

**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Quarter Report  
30 September 2020**



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## CORPORATE INFORMATION

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<b>Board of Directors</b>	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
<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>	Aamir Salman Rizwan Chartered Accountants	
<b>Head of Internal Audit</b>	Mr. Sohail Ahmed	
<b>Legal Advisor</b>	Nishtar & Zafar	
<b>Legal counsels</b>	A.Q. Abbasi & Associates Ansari AG Legal Kabraji & Talibuddin Khalil Asif Ejaz & Co. Malik and Malik Law Associates Abid S. Zubari & Co. Raza Khalil Abbasi	
<b>Bankers</b>	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd.	
<b>Registered Office</b> Head Office	19 <sup>th</sup> 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	
<b>Share Registrar</b>	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 September 30, 2020.

### **Board Composition and Remuneration**

1. The total number of directors are 7 as per the following:

- a. Male: 06
- b. Female: 01

2. The composition of the board is as follows:

Category	Names
Independent Director	Mr. Khurshid Abul Khair Mr. Abu Khursheed Muhammad Ariff Mr. Asad Hussain Bokhari
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali

Composition of the Board of Directors and Board sub-committees is disclosed in the corporate information section of the report.

Non-Executive Directors are paid a reasonable and appropriate remuneration for attending the Board and/or its committees' meetings. This remuneration is not at a level that could be perceived to compromise independence. No fee is paid to the directors who do not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.

### **Financial Performance**

Your company during the first quarter of the financial year 2020-21 has reported before-tax profit of Rs.5.272 million as compared to Rs. 0.407 million during corresponding period last year. The higher profit in current year is due to significant recovery against non performing loan (NPL) and reversal of provision. However, the net worth of your company has increased from Rs. 475.173 million to Rs. 480.446 million. The earning per share increased from 0.003 to 0.036 for the period under review in comparison to the corresponding period last year.

### **Acknowledgement**

On behalf of First Dawood Investment Bank Ltd., we would like to express our gratitude to the worthy shareholders of the Bank for their support, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation. We would especially like to recognize hard work and dedication of our employees who in these testing times have performed their duties with utmost commitment and look forward to their continued support.

We wish and pray for health and safety of mankind against this pandemic.

For and on behalf of the Board of Directors.



Chief Executive Officer



Director

October 27, 2020  
Karachi.

## ڈاہریکٹرز کی رپورٹ:

تمام ڈاہریکٹرز 30 ستمبر 2020ء کی پہلی سماں ی غیر اڈ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### بوروڈ کی بناوٹ اور مشاہدہ

کل ڈاہریکٹرز کی تعداد 7 ہے جو مندرجہ ذیل ہیں:

مرد: 06

خواتین: 01

Category	Names
Independent Director	Mr. Khurshid Abul Khair Mr. Abu Khursheed Muhammad Ariff Mr. Asad Hussain Bokhari
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali

#### مالیاتی کارکردگی:

ادارے نے پہلی سماں ی 30 ستمبر 2020ء کے مالیاتی گوشوارے منافع قبل از ٹکس 0.396 ملین روپے اور پچھلے مالیاتی سال کے پہلی سماں ی کا منافع 0.407 ملین روپے منافع میں ہے۔ آپ کی کمپنی کی مالیت میں اضافہ 473.173 ملین سے 480,446 ملین ہو گئی ہے۔ حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مدیں انتظامی اخراجات کو پچھلے مالیاتی سال کے متناسب رکھتے میں کامیاب ہوا۔ اور آمدی فی حصہ میں اضافہ 0.003 سے 0.36 کا ہوا ہے پچھلے سال کے مقابلے میں کمپنی اپنے اخراجات نان پر فارمنگ قرضہ جات کی واپسی کے ذریعے قرضہ جات کے مدین خاطر خواہ کی جا سکے جو کہ ایک ستون کی حیثیت رکھتی ہے اس ادارے کے لئے۔

#### خدمات کا اعتراف:

فرست داؤ دانویسٹ بینک کی طرف سے ہم شکر گزار ہیں اپنے بینک کے شرکت دار، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دوسروی ریگولیٹر اداروں کی طرف سے رہنمائی اور حوصلہ افزائی کا۔

ہم اچھی طرح مستقبل کے چیلنج 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۔

بورڈ آف ڈاہریکٹرز کی طرف سے آگاہ ہیں اور ہم پر اعتماد ہیں کہ یہ ادارہ کار و باری سرگرمیوں آگے کی خدمت کو فوری کی رنگاہ سے دیکھتا ہے۔

#### بورڈ آف ڈاہریکٹرز کی طرف سے

تاریخ: October 27, 2020

کراچی

دعا

پاکستان  
چیف ایگزیکیوٹیو فیسٹر

FIRST DAWOOD INVESTMENT BANK LIMITED  
 CONDENSED INTERIM FINANCIAL POSITION  
 AS AT SEPTEMBER 30, 2020

		<i>Unaudited</i> <i>SEPTEMBER 30,</i> <i>2020</i>	<i>Audited</i> <i>JUNE 30,</i> <i>2020</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	2,602,032	2,720,678
Intangible Asset		657,958	683,428
Right of Use Assets		222,085	222,085
Investment properties		62,887,000	62,887,000
Net investment in lease finance	7	10,442,605	10,442,605
Long-term investments	8	163,279,225	163,279,225
Long-term finances	9	-	-
Deferred tax asset	10	314,856,617	314,856,617
		554,947,522	555,091,638
<b>CURRENT ASSETS</b>			
Current portion of non-current assets	11	234,932,803	236,249,900
Short-term investments	12	56,286,692	50,629,084
Available for Sale investment held with Nazir SHC	8.2	50,562,173	50,562,173
Placements and finances	13	38,852,488	39,025,413
Loans , advances and prepayments		1,943,636	2,159,080
Mark-up accrued		50,168	57,158
Other receivables		6,899,606	6,929,128
Cash and bank balances		2,083,232	1,039,883
		391,610,798	386,651,819
		<u>946,558,320</u>	<u>941,743,457</u>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		455,841,607	455,841,607
Accumulated loss		<u>(1,465,668,360)</u>	<u>(1,470,941,138)</u>
		474,073,477	468,800,699
Surplus / (Deficit) on revaluation of investments		6,372,708	6,372,708
		480,446,185	475,173,407
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	14	61,025,380	61,025,379
Lease Liabilities		143,462	143,462
Long term deposits	15	10,000,000	10,000,000
		71,168,842	71,168,841
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities	15	303,061,080	303,061,078
Mark-up accrued		25,756,644	25,756,644
Short term borrowings	15.2	50,266,346	50,266,346
Accrued and other liabilities		8,514,346	8,977,233
Taxation		7,344,877	7,339,908
		394,943,293	395,401,209
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16	<u>946,558,320</u>	<u>941,743,457</u>



Chief Executive



Director



Chief Financial Officer

FIRST DAWOOD INVESTMENT BANK LIMITED  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	<i>Quarter Ended September 30, 2020</i>	<i>Quarter Ended September 30, 2019</i>		
<i>Note</i>	<-----Rupees----->			
<b>INCOME</b>				
Lease income	70,000	131,000		
Return on deposits and investments	160,677	925,444		
Gain on sale of securities	288,462	161,268		
Income from long-term finances	-	35,200		
Other income	166,880	50,000		
	686,019	1,302,912		
<b>PROVISION / CHANGES IN FAIR VALUE</b>				
(Provision) / reversal for lease losses and doubtful recoveries	9,935,000	4,395,421		
	10,621,019	5,698,333		
<b>EXPENDITURES</b>				
Administrative expenses	(5,342,422)	(5,291,012)		
Finance cost	(849)	-		
	(5,343,271)	(5,291,012)		
<b>(LOSS) / PROFIT BEFORE TAXATION</b>				
	5,277,748	407,321		
TAXATION	(4,969)	(10,916)		
<b>Current Taxation</b>	(4,969)	(10,916)		
	5,272,779	396,405		
<b>PROFIT/ (LOSS) AFTER TAXATION</b>				
Earning per share - basic	0.036	0.003		
Earning per share - diluted	0.036	0.003		

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

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

FIRST DAWOOD INVESTMENT BANK LIMITED  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	<i>Quarter Ended September 30, 2020</i>	<i>Quarter Ended September 30, 2019</i>
	<----- Rupees ----->	
(Loss) / profit after taxation	5,272,779	396,405
Other comprehensive income		
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	-	-
Share of associates' on reversal of unrealised loss on remeasurement of investments	-	-
Total comprehensive (loss) / income for the period	<u>5,272,779</u>	<u>396,405</u>

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

  
Patent  
Chief Executive

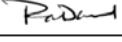
  
Rashid  
Director

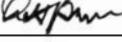
  
Syed Ali  
Chief Financial Officer

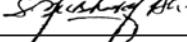
**FIRST DAWOOD INVESTMENT BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

	<b>Share Capital</b>		<b>Capital Reserve</b>			<b>Revenue Reserve</b>		<b>Total</b>
	<b>Ordinary Shares</b>	<b>Preference Shares</b>	<b>Statutory Reserve</b>	<b>Premium on Right Issue</b>	<b>Capital Reserve on Acquisition</b>	<b>Deficit on Revaluation of Investments</b>	<b>Accumulated Losses</b>	
Balance at July 1, 2019	1,483,900,230	-	399,818,213	53,426,910	2,596,484	(7,127,139)	(1,407,317,629)	525,297,070
Total comprehensive income for the period								
- Profit for the period							(63,409,123)	(63,409,123)
- Other comprehensive income								
Share of Unrealised gain on remeasurement of associates investment						11,505,134		11,505,134
- Surplus on revaluation of investment - At fair value through OCI						2,039,963		2,039,963
Reclassification of gain to profit and loss account						214,387		214,387
Deferred Tax-OCI						(259,637)		(259,637)
Transfer to Statutory Reserve							(214,387)	(214,387)
Balance as at June 30, 2020	<u>1,483,900,230</u>	<u>-</u>	<u>399,818,213</u>	<u>53,426,910</u>	<u>2,596,484</u>	<u>6,372,708</u>	<u>(1,470,941,138)</u>	<u>475,173,407</u>
Balance at July 1, 2020	1,483,900,230	-	399,818,213	53,426,910	2,596,484	6,372,708	(1,470,941,138)	475,173,407
Total comprehensive income for the period								
- Profit for the period							5,272,779	5,272,779
- Other comprehensive income								
Share of Unrealised gain on remeasurement of associates investment								
Transfer to Statutory Reserve								
Reclassification of gain to profit and loss account								
Deferred Tax-OCI								
Balance as at September 30, 2020	<u>1,483,900,230</u>	<u>-</u>	<u>399,818,213</u>	<u>53,426,910</u>	<u>2,596,484</u>	<u>6,372,708</u>	<u>(1,465,668,360)</u>	<u>480,446,185</u>

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

  
**Chief Executive**

  
**Director**

  
**Chief Financial Officer**

FIRST DAWOOD INVESTMENT BANK LIMITED  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	<i>Quarter Ended September 30</i>	
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	5,277,748	407,321
Adjustments:		
Depreciation	176,344	125,862
Finance Income	-	(35,200)
Lease Income	(70,000)	(131,000)
Gain on sale of investments	(288,462)	(161,268)
Amortization	25,470	25,196
Finance cost	849	-
Provision / (reversal of provision potential lease	(2,357,296)	(4,395,421)
Other income	(166,880)	(50,000)
	<u>(2,679,975)</u>	<u>(4,621,831)</u>
	<u>2,597,773</u>	<u>(4,214,510)</u>
<i>Changes in operating assets and liabilities</i>		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	1,858,096	1,946,805
Long-term finances	2,189,001	865,629
Placements and finances	172,925	172,925
Advances and prepayments	215,444	398,642
Mark up accrued	6,990	9,364
	<u>4,442,456</u>	<u>3,393,365</u>
	<u>7,040,229</u>	<u>(821,145)</u>
<i>Increase / (decrease) in operating liabilities</i>		
Accrued and other liabilities	(462,887)	(626,587)
Tax paid	(462,887)	(626,587)
	<u>4,969</u>	<u>-</u>
Net cash (used)/generated from operating activities	<u>6,582,311</u>	<u>(1,447,732)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	118,646	(3,127,136)
Long-term investments	-	(499,999)
Long-term deposits	-	-
Short-term investments	(5,657,608)	338,942
Net cash (used)/generated from investing activities	<u>(5,538,962)</u>	<u>(3,288,193)</u>

FIRST DAWOOD INVESTMENT BANK LIMITED  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	<i>Quarter Ended September 30,</i>	
	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Short Term Borrowings	-	(6,299,998)
Net cash (used in) from financing activities	-	(6,299,998)
Net increase / ( decrease) in cash and cash equivalents	1,043,349	(11,035,923)
Cash and cash equivalents at beginning of the period	1,039,883	74,342,978
Cash and cash equivalents at end of the period	<u>2,083,232</u>	<u>63,307,055</u>

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

  
Patent  
Chief Executive

  
Roshan  
Director

  
Syed Ali  
Chief Financial Officer

**FIRST DAWOOD INVESTMENT BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

**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 Company has filed an appeal in SECP Appellate Bench for 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 June 30, 2020 amounted to Rs. 9.04 billion (June 30, 2019: 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, 2020.
- 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, 2020.
- 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, 2020.

**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, 2020.

	<b>September 30, 2020 Rupees</b>	<b>June 30, 2020 Rupees</b>
<b>6. PROPERTY, EQUIPMENT AND INTANGIBLE</b>		
Furniture & fixtures	5,797	9,016
Equipment and appliances	17,538	23,891
Vehicles	2,578,697	2,687,771
Intangible asset	657,958	683,248
	3,259,990	3,403,926
	-	-

**FIRST DAWOOD INVESTMENT BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

7. NET INVESTMENT IN LEASE FINANCE	Note	September 30,	June 30,
		2020 Rupees	2020 Rupees
Net investment in lease finance	7.1	491,105,047	492,963,143
Provision for potential lease losses		(371,643,879)	(372,373,879)
		119,461,168	120,589,264
Current portion		(109,018,563)	(110,146,659)
		<u>10,442,605</u>	<u>10,442,605</u>
<b>7.1 Particulars of net investment in lease finance</b>			
Minimum lease payments receivable		538,010,108	539,938,204
Residual value of leased assets		61,167,875	61,167,875
		<u>599,177,983</u>	<u>601,106,079</u>
Unearned finance income		-	-
Markup held in Suspense		(108,072,936)	(108,142,936)
Net investment in lease finance		<u>491,105,047</u>	<u>492,963,143</u>
7.1.1 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (September 30, 2019): 6M KIBOR plus spread of 2% to 5% per annum having maturity up to 5 years and are secured against leased assets.			
7.2 Provision for potential lease losses	Note	September 30,	June 30,
		2020 Rupees	2020 Rupees
Opening balance		372,373,879	384,002,009
(Reversal) / charge for the period - net		(730,000)	(11,628,130)
Written off during the period		-	-
Closing balance		<u>371,643,879</u>	<u>372,373,879</u>
<b>7.3 Current portion of lease finance</b>			
Maturing within one year		491,105,047	492,963,143
Provision for potential lease losses		(371,643,879)	(372,373,879)
More Than One Year & Less Than Five Years		(10,442,605)	(10,442,605)
		<u>109,018,563</u>	<u>110,146,659</u>
<b>8. LONG TERM INVESTMENTS</b>			
Investment in associates	8.1	198,787,551	198,787,551
Saving Certificates		1,505,300	1,505,300
Investment transfer to Nazir		(37,013,626)	(37,013,626)
		<u>163,279,225</u>	<u>163,279,225</u>
<b>8.1 Investment in associates</b>			
Opening balance		161,773,925	144,265,841
Share of reversal of deficit on revaluation of investments recognised in other income		-	-
Share of (loss) / gain		-	12,410,639
Disposal of Investment		-	(2,349,874)
Share of reversal of deficit on revaluation of investments at FVOCI recognised in other comprehensive income		-	7,447,319
		<u>161,773,925</u>	<u>161,773,925</u>

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8.2 Investment held with Nazir SHC at FVOCI				September 30, 2020	June 30, 2020
2020	2020		Note	Rupees	Rupees
Number of Shares					
6,466,010	6,466,010	Dawood Family Takaful		32,955,811	32,955,811
1,477,823	1,477,823	Al Baraka Bank Pakistan Limited		<u>11,508,584</u>	<u>11,508,584</u>
				44,464,395	44,464,395
Remeasurement gain/ (loss) on investment of ABPL				2,039,963	2,039,963
Share of gain/(loss) on investment of DFTL				<u>4,057,815</u>	<u>4,057,815</u>
				<u>50,562,173</u>	<u>50,562,173</u>

#### 9. LONG-TERM FINANCES

Term finance facilities		250,340,440	252,529,441
Provision for doubtful finances		(124,426,200)	(126,426,200)
		125,914,240	126,103,241
Current portion	11	<u>(125,914,240)</u>	<u>(126,103,241)</u>
		-	-

#### 9.1 Particulars of provision for doubtful finances

Opening balance		126,426,200	131,364,369
(Reversal) / charge for the period - net		(2,000,000)	(4,938,169)
Provision during the period		-	-
Closing balance		<u>124,426,200</u>	<u>126,426,200</u>

#### 10. DEFERRED TAX ASSET

Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. 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. 314.856 million will be realised in the future.

			September 30, 2020	June 30, 2020
			Notes	Rupees
<b>10.1 TAXATION</b>				
Current Year				(4,969)
Deferred Tax				-
Prior Year				-
				<u>(4,969)</u>
				<u>(74,534,837)</u>

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

Net investment in lease finance	7	109,018,563	110,146,659
Long-term finances		125,914,240	126,103,241
Long-term loans		-	-
		<u>234,932,803</u>	<u>236,249,900</u>

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		<i>September 30, 2020</i>	<i>June 30, 2020</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>12. SHORT TERM INVESTMENTS</b>			
<i>Held-for-trading</i>			
Listed ordinary shares		384,360	1,006,752
<i>Available-for-sale</i>			
Term finance certificates / sukuk bonds		56,280,000	50,000,000
Unquoted securities		13,548,547	13,548,547
		69,828,547	63,548,547
Less: provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC agianst HBFC Case		(13,548,547)	(13,548,547)
		56,286,692	50,629,084
<b>13. PLACEMENTS AND FINANCES</b>			
Financing against shares		155,158,994	155,185,305
Provision for doubtful finances		(155,158,994)	(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		(47,832,229)	(47,659,304)
		38,852,488	39,025,413
		38,852,488	39,025,413
<b>14 LONG TERM LOANS</b>		<i>Rupees</i>	<i>Rupees</i>
<i>Secured</i>			
Commercial Banks	15	313,078,957	313,078,957
		313,078,957	313,078,957
Current portion		(252,053,577)	(252,053,577)
		61,025,380	61,025,380
<b>15 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	14	252,053,577	252,053,577
Lease Liabilities		89,638	89,638
Lease deposits		50,917,865	50,917,865
		303,061,080	303,061,080

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	<i>September 30, 2020 Rupees</i>	<i>June 30, 2020 Rupees</i>
<b>15.2 SHORT TERM BORROWINGS</b>		
<b>Unsecured</b>		
Development Financial Institution	50,266,346	56,266,346
	<u>50,266,346</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. Thus to create an unnecessary dispute, the DFI has filed execution in the High court, FDIB filed an appeal in the High Court against Order. JCR-VIS is an acceptable and justified rate, because it can be verified / recalculated from books of account of HBFC as well. The sum as per aforesaid calculation i.e. as per JCR continues to reflect as accrued liability in the company's account. The company has also filed a petition in the Honorable High Court of Sindh against State Bank of Pakistan for determining cost of fund @ 34.64% which is much higher than the current base interest rate.

	<i>September 30, 2020 Rupees</i>	<i>June 30, 2020 Rupees</i>
<b>16 CONTINGENCIES AND COMMITMENTS</b>		

**16.1 Contingent liabilities**

Letters of comfort / guarantee	<u>1,088,000,000</u>	<u>1,088,000,000</u>
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The guarantees worth Rs. 1,088 million (June 30, 2020: 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 amount is restructured/settled. The beneficiary has filed a recovery case and winding up petition against the Company. According to the Company's legal advisors, 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.
- ii. 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.
- 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. 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-fulfilment of pre-conditions.

**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 personnel and their close family members.

**FIRST DAWOOD INVESTMENT BANK LIMITED**  
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Details of transactions with related parties and balances with them as at period / year-end are as follows: -

	<i>September 30, 2020</i>	<i>June 30, 2020</i>		
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
<i>Rupees-----</i>				
<i>Investment in associate</i>				
Balance at beginning of the period / year	-	189,978,585	-	168,412,686
Share of Loss from Associate	-	-	-	12,410,639
Disposal of Investment in DFTL	-	-	-	(2,349,874)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
Balance at end of the period / year	-	<u>189,978,585</u>	-	11,505,134
<i>Long term finances / loans</i>				
Short term Loan	864,483	-	1,061,098	-
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	50,000,000	-	-
Disposal of Fixed Asset Cost	-	-	-	-
	<u>864,483</u>	<u>50,000,000</u>	<u>1,061,098</u>	<u>-</u>
	<i>September 30, 2020</i>	<i>June 30, 2020</i>		
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
<i>Charge to profit and loss account</i>				
Common expenses paid	-	41,539	-	268,287
Share of (loss) / profit from associate	-	-	-	12,410,639
Share of common expenses received	-	-	-	536,798
Rental income	-	-	-	-
Rental expense	-	30,000	-	352,800
Takaful expense	-	27,888	-	54,730
	<u>-</u>	<u>99,427</u>	<u>-</u>	<u>13,623,254</u>

**18 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 27, 2020 by the Board of Directors of the Company.

**19 GENERAL**

Figures have been rounded off to the nearest Rupee.

  
**Chief Executive**

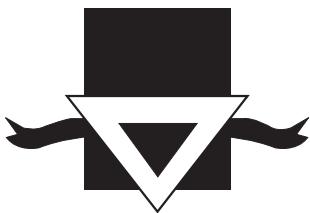
  
**Director**

  
**Chief Financial Officer**

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