

**F I R S T D A W O O D I N V E S T M E N T B A N K L I M I T E D**

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October 30, 2018

FDIBL/MG/ 4749 /2018

**The General Manager**  
**Pakistan Stock Exchange Limited**  
Stock Exchange Building  
Stock Exchange Road  
Karachi.

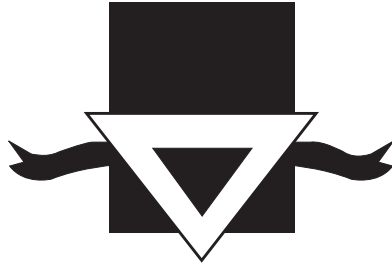
Sub: **DISPATCH OF FIRST QUARTER ACCOUNTS FOR THE PERIOD ENDED**  
**SEPTEMBER 30, 2018.**

Dear Sir,

We are pleased to submit electronically through PUCAR 1<sup>st</sup> Quarter Accounts for the period ended September 30, 2018 of First Dawood Investment Bank Limited and in hard form by sending fifteen (15) copies to you for distribution amongst TRE Certificate Holders of the Exchange.

Yours Sincerely,

**Syed Musharaf Ali**  
*CFO & Company Secretary*



**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Quarter Report  
30 September 2018**





FIRST DAWOOD INVESTMENT BANK LIMITED

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## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Christopher John Aitken Andrew Mr. Rafique Dawood	Chairman Director & CEO (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mr. Syed Iqbal Hussain Rizvi Mr. Muhammad Saeed	Director Director Director Director (Nominee B.R.R. Investments (Pvt) Ltd.) Director
<b>Audit Committee</b>	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff	Chairman Member Member
<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. Syed Musharaf Ali	
<b>Auditors</b>	Reanda Haroon Zakaria & Company Chartered Accountants	
<b>Internal Auditor</b>	J.A.S.B. & Associates Chartered Accountants	
<b>Legal Advisor</b>	Nishtar & Zafar	
<b>Legal counsels</b>	A.Q. Abbasi & Associates Ansari AG Legal Kabraji & Talibuddin Khalil Asif Ejaz & Co.	
<b>Bankers</b>	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd.	
<b>Registered Office Head Office</b>	18 <sup>th</sup> Floor, B.R.R Tower, Hasan Ali Street Off: I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 32602401-06 Email: fdib@firstdawood.com URL : www.firstdawood.com	
<b>Share Registrar</b>	F.D. Registrar Services (SMC-Pvt) Ltd. 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	

## 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 ("FDIBL" or the "Company") are pleased to present the interim financial statements of the Company for the period ended September 30, 2018.

Your company during the first quarter of the financial year 2018-19 has reported after-tax profit of Rs.0.987 million as compared to profit of Rs.1.69 million during corresponding period last year. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.8.82 million to Rs.8.04 million for the period under review in comparison to the corresponding period last year. The profit per share as of September 30, 2018 is 0.01.

The Company has applied for renewal of Investment Finance Services which is pending with Appellate Bench of SECP and a favourable response is expected.

The Board of Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the company.

October 29, 2018  
Karachi.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 30 ستمبر 2018ء کی پہلی سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ ادارے نے پہلی سہ ماہی 30 ستمبر 2018ء کے مالیاتی گوشوارے منافع بعد ٹیکس 0.987 ملین روپے اور پچھلے مالیاتی سال کے پہلی سہ ماہی کا منافع 1.69 ملین روپے منافع میں اضافہ کی بنیادی وجہ ڈیفنڈ ٹیکس اثاثوں میں اضافہ اور قابل ادائیگی مارک اپ کی ادائیگی سے مبرا ہونا ہے۔ حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متنا سب رکھنے میں کامیاب ہوا۔ 30 ستمبر 2018ء کو منافع فی شیئر 0.01 روپے ہے بینک مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔

کمپنی اپنے اخراجات نان پرفارمنگ قرضہ جات کی واپسی کے ذریعے قرضہ جات کے مد میں خاطر خواہ کمی کی جاسکے جو کہ ایک ستون کی حیثیت رکھتی ہے اس ادارے کے لئے۔

ہم اچھی طرح مستقبل کے چیلنجز سے آگاہ ہیں اور ہم پر اعتماد ہیں کہ یہ ادارہ کاروباری سرگرمیوں آگے کی طرف بڑھے گی اور قرضہ جات کی وصولی کے ذریعے اپنی مالیاتی حیثیت کو بہتر کرے گا۔

نئے NBFC's رولز کے تحت ریگولیٹر سے منظور شدہ ہیں اور ان نئے رولز کے تحت یہ ادارہ Equity شرائط کو پورا کرتا ہے۔

بورڈ آف ڈائریکٹرز مشکل حالات میں بھی پوری محنت لگن اور عزم کے ساتھ کام کرنے پر انتظامیہ سمیت تمام ملازمین کی خدمت کو قدر کی نگاہ سے دیکھتا ہے۔

تاریخ: October 29, 2018  
کراچی

بورڈ آف ڈائریکٹرز کی طرف سے

ڈائریکٹر

ڈائریکٹر

## CONDENSED INTERIM FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	<i>Note</i>	<i>Unaudited SEPTEMBER 30, 2018 Rupees</i>	<i>Audited JUNE 30, 2018 Rupees</i>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	282,911	338,835
Intangible Asset		858,332	883,528
Investment properties		62,805,000	62,805,000
Net investment in lease finance	7	17,389,608	17,389,608
Long-term investments	8	151,914,281	151,914,281
Long-term finances	9	-	-
Long-term deposits		-	2,500,000
Deferred tax asset	10	397,338,572	397,338,572
		<b>630,588,704</b>	<b>633,169,824</b>
<b>CURRENT ASSETS</b>			
Current portion of non-current assets	11	203,511,996	198,784,579
Short-term investments	12	16,390,352	19,341,003
Available for Sale investment held with Nazir SHC		42,377,777	42,377,778
Placements and finances	13	38,403,067	39,025,413
Loans , advances and prepayments		15,983,175	1,346,709
Mark-up accrued		54,760	46,856
Other receivables		6,000,000	6,000,000
Cash and bank balances		77,227,135	90,515,101
		<b>399,948,262</b>	<b>397,437,439</b>
		<b>1,030,536,966</b>	<b>1,030,607,263</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		455,425,501	455,425,501
Accumulated loss		(1,435,757,310)	(1,436,744,765)
		503,568,421	502,580,966
Surplus / (Deficit) on revaluation of investments		(4,601,740)	(4,601,740)
		<b>498,966,681</b>	<b>497,979,226</b>
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	14	59,140,000	59,140,000
Long term deposits	15	10,000,000	10,000,000
		<b>69,140,000</b>	<b>69,140,000</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities	15	360,991,538	360,991,536
Mark-up accrued		32,981,788	33,028,644
Short term borrowings	15.2	56,266,346	56,266,346
Accrued and other liabilities		4,327,911	5,349,014
Taxation		7,862,702	7,852,497
		<b>471,430,285</b>	<b>463,488,037</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16	<b>1,030,536,966</b>	<b>1,030,607,263</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

	<i>Quarter Ended September 30, 2018</i>	<i>Quarter Ended September 30, 2017</i>
<i>Note</i>	<i>&lt;-----Rupees-----&gt;</i>	
<b>INCOME</b>		
Lease income	485,170	370,500
Return on deposits and investments	507,147	1,335,241
Gain on sale of securities	1,621,285	455,156
Income from long-term finances	28,228	23,296
Other income	52,023	4,250
	<b>2,693,853</b>	<b>2,188,443</b>
<b>PROVISION / CHANGES IN FAIR VALUE</b>		
(Provision) / reversal for lease losses and doubtful recoveries	7,508,836	8,725,182
Deficit / Surplus on remeasurement of held for trading securities	(1,167,979)	(231,112)
	<b>6,340,857</b>	<b>8,494,070</b>
	<b>9,034,710</b>	<b>10,682,513</b>
<b>EXPENDITURES</b>		
Administrative expenses	(8,037,050)	(8,816,523)
Finance cost	-	-
	<b>(8,037,050)</b>	<b>(8,816,523)</b>
Share of Profit from Associates	-	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>997,660</b>	<b>1,865,990</b>
<b>TAXATION</b>	<b>(10,205)</b>	<b>(180,143)</b>
Current	(10,205)	(180,143)
	<b>987,455</b>	<b>1,685,847</b>
<b>PROFIT/ (LOSS) AFTER TAXATION</b>	<b>987,455</b>	<b>1,685,847</b>
Earning per share - basic	<b>0.01</b>	<b>0.01</b>
Earning per share - diluted	<b>0.01</b>	<b>0.01</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Chief Financial Officer*

\_\_\_\_\_  
*Director*

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	<i>Quarter Ended September 30, 2018</i>	<i>Quarter Ended September 30 2017</i>
	----- Rupees -----	
(Loss) / profit after taxation	987,455	1,685,847
Other comprehensive income		
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	(1,167,979)	(231,112)
Share of associates' on reversal of unrealised loss on remeasurement of investments	-	-
	(1,167,979)	(231,112)
Total comprehensive (loss) / income for the period	(180,524)	1,454,735

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Chief Financial Officer*

\_\_\_\_\_  
*Director*

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

### FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	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	Accumulated Losses	
Balance at July 1, 2017	1,483,900,230	-	379,076,942	53,426,910	2,596,484	8,497,989	(1,518,045,423)	409,453,132
Total comprehensive income for the period	-	-	-	-	-	-	101,625,823	-
- Profit for the period	-	-	-	-	-	-	-	101,625,823
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	(15,966,240)	-	(15,966,240)
Reclassification of gain to profit and loss account	-	-	-	-	-	(208,195)	-	(208,195)
Deferred Tax-OCI	-	-	-	-	-	3,074,706	-	3,074,706
Transfer to Statutory Reserve	-	-	20,325,165	-	-	-	(20,325,165)	-
Balance as at June 30, 2018	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(4,601,740)	(1,436,744,765)	497,979,226
Balance at July 1, 2018	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(4,601,740)	(1,436,744,765)	497,979,226
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	987,455	987,455
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at September 30, 2018	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(4,601,740)	(1,435,757,310)	498,966,681

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	<i>Quarter Ended</i> <i>September 30,</i>	
	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	997,660	1,865,990
Adjustments:		
Depreciation	55,922	163,193
Gain on sale of investments	(1,621,285)	(455,156)
Amortization	25,196	25,470
Provision / (reversal of provision potential lease	(7,508,836)	(8,725,182)
Deficit / Surplus on remeasurement of held for trading securities	1,167,979	231,112
Other income	(52,023)	(4,250)
	<u>(7,933,047)</u>	<u>(8,764,813)</u>
	<u>(6,935,387)</u>	<u>(6,898,823)</u>
<b>Changes in operating assets and liabilities</b>		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	2,593,019	3,078,242
Long-term finances	155,000	124,653
Assets Classified Held For Sale	-	-
Placements and finances	-	3,030,000
Advances and prepayments	(14,636,466)	7,504,337
Mark up accrued	(7,904)	89,669
	<u>(11,896,351)</u>	<u>13,826,901</u>
	<u>(18,831,738)</u>	<u>6,928,078</u>
<i>Increase / (decrease) in operating liabilities</i>		
Short term borrowings	-	-
Accrued and other liabilities	(1,021,103)	(653,160)
	<u>(1,021,103)</u>	<u>(653,160)</u>
Tax paid	(53,755)	(183,700)
Net cash (used)/generated from operating activities	<u>(19,906,596)</u>	<u>6,091,218</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long-term deposits	2,500,000	-
Short-term investments	4,118,630	3,961,207
Net cash (used)/generated from investing activities	<u>6,618,630</u>	<u>3,961,207</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Short Term Borrowings	-	-
Net cash (used in) from financing activities	<u>-</u>	<u>-</u>
Net increase / ( decrease) in cash and cash equivalents	<u>(13,287,966)</u>	<u>10,052,425</u>
Cash and cash equivalents at beginning of the period	90,515,101	4,084,279
Cash and cash equivalents at end of the period	<u>77,227,135</u>	<u>14,136,704</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements

Chief Executive Officer

Chief Financial Officer

Director

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

## 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 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 of License.
- 1.2 The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited and Pak Hy-Oils Limited. The value of assets under trustee as at September 30, 2018 amounted to Rs. 9.04 billion (June 30, 2018: Rs. 9.04 billion).

## 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 Act, 2017 (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, 2018.
- 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 Pakistan Stock Exchange and section 245 of The Companies Act, 2017.

## 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, 2018. "
- 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, 2018.

## 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, 2018.

## 6. PROPERTY, EQUIPMENT AND INTANGIBLE

	<i>September 30, 2018</i>	<i>June 30, 2018</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Furniture & fixtures	38,625	42,906
Equipment and appliances	70,094	74,691
Vehicles	174,192	221,238
Intangible asset	858,332	883,528
	<u>1,141,243</u>	<u>1,222,363</u>
	<u>-</u>	<u>-</u>
<b>6.1 Disposal of assets - at 10% of cost</b>		
Vehicles	<u>-</u>	<u>3,164,000</u>
	<u>-</u>	<u>3,164,000</u>

## 7. NET INVESTMENT IN LEASE FINANCE

Net investment in lease finance	7.1	503,030,662	503,030,662
Provision for potential lease losses		(381,074,829)	(381,074,829)
Current portion		<u>(104,566,225)</u>	<u>(104,566,225)</u>
		<u>17,389,608</u>	<u>17,389,608</u>

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	<i>September 30, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
<b>7.1 Particulars of net investment in lease finance</b>		
Minimum lease payments receivable	551,933,580	547,622,184
Residual value of leased assets	<u>61,167,875</u>	<u>61,167,875</u>
	613,101,455	608,790,059
Unearned finance income	-	-
Markup held in Suspense	<u>(110,070,793)</u>	<u>(110,555,986)</u>
Net investment in lease finance	<u><u>503,030,662</u></u>	<u><u>498,234,073</u></u>

7.1.1 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (March 31, 2018): 6M KIBOR plus spread of 2% to 5% per annum having maturity up to 5 years and are secured against leased assets.

	<i>September 30, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
<b>7.2 Provision for potential lease losses</b>		
Opening balance	381,074,829	418,783,376
(Reversal) / charge for the period - net	-	(37,708,547)
Written off during the period	-	-
Closing balance	<u><u>381,074,829</u></u>	<u><u>381,074,829</u></u>

**7.3 Current portion of lease finance**

Maturing within one year	503,030,662	513,220,182
Provision for potential lease losses	<u>(381,074,829)</u>	<u>(418,783,376)</u>
	<u><u>104,566,225</u></u>	<u><u>94,436,806</u></u>

**8. LONG TERM INVESTMENTS**

Investment in associates	8.1	151,564,495	151,564,495
Saving Certificates		<u>349,786</u>	<u>349,786</u>
		<u><u>151,914,281</u></u>	<u><u>151,914,281</u></u>

**8.1 Investment in associates**

Opening balance	151,564,495	202,865,262
Share of reversal of deficit on revaluation of investments recognised in other income	-	-
Share of (loss) / gain	-	(10,715,900)
Disposal of Investment	-	-
Transfer to short term investment held with Nazir SHC	-	(9,514,411)
	<u>-</u>	<u>(31,070,456)</u>
	<u><u>151,564,495</u></u>	<u><u>151,564,495</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		<i>September 30, 2018</i>	<i>June 30, 2018</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>9. LONG-TERM FINANCES</b>			
Term finance facilities		<b>254,350,140</b>	254,505,140
Provision for doubtful finances		<b>(155,404,369)</b>	(162,879,805)
		<b>98,945,771</b>	91,625,335
Current portion	11	<b>(98,945,771)</b>	(91,625,335)
		<u>-</u>	<u>-</u>

		<i>September 30, 2018</i>	<i>June 30, 2018</i>
		<i>Rupees</i>	<i>Rupees</i>
<b>9.1 Particulars of provision for doubtful finances</b>			
Opening balance		<b>162,879,805</b>	177,494,611
(Reversal) / charge for the period - net		<b>(7,475,436)</b>	(44,154,000)
Provision during the period		-	29,539,194
Closing balance		<b>155,404,369</b>	162,879,805

**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. 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 realizability 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 deferred tax amounting to Rs. 397.34 million will be realised in the future.

		<i>September 30, 2018</i>	<i>June 30, 2018</i>
	<i>Notes</i>	<i>Rupees</i>	<i>Rupees</i>
<b>10.1 TAXATION</b>			
Current Year		<b>(10,205)</b>	(14,902,684)
Deferred Tax		-	13,053,538
Prior Year		-	-
		<b>(10,205)</b>	(1,849,146)

**11. CURRENT PORTION OF NON-CURRENT ASSETS**

Net investment in lease finance	7	<b>104,566,225</b>	107,159,244
Long-term finances		<b>98,945,771</b>	91,625,335
Long-term loans		-	-
		<b>203,511,996</b>	198,784,579

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

12. SHORT TERM INVESTMENTS	Note	September 30, 2018 Rupees	June 30, 2018 Rupees
<b>Held-for-trading</b>			
Listed ordinary shares		16,401,162	17,569,141
<b>Available-for-sale</b>			
Term finance certificates / sukuk bonds		-	1,771,862
Unquoted securities		11,307,321	25,328,157
		<u>11,307,321</u>	<u>27,100,019</u>
Less: provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC agianst HBFC Case		(11,307,321)	(24,950,489)
		<u>16,390,352</u>	<u>19,341,003</u>
<b>13. PLACEMENTS AND FINANCES</b>			
Placement and finance- unsecured		-	-
Provision for doubtful finances		-	-
		-	-
Financing against shares		155,185,305	155,185,305
Provision for doubtful finances		(155,185,305)	(155,185,305)
		-	-
Short-term finance - secured		11,300,000	11,300,000
Provision for doubtful finances		(11,300,000)	(11,300,000)
		-	-
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances		86,684,717	86,684,717
Provision for doubtful finances		(48,281,650)	(47,659,304)
		<u>38,403,067</u>	<u>39,025,413</u>
		<u>38,403,067</u>	<u>39,025,413</u>
<b>14 LONG TERM LOANS</b>			
<b>Secured</b>			
Commercial Banks	15	369,213,673	369,213,673
		<u>369,213,673</u>	<u>369,213,673</u>
Current portion		(310,073,673)	(310,073,673)
		<u>59,140,000</u>	<u>59,140,000</u>
<b>15 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	14	310,073,673	310,073,673
Lease deposits		50,917,865	50,917,865
		<u>360,991,538</u>	<u>360,991,538</u>

15.1 The markup has been reversed based on legal opinion sought and no markup is shown in the external confirmation circulated by the external auditor.

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

## 15.2 SHORT TERM BORROWINGS

## Unsecured

Call borrowing - commercial bank	-	-
Development Financial Institution	56,266,346	56,266,346
	<u>56,266,346</u>	<u>56,266,346</u>

- 15.3 Since the pro-rata release of securities explained in note 13, therefore the company was compelled to adjust the cash & securities held by the Nazir of High court to repay the remaining monthly installments, after the first two installments, which were promptly paid in cash along with markup at rate determined by JCR-VIS credit rating agency i.e. 4.70%. The management is of the opinion that repayments were appropriately made by the company under the situation and that HBFC would not have any additional claim, once the 12-month period awarded by Honorable Supreme Court of Pakistan comes to an end and the repayments, whether in cash or in form of securities (to be released by nazir SHC) are timely made by the company.

	<i>September 30, 2018</i>	<i>June 30, 2018</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>16 CONTINGENCIES AND COMMITMENTS</b>		
<b>16.1 Contingent liabilities</b>		
Letters of comfort / guarantee	<u>1,088,000,000</u>	<u>1,088,000,000</u>

The guarantees worth Rs. 1,088 million (June 30, 2018: Rs. 1,088 million) are under litigations and are being defended by lawyers of the Company. Based on the opinion of legal advisors of the Company, the management is confident that adequate legal grounds are available to defend these cases. Accordingly, no provision is required to be made for the said cases in this condensed interim financial information. Brief detail of the guarantees under litigations is as under:

- i. A guarantee of Rs. 245 million was given against a Letter of Commitment and not against a guarantee which is currently in litigation. The beneficiary has restructured its facilities to the customer. Hence the beneficiary can not claim the same amount from two parties, thus the amount is disputed. The beneficiary has filed a recovery case and winding up petition against the Company in the Sindh High Court (SHC). According to the Company's legal advisors, the Company has good merits to defend both recovery case and winding up petition.
- ii. A guarantee of Rs. 250 million against the repayment of sukuk was called as the principal debtor defaulted in payment of installments of the said sukuk. The Trustee of the sukuk has filed a recovery suit against the Company in the SHC, which is pending adjudication. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational on technical grounds.
- iii. A guarantee of Rs 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of trustee of the sukuk issue.
- IV. A guarantee of Rs. 128 million against the bridge finance facility was called as the party in favour of which guarantee was issued defaulted in making payment to the beneficiary bank. The beneficiary has filed winding up petition and suit for recovery in the SHC, which is pending adjudication. According to the Company's legal advisor, the Company has good merits to defend both the recovery case and the winding up petition as "FDIBL" had issued a guarantee against a "bridge finance" and not a "term loan".

## 17 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: -

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	September 30, 2018		June 30, 2018	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
----- Rupees -----				
<b>Investment in associate</b>				
Balance at beginning of the period / year	-	182,825,921	-	202,865,262
Share of Loss from Associate	-	-	-	6,140,443
Disposal of Investment in DFTL	-	-	-	(19,471,444)
Investment in Dawood Income Fund	-	75,000,000	-	72,000,000
Disposal of Investment in Dawood Income Fund	-	(75,000,000)	-	(72,000,000)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	-	-	(6,708,340)
Balance at end of the period / year	-	182,825,921	-	182,825,921
<b>Long term finances / loans</b>				
Short term Loan	435,500	-	-	965,250
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	-	-	1,771,862
Disposal of Fixed Asset Cost	-	-	-	-
	435,500	-	-	2,737,112

	September 30, 2018		June 30, 2018	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
<b>Charge to profit and loss account</b>				
Common expenses paid	-	111,510	-	168,326
Share of (loss) / profit from associate	-	-	-	6,140,443
Share of common expenses received	-	130,544	-	-
Rental income	-	-	-	840,000
Rental expense	-	205,200	-	818,400
Takaful expense	-	25,203	-	96,651
	-	472,457	-	8,063,820

**18 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 29, 2018 by the Board of Directors of the Company.

**19 GENERAL**

Figures have been rounded off to the nearest Rupee.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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
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


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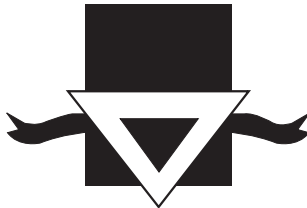


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## FIRST DAWOOD INVESTMENT BANK LIMITED

### Head Office:

18th Floor, B.R.R Tower, Hasan Ali Street Off: I. I. Chundrigar Road, Karachi-74000  
PABX +92 (21) 32602401-06 Fax: +92 (21)3227-1912  
Email: [fdib@firstdawood.com](mailto:fdib@firstdawood.com), URL: [www.firstdawood.com](http://www.firstdawood.com)