

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**Half Yearly Report
31 December 2019**



CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹر کی رپورٹ:	4
Auditor's Report to the Member Of Interim Financial Information	5
Condensed Interim Financial Position (Unaudited)	7
Condensed Interim Profit & Loss Account (Unaudited)	8
Condensed Interim Statement of Comprehensive Income (Unaudited)	9
Condensed Interim Statement of Changes in Equity (Unaudited)	10
Condensed Interim Cash Flow Statement (Unaudited)	11
Notes to the Financial Statement (Unaudited)	13

CORPORATE INFORMATION

Board of Directors	Mr. Christopher John Aitken Andrew Mr. Rafique Dawood Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali	Chairman Director & CEO (Nominee B.R.R. Investments (Pvt) Ltd.) Director Director Director Director (Nominee B.R.R. Investments (Pvt) Ltd.) Director
Audit Committee	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff	Chairman Member Member
HR&R Committee	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khursheed M. Ariff	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Syed Musharaf Ali	
Auditors	Aamir Salman Rizwan Chartered Accountants	
Head of Internal Audit	Mr. Sohail Ahmed	
Legal Advisor	Nishtar & Zafar	
Legal counsels	A.Q. Abbasi & Associates Ansari AG Legal Kabrali & Talibuddin Khalil Asif Ejaz & Co.	
Bankers	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd.	
Registered Office Head Office	19 th Floor, Tower-B, Saima Trade Tower, I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 32270182 FAX: +92 (21)3227-1912 Email : fdib@firstdawood.com URL : www.firstdawood.com	
Share Registrar	F.D. Registrar Services (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 December 31, 2019.

Your company during the two quarters of the financial year 2019-20 has reported after-tax profit of Rs.1.897 million as compared to profit of Rs. 11.877 million during corresponding period last year. The higher profit in corresponding last year is due to present value adjustment of interest free loan. However, the net worth of your company has increased from Rs. 522.837 million to Rs. 526.746 million. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.17.095 million to Rs. 14.445 million for the period under review in comparison to the corresponding period last year.

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.

February 25, 2020
Karachi.

Director

Director

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز ۳۱ دسمبر سنہ ۲۰۱۹ کی دوسری سال مانی خیر اداٹ شرہ مالیاتی گوشوارے کے ساتھ روپورٹ پیش کرتے ہوئے سمرت محسوس کرتے ہیں۔ ادارے نے دوسری سال مانی ۳۱ دسمبر سنہ ۲۰۱۹ کے مالیاتی گوشوارے مانا فوج بعد چیکس 1.897 روپے ملین اور پچھلے مالیاتی سال کے دوسری سال مانی کا مانا فوج 11.877 روپے ملین روپے مانا فوج ہے۔ جبکہ کمپنی کی اکوئی (Equity) میں اضافہ ہوا ہے 522.837 ملین روپے سے 526.746 ملین روپے ہو گئی ہے جس کی وجہ بلا سود قرض کی ادائیگی ہے۔ حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متناسب کم کرنے میں کامیاب ہوا ہے جو کہ 17.095 ملین روپے سے کم ہو کر 14.445 ملین ہو گی ہیں۔ ۳۱ دسمبر سنہ ۲۰۱۹ کو مانا فوج فی شیئر 0.013 روپے ہے پہنچ مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔

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

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

بورڈ آف ڈائریکٹر 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: 25 فروری، 2020

کراچی

بورڈ آف ڈائریکٹر کی طرف سے

چیئرمین

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST DAWOOD INVESTMENT BANK LIMITED REVIEW OF INTERIM FINANCIAL STATEMENT



Aamir Salman Rizwan
chartered accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of First Dawood Investment Bank Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of First Dawood Investment Bank Limited (the Company) as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 statements 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 International Standards on Auditing 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.

Basis for Qualified Conclusion

As stated in note 13, the Company has recognized deferred tax asset of Rs. 389.091 million on the assumption that future taxable profits will be available against which temporary losses can be utilised. However, due to non-provision of future business plan and relevant financial projections, we were unable to determine whether deferred tax asset should be recognised. Further, in the absence of sufficient appropriate audit evidence, we were unable to verify the amount of deferred tax asset and any resulting effect on profit and loss or other comprehensive income. However, financial impact of this departure could not be calculated.

Qualified Conclusion

Based on our review, with the exception of the matters described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**INDEPNEDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
FIRST DAWOOD INVESTMENT BANK LIMITED
REVIEW OF INTERIM FINANCIAL STATEMENT**



Aamir Salman Rizwan

chartered accountants

Emphasis of Matters

- I. We draw attention to note 1.3 to the financial statements which describes that the Company is facing financial problems, its accumulated losses as at December 31, 2019 are in the tune of Rs. 1,407.913 million, and as of that date, the Company's current liabilities exceed its current assets by Rs. 8,537 million and its licenses to carry out business are not renewed. These condition along with other matters as stated in note 1.3 and contingencies identified in note 26.1 to note 26.6 indicate the existence of a material uncertainty that may cast significant doubts on the Company's ability to continue as a going concern;
- II. Further, we draw attention to note 1.1 to the interim financial statement which state that license for Leasing Business and Investment and Finance Services under Non Banking Finance Companies(Establishment and regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulation,2008 From the Securities and Exchange Commission Of Pakistan(SECP) has been expired and awaiting renewal;
- III. Further, we draw attention to note 1.2 to the interim financial statements which states that appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulation, 2012 is currently pending at the Honourable High Court of Sindh;
- IV. Further, we draw attention to note 1.9 and 11.4 of the interim financial statements which states that the Company is not in compliance with certain requirement of NBFC Regulations; and
- V. Further, we draw attention to note 25.1 and 26.5 to the interim financial statements which describes the litigation with HBFC over the settlement amount of liabilities due to different cost of funds as determined by State Bank of Pakistan (SBP) and JCR-VIS.

Our conclusion is not qualified in respect of (i) to (v) above.

Other Matter

- The interim financial statements of the Company for the half year ended June 30, 2018 were reviewed by another firm of Chartered Accountants, who through their review report dated February 22, 2019, expressed a qualified conclusion thereon due to non-substantiation of deferred tax asset and relevant projections.
- The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Ahmad Salman Arshad.

Aamir Salman Rizwan
Chartered Accountants
Lahore
Dated: February 25, 2020

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Unaudited December 31, 2019 Rupees	Audited June 30, 2019 Rupees Restated
ASSETS			
NON CURRENT ASSETS			
Property and equipment	7	3,102,889	222,223
Intangible asset	8	733,453	783,478
Investment properties	9	60,810,000	60,810,000
Net investment in lease finance	10	11,327,814	12,898,515
Long-term investments	11	150,583,566	143,913,643
Long-term finances	12	-	-
Deferred tax asset	13	389,091,550	389,351,187
		615,649,272	607,979,046
CURRENT ASSETS			
Current and overdue portion of non-current assets	14	228,852,324	225,738,619
Short-term investments	15	50,726,435	757,328
Placements and finances	16	39,025,413	39,025,413
Investment held with Nazir SHC at FVOCI	17	45,147,192	44,539,693
Advance against lease commitments	18	-	-
Loans and advances	19	1,183,598	2,386,431
Prepayments		257,126	23,332
Mark-up accrued		35,526	16,365
Other receivables	20	2,169,233	1,653,851
Cash and bank balances	21	8,736,216	74,342,978
		376,133,063	388,484,010
		991,782,335	996,463,056
EQUITY AND LIABILITIES			
Authorised Capital		<u>1,500,000,000</u>	1,500,000,000
Issued, subscribed and paid up capital		<u>1,483,900,230</u>	1,483,900,230
Capital reserves			
Reserves		455,841,607	455,841,607
Revenue reserves			
Accumulated loss		(1,407,913,042)	(1,409,809,964)
		531,828,795	529,931,873
Share of unrealised gain on remeasurement of investments in associates		6,257,207	4,300,476
Unrealised loss on remeasurement of investment at FVOCI		(11,340,359)	(11,395,430)
		526,745,643	522,836,919
NON CURRENT LIABILITIES			
Long-term loans	22	70,367,068	79,273,605
Long-term deposits	23	10,000,000	10,000,000
		80,367,068	89,273,605
CURRENT LIABILITIES			
Current portion of long-term liabilities	24	296,905,772	296,069,648
Advance and deposits		223,548	-
Mark-up accrued		25,756,644	25,756,644
Short-term borrowings	25	50,266,346	50,266,346
Accrued and other liabilities		4,177,205	4,979,770
Taxation		7,340,109	7,280,124
		384,669,624	384,352,533
CONTINGENCIES AND COMMITMENTS	26		
		<u>991,782,335</u>	<u>996,463,056</u>

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

Note	Half Year Ended December 31,		Quarter Ended December 31,	
	2019	2018 Restated	2019	2018 Restated
	Rupees			
INCOME				
Lease income	-	485,193	-	23
Return on deposits and investments	3,235,417	733,165	2,309,973	226,018
Gain on sale of securities- net	304,212	7,503,087	164,229	5,881,802
Income/ (loss) from long-term finances	37,065	15,039	37,065	(13,189)
Other income	216,200	233,010	-	180,987
	3,792,894	8,969,494	2,511,267	6,275,641
PROVISION/ CHANGES IN FAIR VALUE				
Reversal for potential lease losses and other loan losses - net	7,035,732	24,628,158	2,640,311	17,119,322
Present value adjustment - amortisation of interest free loan	-	31,354,703	-	-
Reclassification of unrealised loss from equity	(540,528)	-	(540,528)	-
Unrealized gain/ (loss) on remeasurement of investments - FVTPL	215,701	(1,887,552)	215,701	(719,573)
	6,710,905	54,095,309	2,315,484	16,399,749
	10,503,799	63,064,803	4,826,751	22,675,390
EXPENDITURES				
Administrative expenses	(14,444,638)	(17,095,296)	(9,153,626)	(9,058,246)
Finance cost	(1,200)	-	(1,200)	-
Unwinding of discount	(4,529,588)	(7,926,178)	(2,215,367)	(3,984,745)
Exchange loss	(6,451)	-	(6,451)	-
	(18,981,877)	(25,021,474)	(11,376,644)	(13,042,991)
Share of profit/ (loss) from associates	10,434,985	(5,375,726)	10,434,985	(5,375,726)
PROFIT BEFORE TAXATION	1,956,907	32,667,603	3,885,092	4,256,673
Taxation	27	(59,985)	(20,790,148)	(59,985)
PROFIT/ (LOSS) FOR THE PERIOD		1,896,922	11,877,455	3,825,107
Earning per share - basic		0.013	(0.078)	0.03
Earning per share - diluted		0.013	(0.078)	0.03

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

Note	<i>Half Year Ended December 31,</i>		<i>Quarter Ended December 31,</i>	
	<i>2019</i>	<i>2018 Restated</i>	<i>2019</i>	<i>2018 Restated</i>
	<i>Rupees -----></i>			
Profit/ (loss) for the period	1,896,922	11,877,455	3,825,107	(16,523,269)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Unrealized remeasurement gain/ (loss) on investment in associates	1,675,840	(537,032)	1,675,840	(537,032)
Unrealised gain/ (loss) on remeasurement of investment held with Nazir	55,071	(474,102)	55,071	(474,102)
Deferred tax - OCI	(259,637)	(80,555)	(259,637)	(80,555)
	1,471,274	(1,091,689)	1,471,274	(1,091,689)
Total comprehensive income/ (loss) for the period	3,368,196	10,785,766	5,296,381	(17,614,958)

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

	Share Capital		Capital Reserves		Revenue Reserves			Accumulated loss	Total
	Ordinary shares	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Share of unrealised (loss) / gain on remeasurement of associates' investments	Unrealised gain / (loss) on remeasurement of available - for - sale investments			
			Rupees	Rupees	Rupees	Rupees			
Balance at July 01, 2018	1,483,900,230	399,402,107	53,426,910	2,596,484	6,994,953	-	(1,448,341,458)	497,979,226	
Total comprehensive income for the period									
Profit for the period- restated	-	-	-	-	-	-	11,877,455	11,877,455	
Other comprehensive loss									
- Unrealized remeasurement gain / (loss) on investment in associate	-	-	-	-	(537,032)	-	-	(537,032)	
- Surplus on revaluation of investment - At fair value through OCI	-	-	-	-	-	(474,102)	-	(474,102)	
- Defer tax OCI	-	-	-	-	(80,555)	-	-	(80,555)	
					(617,587)	(474,102)	-	(1,091,689)	
Balance at December 31, 2018- restated	1,483,900,230	399,402,107	53,426,910	2,596,484	6,377,366	(474,102)	(1,436,464,003)	508,764,992	
Balance at July 01, 2019	1,483,900,230	399,818,213	53,426,910	2,596,484	4,300,476	(11,395,430)	(1,435,080,343)	497,566,540	
Effect of restatement (note 6.1)	-	-	-	-	-	-	822,096	822,096	
Effect of restatement (note 6.2)	-	-	-	-	-	-	24,448,283	24,448,283	
Balance at July 01, 2019-restated	1,483,900,230	399,818,213	53,426,910	2,596,484	4,300,476	(11,395,430)	(1,409,809,964)	522,836,919	
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	1,896,922	1,896,922	
Other comprehensive income									
- Unrealized remeasurement gain / (loss) on investment in associate	-	-	-	-	1,675,840	-	-	1,675,840	
- Surplus on revaluation of investment - At fair value through OCI	-	-	-	-	-	55,071	-	55,071	
- Reclassification of unrealised loss to statement if profit or loss	-	-	-	-	540,528	-	-	540,528	
- Defer tax OCI	-	-	-	-	(259,637)	-	-	(259,637)	
					1,956,731	55,071	-	2,011,802	
Balance at December 31, 2019	1,483,900,230	399,818,213	53,426,910	2,596,484	6,257,207	(11,340,359)	(1,407,913,042)	526,745,643	

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

	Half Year Ended December 31, 2019 Rupees	Half Year Ended December 31, 2018 Rupees Restated
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,956,907	32,667,603
Adjustments for non-cash items:		
Depreciation	7 372,334	73,352
Amortization	8 50,025	50,392
Finance cost	1,200	-
Exchange loss	6,451	-
Loss/ (gain) on sale of securities - net	16,734	(7,503,087)
Unwinding of discount	4,529,588	7,926,178
Present value adjustment - amortisation of interest free loan	-	(31,354,703)
Reclassification of unrealised loss from equity to statement of profit or loss	540,528	-
Share of (profit)/ loss from associates	(10,434,985)	5,375,726
Reversal of provision for lease and other loan losses - net	(7,035,732)	-
Unrealized (gain)/ loss on remeasurement of investments - FVTPL	(215,701)	1,887,552
Income from long-term finance	(37,065)	-
Gain on sale of property and equipment	(216,200)	(24,628,158)
Income on DSCs	(37,297)	-
	<u>(12,460,120)</u>	<u>(48,172,748)</u>
	<u>(10,503,213)</u>	<u>(15,505,145)</u>
Changes in operating assets and liabilities		
(Increase)/ decrease in operating assets		
Long term finances - net	372,095	-
Loans term deposits	-	2,500,000
Loans and advances	1,782,455	(820,752)
Prepayments	(233,794)	(66,660)
Mark-up accrued	17,904	(37,533)
Other receivables - net	151,278	-
	<u>2,089,938</u>	<u>1,575,055</u>
	<u>(8,413,275)</u>	<u>(13,930,090)</u>
Increase / (decrease) in operating liabilities		
Advance and deposits	223,548	-
Accrued and other liabilities	(802,565)	(1,160,283)
	<u>(8,992,292)</u>	<u>(15,090,373)</u>
Finance cost paid	(1,200)	-
Taxes paid	(394,187)	(987,366)
Net cash used in operating activities	A (9,387,679)	(16,077,739)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,253,000)	-
Proceeds from disposal of property and equipment	216,200	-
Net investment in finance lease - net	3,714,901	1,634,016
Net proceeds from investments	(44,766,466)	9,410,021
Placement and finances	475,733	-
Reversal of provision for lease losses	-	3,117,000
Net cash (used in) generated from investing activities	B (43,612,632)	14,161,037

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

	<i>Six months ended December 31, 2019 Rupees</i>	<i>Six months ended December 31, 2018 Rupees Restated</i>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans -net	(12,600,000)	33,400
Net cash (used in)/ generated from financing activities	C (12,600,000)	33,400
Net decrease in cash and cash equivalents	(A+B+C) (65,600,311)	(1,883,301)
Foreign currency translation	(6,451)	-
Cash and cash equivalents at beginning of the period	74,342,978	90,515,101
Cash and cash equivalents at end of the period	8,736,216	88,631,800

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

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 Act, 2017 (formerly Companies Ordinance, 1984) and is listed on Pakistan 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 has been expired and awaiting renewal.

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 'December 31, 2019 amounted to Rs. 9.04 billion (June 30, 2019: Rs. 9.04 billion).

1.3 The Company earned a net profit of Rs. 1.897 million during the period ended December 31, 2019, its accumulated losses reached to Rs. 1,407.913 million as at December 31, 2019 and its current liabilities exceed current assets by Rs. 8.537 million. The Company faced liquidity crunch due to aftermath of financial crisis 2008-09 which result primarily in view of unwarranted closure of PSX for all practical purpose for 109 days. The stock market nosedived by approximately 60% which resulted in withdrawal of money market lines by financial institution of NBFC sector. Owing to abrupt withdrawal of clean money market, money of the Company of over Rs. 05 billion from the banking sector; the Company was unable to meet its commitments on time. To honour its commitment to creditors/lenders, the Company settled its majority of its liabilities against its assets, thus various loans and liabilities have been settled and about Rs. 375.01 million is outstanding for which the Company is making efforts to settle in a similar manner. Presently, the equity of the Company is 526.746 million. However, as per SECP Order dated May 24, 2018, MCR shall exclude deferred tax asset and markup of Rs.62.49 million for which appeal has been filed. Above factors indicate existence of uncertainties which may cast significant doubts on the Company's ability to continue as a going concern and accordingly Company may not be able to realize its assets and discharge its liabilities at stated amount but the Company through innovative means has been able to settle various liabilities and has also covering all expenditures. Similarly and going forward, the management of the Company is confident that it will continue with the mitigation plan, as explained in the following paragraphs, which will also ensure that the Company continues as going concern owing to these factors financial statement are prepared on going concern basis.

1.4 Mitigation plan

- The Company has successfully able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. 375.01 million.
- The Company is hopeful to restructure / settle the residual amount of liabilities in the near future.
- The Company is meeting all of its expenses since the financial turmoil of 2008-09 without any external financial support or a bail-out package. Further, the Company has adequate liquid assets in the form of bank balances and short term investments to meet its obligations / expenses in the near future.
- The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collaterals assets. In this respect, the management has realigned its strategy accordingly.
- During the period, the Company made recoveries amounting Rs. 4.143 million which is below the expected recovery amount of Rs. 100 million. Major reason for the difference was slow litigation system in the country. The management is expecting to recover the amount either through auction of the collateralized assets or transfer of title of the collateralized asset through the Court order or out of court settlement.
- The Company expects recovery of approximately Rs.100 to 150 million in the next two financial years.

1.5 Expected NBF sector reforms/ regime

The requirement of minimum equity will be resolved soon by strong prospects of recovery and reversal of provision. It is pertinent to mentioned that as per new rules of NBF sector; 'SECP' has reduced minimum capital requirements to Rs. 100 million (for investment financial services and leasing licenses). Upon renewal of license, the Company will be eligible to restart business operations. The management is confident that renewal of the license may assist in induction of foreign or local partner. Presently, the net equity stands at Rs. 526.746 million which exceeding the MCR by Rs. 426.746 millions in case deferred tax asset or its portion is materialized.

1.6 Future prospects

During the period, recovery of Rs. 4.143 million has been made against non-performing lease and advances portfolio and further recovery is also expected which will provide cash flow cushion within next two - three years. The management is confident that it will manage to continue writing back provisions as a result of expected recoveries which will result in better cash flows. Administrative expenses have been curtailed and departments have been restructured and rationalized/ right sized to reduce the payroll cost and overhead expenses. The proposed reduction in financing cost through restructuring/ settlements with the lenders will assist in further reducing the losses and improving the equity. This will make the Company attractive for equity participation/ merger along with an opportunity for the existing shareholders to inject additional equity. The main sponsors are committed to subscribe their portion of right issue. The management is confident that the Company will be able to resume its operations upon renewal of licenses and take advantage of deferred tax by writing new lease facilities.

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

1.7 Cases under litigation

Cases under litigations have been disclosed in note # 26.

Funded exposure

1.8 Credit rating

The Company has not sought fresh credit rating from credit rating agencies; since PACRA downgraded Company's rating to "D" in December 2009 i.e. due to prevailing unprecedent conditions in NBF sector of the Country. Management will seek fresh credit rating once the licenses are renewed and normal business functioning of the Company is commenced.

1.9 The Company could not meet certain regulatory requirements of NBFC Regulations, 2008 including Regulation 17 (1) of NBFC Regulation, 2008 which states that "the total outstanding exposure to a single person (fund based and non-fund based) by an NBFC to a single person shall not exceed 20% of the equity of an NBFC (as disclosed in the latest financial statements) provided that maximum outstanding fund based exposure does not exceed 15% of equity of an NBFC".

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, 2019.

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. The figures for the six months period ended December 31, 2019 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

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, 2019.

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, 2019.

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, 2019.

6. PRIOR PERIOD ERROR

6.1 - During the previous year, the Company has erroneously booked expense amounting to Rs. 234,436/- as "Advance for purchase of shares". During the period, the Company has rectified the error and adjusted the amount in opening accumulated losses.

- During the previous year, the Company did not adjust advance amounting to Rs. 49,000/- against expenses incurred. The Company has rectified the error and adjusted the amount in opening accumulated losses.

- During the previous year, the Company erroneously over-booked the provision against other receivables by Rs. 636,660/- The Company has rectified the error in the current period and reversed the provision thus restating the figure of opening accumulated losses.

Such error/ omission constitutes a 'prior period error' as defined in "IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the above mentioned prior period error has been corrected retrospectively in the current period by restating the opening balances for the comparative period presented i.e. June 30, 2019. Consequently, the effect of the revision is as follows:

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

June 30, 2019
(Rupees)

Effect on statement of financial position

Increase/ (decrease) in asset

Loan and advances (refer note 19)	234,436
Loan and advances (refer note 19)	(49,000)
Other receivables (refer note 20)	636,660

Increase/ (decrease) in revenue reserves

Accumulated losses	871,096
Accumulated losses	(49,000)

Effect on statement of profit or loss

Increase in administrative expenses - legal and professional expense	49,000
Decrease in administrative expenses - miscellaneous expense	234,436
Reversal for potential lease losses and other loan losses - net	636,660

Effect on statement of cash flows

Increase in change in loan and advances	185,436
Reversal of provision for lease and other loan losses - net (non-cash item)	(636,660)

Reconciliation of equity due to prior period error

Net equity as at June 30, 2019- as previously reported	497,566,540
Net impact of prior period errors	822,096
Net equity as at June 30, 2019- restated	498,388,636

The restatement has no impact on statement of other comprehensive income of the Company.

- 6.2** During the previous year, the Company had restructured long-term loan from UBL and ABL resulting in conversion of liabilities into interest free loans. These interest free loans were not recorded on their present value. The Company has rectified the error in the current period by retrospectively correcting the error.

'Such error/ omission constitutes a 'prior period error' as defined in ""IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors"". Accordingly, the above mentioned prior period error has been corrected retrospectively in the current period by restating the opening balances for the comparative period presented i.e. June 30, 2019. Consequently, the effect of the revision is as follows:

	<i>Quarter Ended December 31, 2018</i>	<i>Half Year Ended December 31, 2018</i>	<i>Year ended June 30, 2019</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Effect on statement of financial position			
Increase/ (decrease) in liabilities			
Long term loan (note # 22)	(27,369,957)	(23,428,525)	(24,448,283)
Increase/ (decrease) in revenue reserves			
Accumulated losses	27,369,957	23,428,525	24,448,283
Effect on statement of profit or loss			
Increase/ (decrease) in income			
Present value adjustment - amortisation of interest free loan	-	31,354,703	31,354,703
Increase/ (decrease) in expense			
Unwinding of discount	3,984,745	7,926,178	6,906,420
Effect on statement of cash flows			
Liability written back- non cash item	-	(31,354,703)	(31,354,703)
Unwinding of discount- non cash item	(3,984,745)	(7,926,178)	(6,906,420)

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

	<i>Quarter Ended December 31, 2018 Rupees</i>	<i>Half Year Ended December 31, 2018 Rupees</i>	<i>Year ended June 30, 2019 Rupees</i>
Reconciliation of equity due to prior period error			
Net equity as previously reported	498,966,681	508,764,992	497,566,540
Net impact of prior period errors	(3,984,745)	23,428,525	24,448,283
Net equity after restatement	494,981,936	532,193,517	522,014,823

The restatement has no impact on statement of other comprehensive income of the Company.

7 PROPERTY AND EQUIPMENT

7.1 The following is the statement of property and equipment

<i>Description</i>	<i>Furniture and fixtures</i>	<i>Vehicles</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
	<i>Rupees</i>				
<i>Half year ended December 31, 2019</i>					
Opening net book value as at June 30, 2019	25,784	147,144	49,295	-	222,223
Additions (at cost)	-	3,253,000	-	-	3,253,000
	25,784	3,400,144	49,295	-	3,475,223
<i>Disposals</i>					
Cost	-	(2,309,430)	-	-	(2,309,430)
Depreciation	-	2,309,430	-	-	2,309,430
<i>Net Book value</i>	-	-	-	-	-
Depreciation charge	(8,562)	(351,076)	(12,696)	-	(372,334)
Closing net book value	17,222	3,049,068	36,599	-	3,102,889
<i>Gross carrying value basis</i>					
Cost	171,235	5,079,720	3,644,189	4,829,101	13,724,245
Accumulated depreciation / impairment	(154,013)	(2,030,652)	(3,607,590)	(4,829,101)	(10,621,356)
<i>Net book value</i>	17,222	3,049,068	36,599	-	3,102,889
<i>Year ended June 30, 2019</i>					
Opening net book value as at June 30, 2018	42,906	221,238	74,691	-	338,835
Additions (at cost)	-	-	-	-	-
	42,906	221,238	74,691	-	338,835
<i>Disposals</i>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<i>Net Book value</i>	-	-	-	-	-
Depreciation charge	(17,121)	(74,091)	(25,400)	-	(116,612)
Closing net book value	25,785	147,147	49,291	-	222,223
<i>Gross carrying value basis</i>					
Cost	171,235	4,136,150	3,644,189	4,829,101	12,780,675
Accumulated depreciation / impairment	(145,451)	(3,989,006)	(3,594,894)	(4,829,101)	(12,558,452)
<i>Net book value</i>	25,784	147,144	49,295	-	222,223
<i>Depreciation rate % per annum</i>	10%	20%	33.33%	20%	

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

		December 31, 2019	June 30, 2019
	Note	Rupees	Rupees
8 INTAGIBLE ASSET			
Golf Club Membership Card		733,453	783,478
8.1 Golf Club Membership Card			
Opening net book value		783,478	883,528
Addition		-	-
Amortization charge		(50,025)	(100,050)
Closing net book value		<u>733,453</u>	<u>783,478</u>
<i>As at period/year end</i>			
Cost		1,500,000	1,500,000
Accumulated amortization		(766,547)	(716,522)
		<u>733,453</u>	<u>783,478</u>
<i>Rate of amortization (%)</i>		<u>6.67%</u>	<u>6.67%</u>
8.2 The remaining useful life of intangible asset is 7.7 years.			
9 INVESTMENT PROPERTIES			
Balance at beginning of the period/ year		60,810,000	62,805,000
Transfer from/(to) asset classified as held for sale		-	-
Loss on fair value adjustment		-	(1,995,000)
Balance at end of the period/ year		<u>60,810,000</u>	<u>60,810,000</u>
10 NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	10.1	496,463,465	500,178,366
Provision for potential lease losses	10.2	(382,522,009)	(384,002,009)
		<u>113,941,456</u>	<u>116,176,357</u>
Current and overdue portion of net investment in lease finance	10.3	(102,613,642)	(103,277,842)
		<u>11,327,814</u>	<u>12,898,515</u>
10.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		543,544,396	547,259,297
Residual value of leased assets		61,167,875	61,167,875
		<u>604,712,271</u>	<u>608,427,172</u>
Unearned finance income		-	-
Markup held in Suspense		(108,248,806)	(108,248,806)
Net investment in lease finance		<u>496,463,465</u>	<u>500,178,366</u>

10.1.1 As at December 31, 2019, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 430.14 million (June 30, 2019: Rs. 432.71 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs. 48.71 million (June 30, 2019: Rs. 48.71 million).

10.1.2 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2019: 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

		December 31, 2019 Note	June 30, 2019 Rupees
10.2 Provision for potential lease losses			
Opening balance		384,002,009	381,074,829
(Reversal) / charge for the period/ year - net		(1,480,000)	2,927,180
Closing balance		<u>382,522,009</u>	<u>384,002,009</u>
10.3 Current portion of lease finance- net			
Finance lease		496,463,465	500,178,366
Provision for potential lease losses		(382,522,009)	(384,002,009)
More than one year and less than five years		(11,327,814)	(12,898,515)
		<u>102,613,642</u>	<u>103,277,842</u>
11 LONG-TERM INVESTMENTS			
- Associates - equity method	11.1	149,158,549	143,525,923
- Defense Saving Certificates - at amortized cost		1,425,017	387,720
		<u>150,583,566</u>	<u>143,913,643</u>
11.1 Investment in associates			
Opening balance		143,525,923	151,564,495
Investment sold during the period/ year		(5,925,771)	-
Share of profit/ (loss)	11.5	10,434,985	(4,142,352)
Share of other comprehensive income/ (loss)	11.5	1,675,840	(3,896,220)
Less: transfer to investment held with Nazir	11.3	(552,428)	-
		<u>149,158,549</u>	<u>143,525,923</u>
11.2 Carrying value of investment in associates			
December 31, June 30,			
2019 2019			
Number of Shares			
2,246,070 2,246,070		786 Investment Limited	30,072,676
4,762,100 4,762,100		B.R.R. Investments (Private) Limited	76,184,601
8,260,000 9,420,000		Dawood Family Takaful Limited	42,901,272
15,268,170 16,428,170			<u>149,158,549</u>
			<u>143,525,923</u>
11.3 6,466,010 (June, 30 2019: 6,466,010) shares of Dawood Family Takaful Limited which have been pledged with Nazir High Court of Sindh in pursuant to litigation with HBFC (refer note # 17).			
11.4 As per Regulation 19 (g) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), an NBFC shall not hold shares of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity, whichever is less. As at December 31, 2019, the Company holds 41.63% shares of B.R.R. Investments (Private) Limited. The management is in process of taking steps to reduce this investment in order to comply with the requirements of NBFC Regulations.			
11.5 "Calculations of change in value of investment in;			
- 786 Investment Limited was made on the basis of unaudited financial statements for the quarter ended September 30, 2019;			
- B.R.R Investments (Private) Limited was made on the basis of unaudited financial statements for the half year ended December 31, 2019;			
and			
- Dawood Family Takaful Limited was made on the basis of unaudited financial statements for the quarter ended September 30, 2019."			
		December 31, 2019 Note	June 30, 2019 Rupees
12 LONG-TERM FINANCES			
Term finance facilities		253,453,051	253,825,146
Provision for doubtful finances	12.1	(127,214,369)	(131,364,369)
		<u>126,238,682</u>	<u>122,460,777</u>
Current portion	14	(126,238,682)	(122,460,777)
		<u>-</u>	<u>-</u>

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

	<i>December 31, 2019</i>	<i>June 30, 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
12.1 Particulars of provision for doubtful finances		
Opening balance	131,364,369	162,879,805
Reversal for the period/ year- net	(4,150,000)	(35,425,436)
Provision during the period/ year	-	3,910,000
Closing balance	<u><u>127,214,369</u></u>	<u><u>131,364,369</u></u>

12.2 The mark-up/ profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2019: 13.5% to 15.1%) per annum subject to change in SBP discount rate and KIBOR. These are secured against mortgage of immovable properties.

12.3 As at December 31, 2019, long term finance of Rs. 252.79 million (June 30, 2019 : Rs. 253.03 million) which have been placed under non-performing status. The forced sale value benefits considered against these non-performing finances amounting to Rs. 125.57 million (June 30, 2019 Rs. 121.67 million).

13 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. 389.092 million will be realised in the future.

14 CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS

Net investment in lease finance	10	102,613,642	103,277,842
Long-term finances	12	<u>126,238,682</u>	<u>122,460,777</u>
		<u><u>228,852,324</u></u>	<u><u>225,738,619</u></u>

15 SHORT-TERM INVESTMENTS

<i>At amortised cost</i>			
Term finance certificates / sukuk bonds		50,000,000	-
Unquoted shares	15.1 & 15.3	36,000,000	36,000,000
Preference shares	15.2 & 15.3	<u>377,668</u>	<u>377,668</u>
		<u><u>86,377,668</u></u>	<u><u>36,377,668</u></u>
Less: provision for impairment in preference shares		<u>(36,377,668)</u>	<u>(36,377,668)</u>
		<u><u>50,000,000</u></u>	<u><u>-</u></u>
<i>At fair value through profit or loss</i>			
Quoted equity securities		726,435	757,328
		<u><u>50,726,435</u></u>	<u><u>757,328</u></u>

15.1 This represents un-quoted equity securities in First Pakistan Securities Limited. However, this investment has been fully provided for.

15.2 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (June 30, 2019: 0%) per annum. These were matured on November 21, 2010. However, due to default in repayment at maturity dates, full provision has been made against these preference shares.

15.3 These investments have been classified under loss category and accordingly 100% provision has been made as per NBFC and NE Regulations.

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

16 PLACEMENTS AND FINANCES

**December 31,
2019**
Rupees

Note
**June 30,
2019**
Rupees

At amortised cost

Financing against shares	16.1	155,158,994 (155,158,994)	155,185,306 (155,185,306)
Provision for doubtful finances		-	-
Short-term finance - secured	16.2	11,300,000 (11,300,000)	11,300,000 (11,300,000)
Provision for doubtful finances		-	-
Certificates of deposit		5,000,000 (5,000,000)	5,000,000 (5,000,000)
Provision for doubtful finances		-	-
Morabaha/ musharika finances	16.3	86,684,717 (47,659,304)	86,684,717 (47,659,304)
Provision for doubtful finances		39,025,413	39,025,413
		39,025,413	39,025,413

17 INVESTMENT HELD WITH NAZIR SHC AT FVOCI

**December 31,
2019**
**June 30,
2019**

Number of Shares

6,466,010	6,466,010	Dawood Family Takaful Limited	33,031,109	31,070,457
1,477,823	1,477,823	Al Baraka Bank Pakistan Limited	11,508,584	11,307,321
7,943,833	7,943,833		44,539,693	42,377,778
Share of gain from associates- DFTL			552,428	1,960,652
Remeasurement gain on investment- ABPL			55,071	201,263
			45,147,192	44,539,693

17.1 These securities are held by Nazir of Honorable High court in pursuant to the litigation with HBFC since May 2011. However, as per the order of Honorable 'Supreme Court of Pakistan' (SCP), HBFC was ordered to arrange for the release of those securities on a pro-rata basis i.e. on receipt of periodical installments from FDIBL. As per the order of 'SCP', FDIBL made two cash payments but, HBFC remained in default to the order and did not release any security owing to the fact that HBFC has taken cost of fund @ 14.33% as per SBP letter which is significantly higher than the market norms and same is verified in JCR-VIS calculation i.e. 4.70%. In view of the above, FDIBL was compelled to adjust securities held by the Nazir and paid balance amount in cash to settle the liability as per legal opinion sought. The liability was fully settled in March, 2017, but since HBFC has filed a fresh application with High court (and not 'SCP') and because the securities continues to remain with the Nazir. Therefore, FDIBL is showing these securities under a separate account head to show the realistic position of books of accounts.

17.2 Fair value of investment with Al-Baraka Bank Pakistan Limited is measured on the basis of unaudited financial statements for the quarter ended September 30, 2019 using FVOCI model.

18 ADVANCE AGAINST LEASE COMMITMENTS

35,696,247
(35,696,247)

-

-

18.1 The Company issued Letter of comfort on behalf of two clients amounting of Rs. 20.0M and 15.6M and made payment to Banks on their demand. Subsequently, both clients defaulted in payment of broken period markup. Therefore, the advance against lease could not be transferred to Finance lease.

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

		December 31, 2019	June 30, 2019
	Note	Rupees	Rupees Restated
19 LOANS AND ADVANCES			
<i>Considered good</i>			
Loan to employee	19.1	789,409	2,080,207
Others		394,189	306,224
		<u>1,183,598</u>	<u>2,386,431</u>
<i>Considered - Doubtful</i>			
Advance rent		172,925	172,925
Less : Provision for doubtful advances		<u>(172,925)</u>	<u>(172,925)</u>
		-	-
		<u>1,183,598</u>	<u>2,386,431</u>

19.1 This includes loan to key management personnel. The maximum amount outstanding at the end of any month during the period stands at Rs. 2.07 million.

20 OTHER RECEIVABLES

		December 31, 2019	June 30, 2019
	Note	Rupees	Rupees
<i>Considered good</i>			
Rent Receivable		466,020	466,020
		<u>466,020</u>	<u>466,020</u>
<i>Considered doubtful</i>			
Decretal amount receivable	20.1	32,302,430	32,302,430
Receivable against lease termination		70,302,130	70,332,130
Receivable against KSE Card transaction-net	20.2	45,515,114	45,515,114
Accounts receivable - others		5,810,478	5,295,096
Brokerage receivable		1,197,831	1,197,831
		<u>155,127,983</u>	<u>154,642,601</u>
Less : Provision for doubtful receivables	20.3	<u>(153,424,770)</u>	<u>(153,454,770)</u>
		<u>2,169,233</u>	<u>1,653,851</u>

20.1 This relates to decree of recovery for Rs. 64.412 million which was awarded by the Banking Court under the Banking Companies (Recovery of Loans, Advances, Credits and Finance), Act of 1997. The Company has the possession of assets, the forced sale value of which is fairly higher than the carrying value. Further, the Company also holds additional security by way of equitable mortgage on factory land and building, the possession of which is in the Company's hands. A partial amount was received by the Bank and PICL on sale of machinery of Regent Dyeing. Sale of land and building has yet to be accomplished by FDIBL and PICL, which is under process. However, as a matter of prudence the Company has made provision in this regard.

20.2 The Company had purchased Pakistan Stock Exchange Limited (PSX) membership card on behalf of one of its customer amounting to Rs.149.7 million. The customer paid an advance amounting Rs.104.2 million to the Company for this purchase which is netted off against this receivable. Recently, Mr. Hassan Naqvi fraudulently changed the Form-29 on 08-10-2015; removed First Dawood Group Nominee (Mr. Mohammad Ahmed), appointed some Mr. Syed Mohsin Hasan in place of Mr. Ahmad and took away the money which was being paid to all brokers of stock exchange by the Chinese company, who has taken-over the management & major stakes of KSE (now Pakistan Stock Exchange). In view of the above, the company had lodged FIR for; fraud, forgery and theft, against Mr. Hassan Naqvi to recover an amount of Rs.212.463M (Rs.152.463 + Rs.60.0M)., The Company has made provision against this receivable as a matter of prudence. As at December 31, 2019, there was no change in the status of case as it was fixed for hearing of application.

		December 31, 2019	June 30, 2019
	Note	Rupees	Rupees
20.3 Movement in provision for doubtful receivables			
Balance at beginning of the period/ year		153,454,770	154,124,830
Reversal during the period/ year		<u>(30,000)</u>	<u>(670,060)</u>
Balance at end of the period/ year		<u>153,424,770</u>	<u>153,454,770</u>

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

21	CASH AND BANK BALANCES	<i>Note</i>	December 31, 2019 Rupees	June 30, 2019 Rupees		
			284,923	74,102,110		
<i>Cash at banks</i>						
<i>Local currency</i>						
- In deposit accounts	21.1		27,055	284,923		
- In current accounts			8,474,725	73,817,187		
			<u>8,501,780</u>	<u>74,102,110</u>		
<i>Foreign currency</i>						
- In deposit accounts	21.1		15,953	-		
- In current accounts			218,483	240,868		
			<u>234,436</u>	<u>240,868</u>		
			<u><u>8,736,216</u></u>	<u><u>74,342,978</u></u>		

21.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 4.52% to 7% (June 30, 2019 : 4.52% to 7%).

22	LONG-TERM LOANS	<i>Note</i>	December 31, 2019 Rupees	June 30, 2019 Rupees		
			Restated			
<i>Secured</i>						
Commercial Banks						
	22.3 & 22.4		316,354,978	324,425,390		
			<u>316,354,978</u>	<u>324,425,390</u>		
Current portion	24		(245,987,909)	(245,151,785)		
			<u>70,367,068</u>	<u>79,273,605</u>		
22.1 Original outstanding loan from UBL and ABL			141,094,223	141,094,223		
Less: effect of discounting			<u>(31,354,703)</u>	<u>(31,354,703)</u>		
			<u>109,739,520</u>	<u>109,739,520</u>		
<i>Unwinding of discount</i>						
Opening balance			6,906,420	-		
Charge during the period/ year	22.2		4,529,588	6,906,420		
			<u>11,436,008</u>	<u>6,906,420</u>		
<i>Repayments</i>						
Opening balance			(20,840,000)	-		
Repaid during the period/ year			<u>(12,600,000)</u>	<u>(20,840,000)</u>		
			<u>(33,440,000)</u>	<u>(20,840,000)</u>		
Less: current portion			(17,368,459)	(16,532,335)		
			<u><u>87,735,528</u></u>	<u><u>95,805,940</u></u>		

22.2 During the previous year Company restructured its outstanding loans with ABL and UBL resulting into interest free liabilities. Present value of these loans are calculated using interest rate of 10.04% and 14.25% for UBL and ABL respectively (refer to note 6.2).

22.3 These are secured against hypothecation of assets including book debts of the Company ranking pari passu, with the charge created in favour of other lenders to secure short term borrowings.

22.4 This includes loan from The Bank of Khyber amounting to Rs. 228.62 M as at December 31, 2019 (June 30, 2019: 228.62 M). The repayment period has expired and the Company has defaulted in repayment of the loan.

23	LONG-TERM DEPOSITS	<i>Note</i>	December 31, 2019 Rupees	June 30, 2019 Rupees		
			Restated			
<i>- Security deposits</i>						
Lease deposits						
	23.1		60,917,863	60,917,863		
Current portion shown under current liabilities	24		(50,917,863)	(50,917,863)		
			<u>10,000,000</u>	<u>10,000,000</u>		

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

23.1 This represent interest free security deposit received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases.

	<i>December 31, 2019</i>	<i>June 30, 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
24 CURRENT PORTION OF LONG-TERM LIABILITIES		
Long term loans	22	245,987,909
Lease deposits	23	50,917,863
		<u>296,905,772</u>
		<i>Restated</i>
		245,151,785
		50,917,863
		<u>296,069,648</u>

	<i>December 31, 2019</i>	<i>June 30, 2019</i>
	<i>Rupees</i>	<i>Rupees</i>

25 SHORT-TERM BORROWINGS

Unsecured

Development Financial Institution	25.1	50,266,346	50,266,346
		<u>50,266,346</u>	<u>50,266,346</u>

25.1 The investment of 'Development Financial Institution' DFI matured on June 30, 2009, but due to liquidity crunch the company could not timely make the repayment. Since, the investing DFI didn't agree to settle the outstandings against available assets of the company (like other financial institutions), therefore it filed a legal suit. It obtained a decree in March 2016 of Rs.75.0M plus cost of fund, which was payable within a year (i.e. by March 2017) in 12-installments. Further as per the Order of Honorable Supreme Court of Pakistan (SCP), the DFI was to release the cash & securities on a pro-rata basis, which were held by the Nazir of High court in this case. The DFI shared a 'cost of fund' inclusive of; Administrative expenses and Provision costs (in addition to actual cost of funds). In view of the above, the Company took assistance of report of the Credit Rating Agency for 'cost of fund' and structured the 'Schedule of Repayment'. The DFI accepted the first cheque (upfront payment), which triggered the repayment schedule, as per the offer and later 2nd installment was also duly paid in cash. Thereafter, 11-installments were duly paid by the company i.e. from May 2016 until March 2017, after adjusting the value of securities, which were to be released as per the order of SCP (but were not released by DFI). Later DFI has filed a fresh case in the High court, and Court has passed an order to sell the attached securities in the market.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingent liabilities

Letters of comfort / guarantee	<u>1,088,000,000</u>	1,088,000,000
--------------------------------	----------------------	---------------

These are guarantees amounting to Rs. 1,088 million (June 30, 2019: Rs.1,088 million) which were called and are under dispute / litigations which are being defended by the 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 these financial statements. Brief detail of the guarantees under litigations are as under:

- 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 amount is restructured/ settled. The beneficiary has filed a recovery case and winding up petition against the Company. According to the Company's legal advisor, the Company has good merits to defend both recovery case and winding up petition because the lender can not claim same amount from two parties.
 - 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 because the facility status was changed to term loan and also that the recovery Suit against Principal debtor is also pending.
 - 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.
 - 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 opinion of the legal advisors of the Company, the Company has good merits to defend the case as in its view the guarantee never became operational on technical grounds of non-fulfillment of pre-conditions.
- 26.2** The Commissioner of Income Tax (CT) disallowed certain expenses while allocating expenses for the assessment year 2001-02 resulting in increase in tax liability by Rs.0.58 million with reduction in lease losses for the year by Rs. 10.75 million. The Company filed appeals in Appellate Tribunal Inland Revenue (ATIR) which were decided in favor of the Company. However, ATIR subsequently recalled its appellate order through Miscellaneous Application filed by the tax department, who insisted that the matter of proration required a review in the

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

light of ATIR's another order. Based on the opinion of the tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favour and accordingly no provision is required to be made in this regard in these financial statements.

26.3 Objections filed by the Company against the claim of Rs. 32.87 million by Pak Kuwait Investment Company Limited-PKICL are pending for adjudication before the Honorable Court.

26.4 Suit with the Bank Alfallah Limited - BAFL is pending for property for which title documents have been transferred by the Company and require the BAFL to coordinate directly with the title owner.

26.5 The matter with House Building Finance Corporation Limited - HBFCL is discussed in note 25.1 with related liability.

During the year ended 30 June 2018, the Company had reversed markup up to Rs. 62.49 million based on legal advise for which SECP Order states that it is inappropriate. But, since as per the Legal Opinion; the case has been settled as per the order of Honorable Supreme Court, therefore in the current accounts; the mark-up has been determined as per the rate used by an independent firm i.e. JCR-VIS (the credit rating agency). This is an acceptable and justified rate, because it can be verified / recalculated from books of account of HBFCL as well. The sum as per aforesaid calculation i.e. as per JCR continues to reflect as accrued liability in the company's account.

26.6 Various other cases which are at hearing stage are also pending for which outcome could not be determined and in various cases compromise has been reached.

	Note	Half year ended	
		December 31, 2019	June 30, 2019
		Rupees	Rupees
27 TAXATION			
Current period		(59,985)	(144,197)
Deferred tax		-	(20,645,951)
		(59,985)	(20,790,148)

28 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 personnel's and their close family members.

Details of transactions with related parties and balances with them as at period/ year-end are as follows:-

	Key Management Personnel	December 31, 2019		June 30, 2019	
		Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties	Key Management Personnel
		Rupees			
Investment in associate					
Balance at beginning of the period/ year	-	168,412,686	-	181,857,927	
Share of income/ (loss) from Associate	-	10,434,985	-	(4,142,352)	
Disposal of Investment in DFTL	-	(5,925,771)	-	-	
Investment in Dawood Income Fund	-	-	-	300,000,000	
Disposal of Investment in Dawood Income Fund	-	-	-	(307,367,320)	
Share of other comprehensive income	-	1,675,840	-	(1,935,569)	
Balance at end of the period/ year	-	174,597,740	-	168,412,686	
Short term loan provided	73,000	-	-	-	-
Unearned rent	-	-	-	-	-
Long term finance	-	-	-	-	-
Investment in term finance certificates	-	50,000,000	-	-	-
Proceeds from disposal of fixed asset	216,200	-	-	-	-
	1,652,998	50,000,000	965,250	-	-
Share of profit/ (loss) from associate	-	10,434,985	-	(4,142,352)	
Share of common expenses received	-	-	-	-	-
Rental income	-	-	-	-	-
Gain on disposal of investment in associate	-	164,229	-	-	-
Rental expense	-	204,600	-	818,400	
Takaful expense	-	-	-	78,439	
Brokerage expense	-	-	-	186,358	
	-	10,865,518	-	(2,833,847)	

FIRST DAWOOD INVESTMENT BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

29 SEGMENT ANALYSIS

Segment information for the six months period ended December 31, 2019 is as follows:-

	<i>Leasing</i>	<i>Investments</i>	<i>Long term finances</i>	<i>Placements & finances</i>	<i>Fee, commission & other income</i>	<i>Total</i>
<i>Rupees</i>						
External operating revenue	-	3,539,629	37,065	-	216,200	<u>3,792,894</u>
Segment results	-	1,770,258	18,537	-	108,127	<u>1,896,922</u>
Segment assets	113,941,456	246,457,193	126,238,682	39,025,413	-	<u>525,662,744</u>
Unallocated assets	-	-	-	-	-	<u>466,119,591</u>
Total assets						<u>991,782,335</u>
Segment liabilities	100,800,291	218,032,645	111,679,246	34,524,511	-	<u>465,036,692</u>

Segment information for the six months period ended December 31, 2018 is as follows:-

	<i>Leasing</i>	<i>Investments</i>	<i>Long term finances</i>	<i>Placements & finances</i>	<i>Fee, commission & other income</i>	<i>Total</i>
<i>Rupees</i>						
External operating revenue	485,193	525,558	15,039	-	-	<u>1,025,790</u>
Segment results	(5,463,590)	(5,918,130)	(169,349)	-	-	<u>(11,551,069)</u>
Segment assets	137,507,350	213,158,960	98,664,610	39,025,413	-	<u>488,356,333</u>
Unallocated assets	-	-	-	-	-	<u>528,592,086</u>
Total assets						<u>1,016,948,419</u>
Segment liabilities	193,452,024	205,449,700	95,096,235	37,613,992	-	<u>531,611,951</u>

30 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **25th February 2020** by the Board of Directors of the Company.

31 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Chief Financial Officer

Director

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- ☒ Licensed Entities Verification
- ☒ Scam meter*
- ☒ JamaPunji games*
- ☒ Tax credit calculator*
- ☒ Company Verification
- ☒ Insurance & Investment Checklist
- ?? FAQs Answered

- ☒ Stock trading simulator
(based on live feed from KSE)
- ☒ Knowledge center
- ☒ Risk profiler*
- ☒ Financial calculator
- ☒ Subscription to Alerts (event notifications, corporate and regulatory actions)
- ☒ JamaPunji application for mobile device
- ☒ Online Quizzes

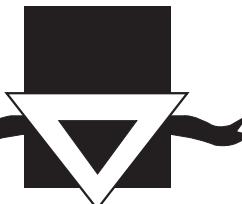


Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

BOOK POST



FIRST DAWOOD INVESTMENT BANK LIMITED

Head Office:

19th Floor, Tower-B, Saima Trade Tower, I. I. Chundrigar Road, Karachi-74000

PABX: +92 (21) 32270182 Fax: +92 (21)3227-1912

Email: fdib@firstdawood.com URL : www.firstdawood.com

If undelivered, Please return to:
FIRST DAWOOD INVESTMENT BANK LTD
Head Office: 19th Floor, Tower-B, Saima Trade Tower,
I. I. Chundrigar Road, Karachi-74000

