency</i>		
Asian Development Bank	129,588,439	134,476,497
<i>Local currency</i>		
Commercial banks	1,809,333,332	1,542,666,666
<i>Unsecured</i>		
Modaraba	-	1,468,610
	<u>1,938,921,771</u>	<u>1,678,611,773</u>
Payable within one year shown under current liabilities	<u>(386,118,516)</u>	<u>(479,963,729)</u>
Rupees	<u>1,552,803,255</u>	<u>1,198,648,044</u>
14. CURRENT PORTION OF LONG TERM LIABILITIES		
Redeemable capital	-	345,000,000
Long-term loans	13 386,118,516	479,963,729
Liabilities against assets subject to finance lease	405,009	538,646
Certificates of investment / deposit	64,497,025	66,592,025
Deposits	93,728,397	60,083,422
Rupees	<u>544,748,947</u>	<u>952,177,822</u>
15. SHORT TERM BORROWINGS		
<i>Secured</i>		
Under mark-up arrangements from commercial banks repurchase agreement borrowings		
	350,500,000	1,390,008,500
Running finance	691,465,762	333,319,758
Morabaha finance	-	300,000,000
<i>Unsecured</i>		
From commercial banks - call borrowings	1,152,000,000	650,000,000
Non-banking finance companies - call borrowings	704,000,000	576,400,000
Musharika	318,000	318,000
Rupees	<u>2,898,283,762</u>	<u>3,250,046,258</u>



16. CONTINGENCIES AND COMMITMENTS	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
16.1 Contingent liability		
Letters of comfort / guarantee	Rupees <u>3,093,125,170</u>	<u>2,532,306,170</u>
16.2 Commitments		
Commitments to provide financing	Rupees <u>17,775,500</u>	<u>27,079,000</u>
Underwriting commitments of TFCs / shares	Rupees <u>1,828,611,080</u>	<u>420,000,000</u>
Interest rate SWAP- IRS	16.2.1 Rupees <u>101,200,000</u>	<u>151,800,000</u>
16.2.1 The Company has executed the transaction for a notional amount of Rs. 253 million. Company will receive fixed rate of 3.85 percent per annum against this transaction and it will have to pay simple average of the last 3 cut-off yields of six month PKR T-Bill auction before the commencement of the relevant calculation period. The underlying objective of entering into the swap is to create an asset against fixed rate liability. These liabilities are in the form of term finance certificates issued by the Company. The IRS will create a fixed rate asset against this liability, synthetically converting the TFC's fixed rate exposure to a floating rate exposure.		
17. CASH AND CASH EQUIVALENTS	31 December 2007 (Unaudited)	31 December 2006
Cash and bank balances	25,422,833	10,211,650
Running finance	(691,465,762)	(295,642,656)
Rupees	<u>(666,042,929)</u>	<u>(285,431,006)</u>



18. SEGMENT ANALYSIS (Unaudited)

Segment information for the six months period ended 31 December 2007 is as follows:

	Leasing	investments	Long Term & Mortgage Finances	Placements & Finances	Fee & Commission	Total
External operating revenue	81,853,098	292,641,735	99,902,579	193,140,182	50,628,758	718,166,352
Unallocated revenue	-	-	-	-	-	21,000,205
Revenue	<i>Rupees</i> <u>81,853,098</u>	<u>292,641,735</u>	<u>99,902,579</u>	<u>193,140,182</u>	<u>50,628,758</u>	<u>739,166,557</u>
Segment results	15,554,469	55,610,440	18,984,395	36,702,251	9,620,936	136,472,491
Unallocated revenue						3,990,650
Profit for the period					<i>Rupees</i> <u>140,463,141</u>	

Segment information for the six months period ended 31 December 2006 is as follows:

	Leasing	investments	Long Term & Mortgage Finances	Placements & Finances	Fee & Commission	Total
External operating revenue	155,456,385	158,024,541	62,155,861	137,027,899	33,754,889	546,419,575
Unallocated revenue	-	-	-	-	-	11,549,818
Revenue	<i>Rupees</i> <u>155,456,385</u>	<u>158,024,541</u>	<u>62,155,861</u>	<u>137,027,899</u>	<u>33,754,889</u>	<u>557,969,393</u>
Segment results	27,473,358	27,927,221	10,984,626	24,216,545	5,965,404	96,567,155
Unallocated revenue						2,041,166
Profit for the period					<i>Rupees</i> <u>98,608,321</u>	



19. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members.

Transactions with the related parties are executed substantially on the same terms, including mark up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the full time working directors and executives are determined in accordance with the terms of their appointment.

19.1 Details of transactions with related parties and balances with them except for those disclosed elsewhere in these condensed interim financial statements as at the period-end were as follows:

	Six months ended 31 December		Quarter ended 31 December	
	2007	2006	2007	2006
With Subsidiary Company				
Profit Earned on Loans	<i>Rupees</i> -	2,281,195	-	726,355
Share of Common Expenses Received	<i>Rupees</i> -	2,435,699	-	533,878
With Associated Companies				
Profit Earned on Loans	<i>Rupees</i> <u>11,300,945</u>	3,533,568	<u>7,284,028</u>	2,759,595
Share of Common Expenses Paid	<i>Rupees</i> <u>3,037,976</u>	3,116,784	<u>(968,663)</u>	1,710,836
Share of Common Expenses Received	<i>Rupees</i> <u>5,133,587</u>	26,430,636	<u>1,958,823</u>	24,644,247
Profit Paid on Deposit	<i>Rupees</i> <u>8,353,938</u>	1,258,575	<u>8,229,226</u>	565,425
With Key Management Personnel				
Remuneration to Chief Executive Officer	<i>Rupees</i> <u>7,048,493</u>	3,683,462	<u>2,271,233</u>	2,666,343
Remuneration to Director	<i>Rupees</i> <u>6,774,623</u>	4,418,682	<u>2,176,598</u>	3,494,027
Remuneration to Executives	<i>Rupees</i> <u>5,226,555</u>	6,069,758	<u>1,480,918</u>	3,784,088
Accrued return on certificate of Investment	<i>Rupees</i> -	29,238	-	14,619



19.2 Balances with related parties can be summarised as follows:

	31 December 2007 (Unaudited)	30 June 2007 (Audited) (Restated)
With Associated Companies		
<i>Loans</i>		
Opening balance	125,000,000	25,000,000
Loans provided / transferred during the period	408,250,000	1,320,826,712
	533,250,000	1,345,826,712
Loans repaid during the period	(266,750,000)	(1,220,826,712)
Closing balance	<i>Rupees</i> 266,500,000	<u>125,000,000</u>
Placement / Deposits of Funds		
Opening balance	10,000,000	25,000,000
Deposits received during the period	1,511,000,000	510,000,000
	1,521,000,000	535,000,000
Deposits repaid during the period	(1,271,000,000)	(525,000,000)
Closing balance	<i>Rupees</i> 250,000,000	<u>10,000,000</u>
Investments Held for Trading		
First Dawood Mutual Fund		
Opening balance	10,256,850	9,216,300
Revaluation impact	(1,424,563)	1,040,550
Closing balance	<i>Rupees</i> 8,832,287	<u>10,256,850</u>
Dawood Money Market Fund		
Opening balance	63,784,010	-
Units purchased during the period	95,000,000	951,928,324
Revaluation impact	-	36,363
	158,784,010	951,964,687
Units redeemed during the period	(158,784,010)	(888,180,677)
Closing balance	<i>Rupees</i> -	<u>63,784,010</u>
B.R.R. Guardian Modaraba		
Opening balance	18,148,452	31,964,831
Certificates purchased during the period	44,400	652,700
Revaluation impact	(3,073,047)	(1,408,859)
	15,119,805	31,208,672
Certificates sold during the period	(1,448,554)	(13,060,220)
Closing balance	<i>Rupees</i> 13,671,251	<u>18,148,452</u>

20. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorised for issue on February 29, 2008 by the Board of Directors of the Company.

21. GENERAL

Figures have been rounded off nearest to Rupee.