



FIRST DAWOOD INVESTMENT BANK LIMITED

ANNUAL REPORT
June 30, 2021



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FIRST DAWOOD INVESTMENT BANK LIMITED

CORPORATE INFORMATION

Board of Directors	Mr. Christopher John Aitken Andrew Mr. Rafique Dawood Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mr. Iqbal Shafiq 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. Abu Khursheed M. Ariff Mr. Khurshid A. Khair Mrs. Farhat Ali	Chairman Member Member
HR&R Committee	Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mrs. Farhat Ali	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Syed Musharaf Ali	
Auditors	J.A.S.B & Associates Chartered Accountants	
Head of Internal Audit	Mr. Sohail Ahmed	
Legal Advisor	Nishtar & Zafar	
Legal counsels	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	
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	



FIRST DAWOOD INVESTMENT BANK LIMITED

VISION AND MISSION STATEMENT/ CORPORATE STRATEGY

VISION STATEMENT

Your Company's vision is to become the leading progressive and profitable organization in the financial sector through innovative, proactive and responsible management that provides the highest level of quality service to clientele. We will further develop strengths by introducing new products and services.

MISSION STATEMENT

- * To offer value in term of dividend yield and capital gains to shareholders.
- * To effectively fulfill the needs of clients to their satisfaction.
- * To endeavour to achieve a lasting relationship with clients and associates on the principles of mutualism.
- * To fulfill all social responsibilities and be a good corporate citizen.
- * To increase its contribution to the Industrial development of the country.
- * To ensure that human resources is ready to take on new challenges.
- * To reward employees according to their achievements.

CORPORATE STRATEGY

- * Ensuring shareholder's security and a high rate of return on investments.
- * Striking the right balance between risks and rewards.
- * Offering the optimal mix of products and services to customers.
- * Maintaining highest standards of integrity, honesty and ethics.
- * Building a long lasting relationship with customers.
- * Providing growth & development opportunities to the management and staff of the company.
- * Maintaining financial discipline and adhering to professional and moral codes.



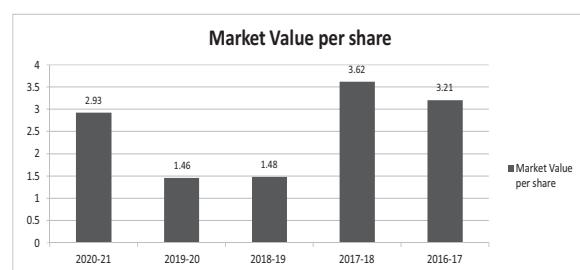
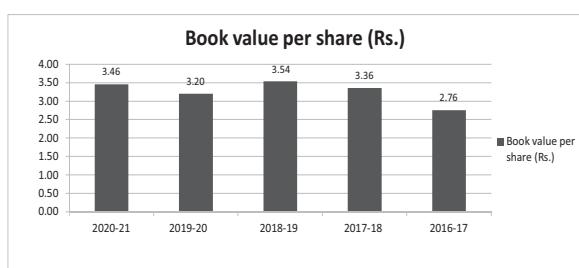
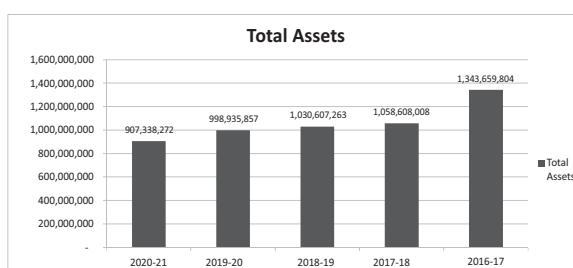
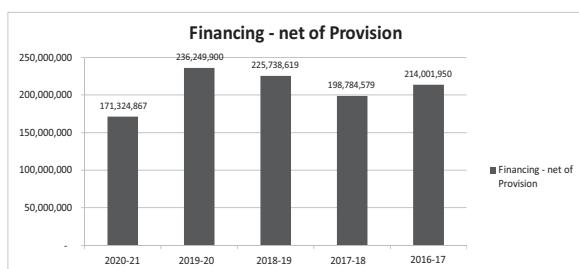
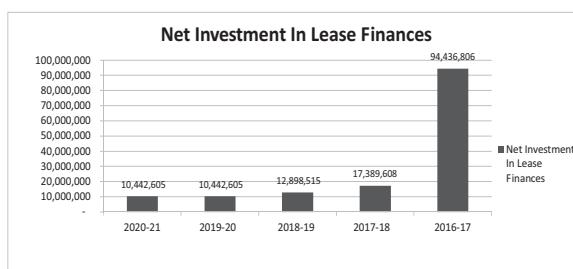
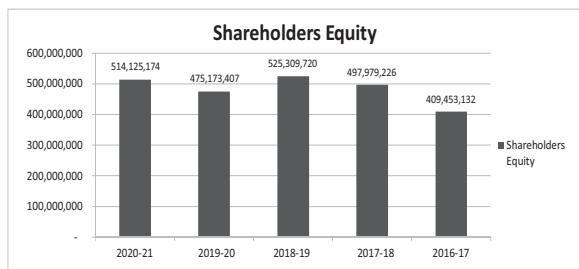
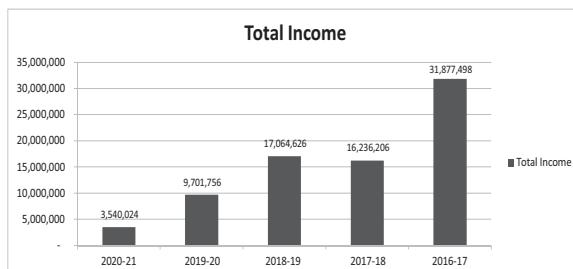
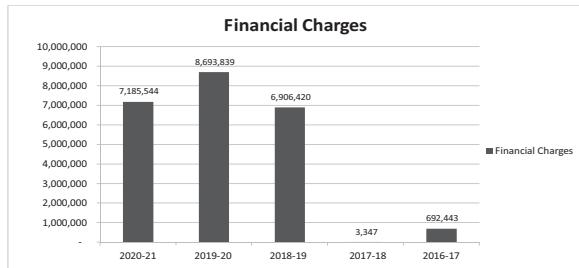
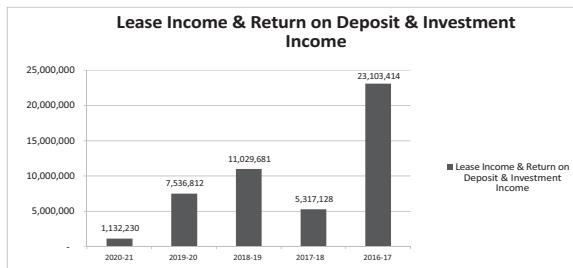
FIRST DAWOOD INVESTMENT BANK LIMITED

FINANCIAL HIGHLIGHTS

	2020-21	2019-20	2018-19	2017-18	2016-17
PROFIT & LOSS	Rupees	Rupees	Rupees	Rupees	Rupees
Lease Income & Return on deposit & Investment	1,132,230	7,536,812	11,029,681	5,317,128	23,103,414
Financial Charges	7,185,544	8,693,839	6,906,420	3,347	692,443
Fee, commission, brokerage & others	671,179	2,111,760	2,147,960	688,682	3,630,537
Dividend & capital gain/(loss)	1,736,615	53,184	3,869,751	10,230,396	5,143,547
Total Income	3,540,024	9,701,756	17,064,626	16,236,206	31,877,498
Provisions / (Surplus) / Deficit	23,988,979	25,771,459	65,840,183	129,348,336	4,193,870
Operating expenses	(23,403,229)	(28,064,301)	(33,414,518)	39,216,290	39,216,290
Other operating charges	-	-	-	-	683,857
Operating profit/ (loss) before tax and provision	30,774,771	(27,056,384)	23,256,312	(21,229,880)	(8,031,235)
Profit (loss) after taxation	6,084,275	(63,409,122)	29,336,089	101,625,823	(284,639,004)
Profit/(loss) before taxation	30,774,771	11,125,714	39,138,324	103,474,969	11,721,786
Dividends	0				
Bonus shares	0				
BALANCE SHEET					
Shareholder's equity	514,125,174	475,173,407	525,309,720	497,979,226	409,453,132
Deficit I surplus on Revaluation of Investment	39,240,200	6,372,708	4,268,291	(4,601,740)	8,497,989
Certificate of Investment I Deposits	-	-	-	-	-
Borrowings from financial institutions	351,248,768	414,352,803	425,609,599	426,200,019	487,731,536
Net Investment In Lease Finances	10,442,605	10,442,605	12,898,515	17,389,608	94,436,806
Financing - net of Provision	171,324,867	236,249,900	225,738,619	198,784,579	214,001,950
Investment - net of provision	58,473,889	50,629,084	757,328	19,341,003	79,246,555
Total Assets	907,338,272	998,935,857	1,030,607,263	1,058,608,008	1,343,659,804
FINANCIAL RATIOS					
Income / expense ratio (Times)	-0.22	-0.50	-0.50	-0.6438	0.78530
Return on Average Equity (ROE) (%)	0.80%	-8.60%	-8.42%	3.70%	-70%
Return on Average Assets (ROA) (%)	0.64%	-6.53%	-6.25%	2.81%	-26.89%
Profit / (Loss) before tax ratio	8.69	1.15	1.15	2.29	0.3677
Total assets turnover ratio /Fixed assets turnover ratio (Times)	0.0051	0.0029	0.0002	0.000	8.402
Price Earning ratio	6.86	(3.42)	7.47	5.25	1.67
Market Value per share	2.93	1.46	1.48	3.62	3.21
Earning per share (Rs.)	0.43	(0.43)	0.20	0.69	1.92
Book value per share (Rs.)	3.46	3.20	3.54	3.36	2.76
Employees remuneration (Rs. In Million)	16.27	15.38	17.46	19.939	24.14
Number of employees	6	6	8	8	8



FIRST DAWOOD INVESTMENT BANK LIMITED





FIRST DAWOOD INVESTMENT BANK LIMITED

Notice of Annual General Meeting (AGM XXVII)

First Dawood Investment Bank Limited

Notice is hereby given that the AGM XXVII of First Dawood Investment Bank Limited will be held at its Registered Office, 19th Floor, Tower-B, Saima Trade Towers, I. I. Chundrigar Road, Karachi on Wednesday, October 27, 2021 at 09:00 a.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XXVI Annual General Meeting held on October 27, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of External Auditors and to fix their remuneration for the financial year ending June 30, 2022.

Special Business:

4. To consider, approve enhancement of investment by way of loan / Musharaka / placement in associated company (B.R.R. Guardian Modaraba) and if deemed fit, to pass the following special resolution under section 199 (1) of Companies Act 2017, with or without modification, as recommended by the Directors;
5. Any other Business with the permission of the Chair.

By Order of the Board

October 02, 2021
Karachi

Syed Musharaf Ali
CFO & Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from October 20, 2021 to October 27, 2021 (both days inclusive). Shareholders are requested to notify to our Share Registrar, F.D. Registrar Services (Pvt.) Ltd at 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi, if any change of address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. For Attending the Meeting:

- (i) In case of individuals, the account holders or sub- account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their computerized National Identity Card (CNIC) or original passport at the time of attending.
- (ii) In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier)
- (iii) If the company receives consent from the members holding in aggregate at least 10% shareholding of total paid up capital residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the company will arrange facility of video-link in that city subject to availability of such facility in that city. To avail this facility, please provide the following information to our Registrar i.e. FD Registrar Services (Pvt.) Ltd.



FIRST DAWOOD INVESTMENT BANK LIMITED

CONSENT FOR VIDEO CONFERENCING FACILITY

I/We, _____ of _____, being a member of First Dawood Investment Bank Limited, holder of _____ ordinary share(s) as per Registered Folio / CDC Account no. _____ hereby opt for video conference facility at _____.

Signature of the Member(s)

B. For Appointing Proxies:

- (i) In case of individuals, the account holders or sub-account holders and or / persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations, shall submit the proxy forms accordingly.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.
- (iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.
- (v) In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting on behalf of entity.

4. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2021 has been placed on the Company's website at the given link: <http://www.firstdawood.com>

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement set out justification required concerning Agenda Item No. 4 material facts pertaining to the special Business being on the notice to be transacted at the 27th Annual General Meeting.

SPECIAL BUSINESS

AGENDA ITEM NO.4

RESOLVED THAT the Company be and is hereby authorized to for the purpose of section 199 of the Companies Act, 2017 to enhancement of investment of Rs. 75.0 million to Rs. 150.0 million by way of loan /Musharaka / placement for the period up to (01) one year on roll over basis in B.R.R. Guardian Modaraba.

Information required to be disclosed to the members under the Companies (investment in associated companies or associated undertakings) Regulations, 2017, as follows;

Name of the associated company	B.R.R. Guardian Modaraba	
Earnings Per Share for the last three years	June 30, 2017	Rs.2.17
	June 30, 2018	Rs.0.75
	June 30, 2019	Rs.0.52
	June 30, 2020	Rs.1.73
Break-up value per share, based the latest audited financial statements.	June 30, 2020	Rs.20.05
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements for the period ended June 30, 2020.	i) Operating income Rs. in million ii) Other income 227.61 iii) Amortization on Ijarah assets 2.91 iv) Financial charges 7.09 v) Administrative expenses 10.47 vi) Reversal of Provision of doubtful debts 126.99 vii) Unrealized (loss) / gain on revaluation 23.28 viii) Net Profit (28.13) 149.10	



FIRST DAWOOD INVESTMENT BANK LIMITED

Maximum amount of investment to be made	Upto Rs.150.0 Million
Purpose	To earn a good return
Benefits	To earn profit rate Kibor + 100 bps (expected).
period of investment	In tranches between 3 to 6 months, from time to time as chief executive of the company may deem fit.
Salient features of the agreement with associated company with regards to proposed investment	Arm's length
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the transaction under consideration	None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed placement/ Musharakah / other mode of investment, except to the extent of their certificate in the associated company.

"RESOLVED further that the Chief Executive and Company Secretary be and are hereby authorized severally to do all acts, deeds and things necessary to implement this Resolution and also empowered to make amendments/modifications to the Resolution as may be required and such amendments/modifications shall also be deemed as having been approved by shareholders"



FIRST DAWOOD INVESTMENT BANK LIMITED

Chairman Review Report

Dear Shareholders,

I hereby present the 27th Annual Accounts along with the audited financial statements of First Dawood Investment Bank Limited showing all over performance of the Company and effectiveness of the leadership in attaining the Company's aims and objectives for the year ended June 30, 2021.

Economic Overview

This year was again a challenging period for the country as well as for your company due to uncertain geo-political development and COVID-19 virus since February 2020 resulting in continued economic woes. Government introduced number of credit incentives and scale measures for revival of economy and limiting the economic damage on businesses. Since third quarter of 2020, post lockdown environment in Pakistan witnessed positive signs in key economic indicators. Large-scale manufacturing (LSM) sector witnessed growth around 15% during financial year 2020-21 over 2019-20. Exports during financial year 2020-21 achieved more than US\$ 25 billion, registering a handsome growth of 11%. Further, remittances have performed strongly on the back of supportive policy steps taken by the SBP under the Digital Pakistan account. However, sharp depreciation in Pak Rupee against US dollar was noticed as trade deficit widens from June 2021. Inflation for Financial Year 2020-21 was recorded at 8.9%. Given uncertainty persisting amid the fourth wave of COVID-19, we expect SBP to continue with its existing strategy of supporting economic activity with no change in interest rates in calendar year 2021.

Financial Performance

In view of the aforementioned scenario prevailing in the country, your company's gross finance lease revenue during the year is Rs. 0.12 million only. However, a net of reversal of provision against 'Non Performing Assets' amounted to Rs.23.576 million. Due to prevailing recessionary conditions in the country, the majority of company's debtors cannot manage their businesses' commitments; therefore the only ray of hope for the company is through the sale / adjustment of collateral and recovery from litigation. Nevertheless your company took aggressive measures to transform company's operations and today it is in a much better state.

It is encouraging and noteworthy that without any external assistance your company has been maintaining its liquidity and making payments to its creditors and meeting its administrative expenses. The management and the Board are confident that all these measures will translate into growth of your company. Whilst summing-up, it may be reiterated that despite extremely unfavourable economic & financial conditions, your company with the support of its Board, new management, its creditors / lenders and shareholders have so far been able to sustain its business during all these years. The company now looks forward to more promising business activities for the benefits of all stakeholders as soon as license has been renewed as per new regulation promulgated by SECP.

The leadership and effectiveness of the Board are primarily the Chairman's responsibility. We, in the Board recognize the importance of, and are committed to, high standards of corporate governance, aligned with the needs of the Bank and the interest of all our stakeholders. All directors are aware of their duties and responsibilities. They review and approve the Company's financial statements in addition to all significant plans and decisions. The Audit Committee focuses on compliance with the best practices of corporate governance and relevant statutory requirements, changes in accounting policies, compliance with listing regulations, monitoring the internal and external audit functions, review of financial statements. The Human Resource and Remuneration Committee reviews human resources needs, compensation policies and plans, and executive compensation.

Acknowledgement

I would like to acknowledge and particularly thank our CEO, his executive leadership team and all the employees of FDIBL for their hard work, commitment. I am also grateful to our bankers, shareholders, the SECP, Pakistan Stock Exchange, and other regulators for their cooperation and support.

Christopher John Aitken Andrew
Chairman



DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present to you the 27th Annual Report annexed with Audited Financial Statements of the Company for the year ended June 30, 2021.

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
Executive Director	Mr. Rafique Dawood
Non – Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mr. Iqbal Shafiq Mrs. Farhat Ali

The company has a formal policy and transparent procedures for the remuneration of its Directors in accordance with Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019. Revision in the remuneration shall, from time to time be determined by the Board of Directors on the recommendation of Human Resource & Remuneration (HR&R) committee.

The Remuneration of Chief Executive and director fee for attending the Board meeting paid to the Non- Executive Directors is disclosed on page no. 74 of Financial Statements for the year ended June 30, 2021.

Business Performance

During the year the company's results for 2021 reflect another year of sound performance that was enabled by aggressive strategy well executed by our management team in an environment where the banking industry facing economic turmoil. The management continued its recovery drive with assertiveness resulted after taking effect of provision made and reversal / recovery against already provided classified portfolio, the company earned before tax profit to Rs.30.77M, and after tax profit to Rs. 6.08M as opposed to a before tax profit to Rs.12.41M, and after tax loss to Rs. 63.41M last year. However, the net worth of your company has increased from Rs. 475.173M to Rs.514.125M due to reversal of provision and surplus on revaluation of investment.

The management of FDIBL is continuing its efforts for recoveries and focusing its priority on reduction in non-performing portfolio and managing cash reserve despite adverse economic conditions marred by COVID-19 and lockdown scenario. Correspondingly, the costs are also being controlled and overhead are being restricted. For the same reasons, we have restructured the operations and finance departments to ensure that the costs do not exceed the expected benefits. The company loan portfolio is down to its most chronic market defaulters; henceforth 'Legal Department' are making concerted efforts to negotiate and to settle with these non-performing loans. We are pleased to inform that these efforts have already borne fruits, as some of these loans have been restructured and revenue stream has started flowing from these defaulters. It is expected that once all such accounts are regularised, it will enhance company's financial health and corresponding values. However, the COVID-19 threat and lockdown resulted in delayed legal process, because the Courts were not operational, even after opening the Courts are not functioning on its full strength.

Company Overview

The NBFC sector was badly hit aftermath of financial meltdown which affected the entire financial sector in 2008. The result was sharp rise in discount rate coupled with liquidity shortage forced the companies to utilize the available cash flows from recoveries to repay borrowings leaving no rooms for new business. During the period under review NBFC sector continued to face manifold challenges along with liquidity shortage. By the grace of Almighty Allah, company's financial position has been stable for quite some time. Since the company is managing its business expenses through internal cash flows, the only source to generate cash is recoveries from existing portfolio. The non performing portfolio of the company is down to its most chronic defaulters. However, your management is confident that the trend for the year's profit shall improve in coming years through recoveries.



Financial Performance

Previous couple of years were not satisfactory for the NBFC Sector particularly for investment banks due to adverse market & economic conditions, political instability and overall law & order situation in the country. Majority of investment banks continue to face serious problems in terms of liquidity, profitability and viability. Earlier, the security and law & order issues were also hurting our recovery drive from lease / loan portfolio, but a positive change in law & order situation is expected to reap benefits in forthcoming years. Despite these socio-political challenges since 2008, your company is making progress in the right direction to keep FDIB a float. Hence, the Company has been able to manage its business affairs only through its internal resources during all these 10-12 years without any external financial support or a bailout package, which indeed is a big achievement on its own account.

	2021	2020
	<i>Rupees</i>	<i>Rupees</i>
Lease and financing (loss) / income net of provision and impairment	28,190,296	26,002,778
Return on deposits and investments	5,738,097	7,358,677
Other gain / (loss)	671,179	2,111,760
Total (Loss) / Income	34,599,572	35,473,215
Administrative and Operating Expenses	(26,828,278)	(28,064,301)
Finance cost	(7,186,393)	(8,693,839)
Total Expenditure	584,901	(1,284,925)
Share of (loss) / profit of associates	30,189,870	12,410,639
(Loss) / Profit before Taxation	30,774,771	11,125,714
Taxation	(24,690,496)	(74,534,837)
(Loss) / Profit after Tax	6,084,275	(63,409,123)
(Loss) / Earnings Per Share – Basic	0.041	(0.427)
(Loss) / Earnings Per Share – Diluted	0.041	(0.427)

Economic Review

Pakistan's macroeconomic benchmarks for FY 2020-21 point towards a favourable past year with indicators such as GDP growth rate, Large Scale Manufacturing (LSM) and current account and fiscal deficit remaining conducive to good economic performance. Relief measures such as the Temporary Economic Refinance Facility (TERF), Construction package, Rabi package to increase the production of wheat in the country, Naya Pakistan housing scheme and the reduction in duties and sales tax on essential raw materials and capital goods will further stimulate economic activity and enable sustainable growth going forward. It is also encouraging to note that the government is focusing on sector-specific policies for key segments including textile, refineries, automotive and steel sectors. Which should further support expansion of the existing industrial base and allow for better capital formation. The SBP's projections of 4-5% GDP growth and relatively moderate inflation of 7-9% for FY 2021-22 point towards a supportive monetary policy stance, which also bodes well for broader economic growth.

Future Outlook

During current year recovery of Rs.27.30 million has been made against non-performing lease and advances portfolio. Further recoveries are also expected from the existing portfolio, which will provide adequate cash flows for next 12-18 months. Hence, there are no issue of going concern for your company in the near future. The management is confident that it will continue to write back provisions as a result of expected recoveries which will not only result in better cash flows, but will also enhance profitability and the net worth of your company. The 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. The company has applied for renewal of its license. The renewal of license will make the Company attractive for equity participation / merger along and / or with an opportunity for the existing shareholders to inject additional equity. The management is confident that the Company will be able to resume its operations upon renewal of business licence and to take advantage of deferred tax by writing new lease facilities.

Internal Control and Audit Function

The system of internal control is sound in design and has been effectively implemented and monitored. Further, to monitor and support the Board your company has Internal Audit function which directly reports to the Audit Committee.

Accounting Policies & Estimates

Appropriate accounting policies have been consistently applied in preparation of financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards, as stated in Note 3 to the financial statements. Accounting estimates are based on reasonable and prudent judgment.



External Auditors

The present external auditors, M/s J.A.S.B. & Associates., Chartered Accountants were appointed in FY21. The Board Audit Committee (BAC) has recommended reappointment of auditors for FY22 which the Board of Directors have approved.

Related Party Transaction

All related party transactions have been placed before the Audit Committee of the company and upon recommendations of the committee the same have been placed before the board for review and approval.

Statement of Corporate Governance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2021. The external auditors review report on the statement of compliance with the Code of Corporate Governance is annexed with this report. As per directives of SECP and Pakistan Stock Exchange, the Directors hereby confirm the following as required:

- a. The financial statements, prepared by the management of the listed company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- b. Proper books of account of the listed company have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored; and

Significant deviations in operating results

The significant deviations in operating results of the Company were mainly due to the fact that during the current year the company made net reversal of provisions on Non Performing Assets (NPAs) amounting to Rs.26.801 million. This was mainly due to settlement / restructuring of outstanding liabilities.

The company has managed to reduce its administrative expenses by 9.70% i.e. from Rs. 28.064 million to Rs. 25.352 million last year despite the prevailing inflationary trend.

Key Financial Highlights

Summary of key operating and financial data of last six years is disclosed on page 4 of Annual Report.

Dividend

The Board of Directors after assessing the financial position of the Company, considered it prudent not to recommend the payment of a dividend or the issuance of bonus shares for the year.

Taxes, duties, levies and charges

There are no outstanding taxes, duties, levies and charges other than disclosed in the financial statements. Further, in-house taxation department is assessing the applicability of sales tax on services and revising procedures in light of changes in tax regulations.

Provident Fund

The Company and its employees contribute equally in a Registered Funded Provident Fund (the Fund) for its employees. The assets of the Fund as per the unaudited financial statement for the year ended June 30, 2021 stood at Rs. 207.630 million.

Meeting of the Board & its Committees

The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed as under:

Board Meetings

**Board Meetings**

S. No	Name	Designation	Entitlement to Attend Meeting	Meetings Attended	Leave of Absences
1	Mr. Christopher John Aitken Andrew	Chairman	4	4	-
2	Mr. Rafique Dawood	CEO & Director	4	4	-
3	Mr. Abu Khursheed M. Ariff	Director	4	4	-
4	Mr. Asad Hussain Bokhari	Director	4	4	-
5	Mr. Khurshid Abul Khair	Director	4	4	-
6	Mr. Syed Iqbal Hussain Rizvi	Director	4	4	4
7	Mrs. Farhat Ali	Director	4	4	-

Audit Committee Meetings

S. No	Name	Designation	Entitlement to Attend Meeting	Meetings Attended	Leave of Absences
1	Mr. Asad Hussain Bokhari	Chairman	4	4	-
2	Mr. Khurshid A. Khair	Member	4	4	-
3	Mr. Abu Khursheed M. Ariff	Member	4	4	-

Human Resources & Remuneration Committee Meetings

S. No	Name	Designation	Entitlement to Attend Meeting	Meetings Attended	Leave of Absences
1	Mr. Khurshid A. Khair	Chairman	1	1	-
2	Mr. Asad Hussain Bokhari	Member	1	1	-
3	Mr. Abu Khursheed M. Ariff	Member	1	1	-

Leave of absence was granted in case the Directors were not able to attend the meetings.

Directors Training Programme

The directors of the Company are experienced and seasoned corporate professionals and are well-conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chief Executive Officer as a Director in the Board is exempted from the Directors Training Program in accordance with the criteria specified in Regulation 19(2) of the Regulations. The remaining directors will acquire the required director's training certification subsequent to renewal of business license.

Pattern of Share holding

The pattern of shareholding and additional information regarding pattern of shareholding is annexed on page 87 of the Annual Report.



Auditor's Report

The Auditors have given their opinion on the financial statements of the company for the year ended June 30, 2021, wherein they have expressed their opinion on Deferred Tax Asset amounting Rs.290.297 million and material uncertainty relating to going concern. Further, they draw attention to following matters (i) licenses 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 Regulations, 2008 from the Securities and Exchange Commission of Pakistan (SECP) has been expired and awaiting renewal. (ii) appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 is currently pending at the Hon' able High Court of Sindh. (iii) note 1.9 & 12.6 of the financial statements discloses that the Company is not in compliance with certain requirements of NBFC Regulations. (iv) note 32.1 to the financial statements which describes the litigation with HBFC over the settlement amount of liabilities due to different cost of funds as determined by SBP and JCR-VIS.

The Company's response to the aforementioned observation is as under:

With regards to Deferred Tax, the Company have financial projections based on which the deferred tax asset has been recognised. However it is expected that there will be no material change in the projections and the Company will be able to generate profits as per projections which would then be utilized to set-off the deferred tax Asset, once the license is renewed. Consequently, the deferred tax asset accounted for in the financial statements will be fully realized in the future.

The company is successfully been able to meet over many of its financial obligations through recoveries and settlements and has been able to settle its majority of its liabilities through its assets in last few years.

- (i) The Company is compliant with Minimum Equity Requirement (MER) since December 2017 and has applied for renewal of Investment Finance Services License to SECP and the company has filed an appeal in Honorable High Court Sindh against decision of Appellate bench of SECP.
- (ii) The appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations is pending at the appellate bench of SECP.
- (iii) A single party exposure is exceeding the 20% of equity of the company and the same amount is under litigation. In this current financial year the company anticipate to offload the shares of associated company and company endeavour to reduce the investment in associate as per the limit defined in NBFC Regulations.
- (iv) The DFI shared a 'cost of fund' inclusive of, Administrative & Provision costs (in addition to cost of funds). In view of the above, the company took assistance of the report of Rating Agency for 'cost of fund' and structured the 'Schedule of Repayment'. The DFI accepted the first cheque, which triggered the repayment schedule, as per the offer. Thereafter 12 instalments were duly paid by the company i.e. from April 2016 until March 2017, after settling the value of securities that were not released.

Trading / Dealing in Company Shares

Directors, CEO, CFO, Company Secretary, Internal Auditor, other employees and their spouses and minor children have not traded in the shares of the Company during the year.

Post Balance Sheet Events

There has been no occurrence of significant events between the financial year ends June 30, 2021 of the company to date.

Acknowledgement

The Board of Directors acknowledges and deeply appreciates the management and employees for their dedication, commitment, in these hard times being faced by the company. The management role in the on time decisions and continuous efforts for bringing out the company from severe financial crisis is being acknowledged and appreciated. We also take this opportunity to express our gratitude to our valued customers, business partners, external auditors, stake holders, bankers and shareholders for their support, trust and patronage. Last, but not the least, we humbly pay our gratitude to our regulator SECP, who kept on rendering their immense support and facilitative role, enabling FDIB to face these tough challenges.


Chief Executive


Director



۴۳۔ ڈی ایف آئی نے قرضے پر سود کی شرح میں انتظامی اخراجات اور دوسرے اخراجات کو شامل کیا ہے۔ اس کو مد نظر رکھتے ہوئے ادارے نے ایک مستند ریپورٹ ایجنٹ کی رپورٹ مددی۔ جس کے تحت ادارے نے قرضے کی 12 قسطیں ادا کیں۔ ان اٹاٹوں کی مالیت شامل ہے جو نظر ہائی کورٹ کے پاس ہیں۔

کمپنی کے شیئرز میں ٹریڈنگ / ڈیکنگ:

سال بھر کے دوران ڈائیکٹرزی ای اور ہی ایف او، ایٹل آڈیٹر، دیگر ملازمین اور اہل خانہ میں سے کسی بھی کمپنی کے شیئر کے حوالے سے کوئی لین دین نہیں کیا۔ بیلنس شیٹ کے اجر کے بعد ایسا کوئی بھی مالیاتی لین دین یا کوئی اور واقعہ و غیرہ نہیں ہوا جسے بیلنس شیٹ میں شامل کرنا ضروری سمجھا جائے۔

اظہار تشکر:

بورڈ آف ڈائیکٹرز میں بھی پوری محنت لگن اور عزم کے ساتھ کام کرنے پر انتظامیہ سمیت ملازمین کی خدمات کو قدر کی رنگاہ سے دیکھتا ہے۔ شدید بھروسی کیفیت میں ادارے کے مالی انتباہ سے رکھنے میں انتظامیہ نے قابل رتک کردا رکدا کیا۔ ہم ادارے پر پورا اعتماد رکا اظہار کرنے پر اپنے مہر زکرم فرماؤں، ڈائیکٹرز، ایٹل آڈیٹر، بیلنس پارٹر اور اسٹیک ہولڈرز اور شیکھ ہولڈرز کے بھی شکر گزار ایف ڈی بی کو مشکلات سے بہتر طور پر نہ دار آہونے کے قابل بنانے میں بروقت رہنمای کردا رکدا کرنے پر ہم اپنے (ریاستی دیگر یونیورسٹی) ایسی پی کے بھی احسان مند ہیں۔

بورڈ آف ڈائیکٹرز کی طرف سے

مہمی
ڈائیکٹر

Parvez
چیف ایگری ٹیو آفیسر



انسانی وسائل اور مشاہرتی کمیٹی میٹنگز:

سیریل نمبر	نام	عہدہ	مینگ اینڈ کرنے کی الیت	حاضری	تفصیل
1	جناب خورشید ابوالحسن	چیئرمین	1	1	-
2	جناب اسد حسین بخاری	رکن	1	1	-
3	جناب ابوالخورشید عارف	رکن	1	1	-

ڈائیریکٹر ٹریننگ پروگرام:

چیف ایگز کیوڈ آفیسر فنی دادو تربیت سے مستحق ہیں کیونکہ کوڈ آف کار پوریٹ گورننس کی شق (2) 19 کے تحت وہ مطلوبہ پر پورے اترتے ہیں۔

پیٹرن آف شیئر ہولڈنگ:

پیٹرن آف شیئر ہولڈنگ اور اس سے متعلق اضافی معلومات مالیاتی گوشواروں سے منسلک صفحہ نمبر۔۔۔۔۔ پر دی گئی ہیں۔

آڈیٹر رپورٹ:

آڈیٹر نے 30 جون 2021ء کو ختم ہونے والے مالی سال کے ہواں سے رپورٹ میں درج ذیل دائے دی ہیں۔

(a) ڈینر ایسٹیشن 290.297 ملین روپے ہے۔

کاروباری اجازت نامہ NBFC Regulation کے تحت میعادنتم ہونے کے بعد تجدیدی مرحلہ میں ہے۔

نوت نمبر 12.6 اور 9.1 کے مطابق کمپنی نے بعض امور میں این بی ایف سی کے بعض رکیو لیشنز پر کمل عمل نہیں کیا اور ڈیٹ کیوور ٹریڈ سٹیشن رکیو لیشن 2012 کے رکیو لیشن (2) 6 سے

مطابقت پیدا نہیں کی۔

ٹریٹی کاروبار کے اجازت نامہ کی درخواست ہائی کورٹ میں زیر اتواء ہے۔

آڈیٹر کی رپورٹ پر کمپنی کی آپریویشن درج ذیل ہے

نوت 32.1 کے مطابق ادارے اور HBFC کے درمیان طریقہ ادائیگی کا معاملہ ہائی کورٹ میں زیر سماحت ہے۔

(b) ڈینر ایسٹیشن کی مناسبت سے بڑی پلان ترتیب دیتے کیلئے ادارے نے ایک چارڑا کا دوٹس فرم کی خدمات حاصل کی تاکہ مستقبل میں ٹکس ایٹیل پروفٹ کا اندمازہ لگایا جاسکے۔ یہ بڑی پلان

ادارے کی محنت عملی کے مطابق ہے اور امید کے کسب کچھ اس پلان کے مطابق درست اندماز سے طے پاتا جائے گا اور ادارہ پر امید کاس کا کاروباری اجازت نامہ مل جائے گا۔

ٹریٹی کاروبار کے اجازت نامہ کی درخواست ہائی کورٹ میں زیر اتواء ہے اور ادارہ اس کے لئے بہت پر امید ہے۔

ادارہ دسمبر 2017ء سے کم از کم ایکوٹی کی میعاد پورا کرتا ہے اور کاروباری لائنس کا اجازت نامہ کی درخواست سنده ہائی کورٹ میں داخل کی گئی ہے۔

صرف ایک کشمکشی مالیاتی 20% سے تجاوز کرتی ہے اور قرض کی واپتی کا معاملہ کورٹ میں زیر سماحت ہے۔ اپنی ایسوی ایٹ کمپنی میں مزید کمی کرنے اور NBFC Regulation پر پورا

کرنے کیلئے کوشش ہے۔



آپریٹنگ نتائج میں اہم تبدیلیاں:

ادارے نے گزرے ہوئے سال میں نان پر فارمنگ ایٹھیں 26.801 ملین روپے کی کمی واقع ہوئی ہے۔ جس کے لئے مختص رقوم کمپنی نے انتظامی اخراجات 9.70% میں نمایاں کمی واقع ہوئی جو پچھلے سال 28.064 ملین روپے کے تابع میں اس سال 25.352 ملین روپے ہے۔ واجبات کی مسلمانت اور ریاست پکر نگ کیلئے بھی بات چیت کی گئی۔

اہم مالیاتی امور:

- ڈویڈنڈ (مقسم): ادارے کی مالی حالات دیکھتے ہوئے بورڈ آف گورنر نے طے کیا ہے کہ ڈویڈنڈ یا بنس شیئر کے اجر کا اعلان نہ کیا جائے۔
- نیکس، ڈیوٹی، چارجز: مالیاتی گوشواروں میں بیان کردہ رقم کے سوا کوئی بھی رقم ادارے پر واجب الادانیں۔ ادارے کا یکس ڈپارٹمنٹ خدمات پریمیونگس عائد کرنے اور نیکس ریکیو لیشنز میں تبدیلیوں کا جائزہ لے رہا ہے۔
- پر اویڈنٹ فنڈ: ملازمین کیلئے ادارے نے پر اویڈنٹ فنڈ کا اہتمام کر رکھا ہے۔ اس میں 30 جون 2021ء کے مطابق 207.630 ملین روپے موجود تھے۔
- بورڈ آف ڈائریکٹرزا اور کمیٹیز کی میٹنگ: سال بھر میں بورڈ آف ڈائریکٹرزا اور کمیٹری کی میٹنگز کی حاضری حسب ذیل رہی:

ڈائریکٹر کی میٹنگ:

سیریل نمبر	نام	عہدہ	مینگ ائینڈ کرنے کی الیت	حاضری	تفصیل
1	جناب کمشنفر جان ایکلن ایڈریو	چیئرمین	4	4	-
2	جناب رفیق داؤد	ڈائریکٹر اسی ای او	4	4	-
3	جناب ابوخورشید عارف	ڈائریکٹر	4	4	-
4	جناب اسد حسین بخاری	ڈائریکٹر	4	4	-
5	جناب خورشید ابوالخیر	ڈائریکٹر	4	4	-
6	جناب سید اقبال حسین رضوی	ڈائریکٹر	4	4	4
7	مسنفر حفت علی	ڈائریکٹر	4	4	-

آڈٹ کمیٹی کی میٹنگ:

سیریل نمبر	نام	عہدہ	مینگ ائینڈ کرنے کی الیت	حاضری	تفصیل
1	جناب اسد حسین بخاری	چیئرمین	4	4	-
2	جناب خورشید ابوالخیر	رکن	4	4	-
3	جناب ابوخورشید عارف	رکن	4	4	-



ایف ڈی آئی بی نے مختلف شعبوں کی ساختہ بدل کر کے پے روں کو نشوول کرنے کی کوشش کی ہے۔ اخراجات میں بھی کمی کی راہ ہموار کی گئی تاکہ محتاجہ کمانے کی صلاحیت بہتر اور ایک یکوئی کا گراف بلند ہو۔ اس صورت میں ادارے کی ایکوئی میں شرائکت کے حوالے سے یہ وہی شخصیات یا ادارے بھی لوچیں ظاہر کر سکتے ہیں اور شہر ہولڈر رکھی ادارے کے ساتھ مزید اشتراک عمل تحریک مل گئی کہ لائنس کی بھالی کے بعد ڈفیرنڈس کس کی مدد سے ادارہ نئی لیزدینے کی پوزیشن میں آجائے گا۔

اندرونی کنٹرول اور آڈٹ:

ادارے کو پوار اعتماد ہے کہ بیخ سالہ منصوبے کے مطابق تمام نتائج حاصل کر لئے جائیں گے۔ بنس پلان میں مستقبل کیلئے ایک یونیورسٹی پروفس اور نئی ایکوئی بھی شامل ہے۔ انٹرل کنٹرول معیاری ہے۔ مگر انی کا نظام جامع ہے۔ اس نتیجے میں معاملات بہتری کے ساتھ نہیں جاری ہے۔ ایس بی ایسی ایٹیس چارٹرڈ کاؤنٹرنس کی خدمات حاصل کی گئی ہیں۔ یہ کمپنی آڈٹ کمیٹی کو براہ راست رپورٹ کرے گی۔

ایف ڈی آئی بی نے تمام ڈاکٹریشن کا درست ترین ریکارڈ کھنچ کیلئے عالمی سطح پر تسلیم شدہ اصولوں کے تحت اکاؤنٹنگ پروسیگر زبانے میں۔ مالیاتی گوشواروں کے نوٹ نیمر 3 میں صراحت کی گئی ہے۔ اکاؤنٹنگ کے تمام تجھیے معقول اور دشمندانہ فیصلے کی روشنی میں تیار کئے گئے ہیں۔

ایکسٹرنل آڈیٹر:

A.S.B & Associates L. چارٹرڈ کاؤنٹرنس سے معابرے کی معیا ختم ہو رہی ہے آنے والی سالانہ جنرل میننگ جس میں ایکسٹرنل آڈیٹر کا تقرر کیا جائے گا۔

ریلیٹیو پارٹی ٹرانزیکشن:

تمام ریلیٹیو پارٹی ایکٹریشن آڈٹ کمیٹی کے سامنے کئے جاتے ہیں اور اس کے بعد وہ کمیٹی کی تجویز کے ساتھ بورڈ آف ڈائریکٹر کے سامنے نظر ثانی اور منظوری کیلئے جیش کے جاتے ہیں۔

کارپوریٹ گورننس:

30 جون 2021ء کو ختم ہونے والے سال کیلئے طے شدہ کوڈ آف کارپوریٹ گورننس پر بھر پور عمل کیا گیا ہے اس حوالے سے آڈیٹر کی رپورٹ مشکل ہے۔ ایس ای سی پی اور کراچی اسٹاک ایچیج کی ہدایات کے مطابق درج ذیل امور کو لقینی بنا نے کی کوشش کی گئی ہے۔

- ۱۔ تمام مالیاتی گوشوارے ادارے کی درست پوزیشن ظاہر کریں۔
- ۲۔ تمام مالیاتی ٹیب بہترین معیار اپڈیٹر کی جائیں۔
- ۳۔ موزوں اور متعلق اکاؤنٹنگ پکیٹس اور طریقہ کارپاریا جائے۔
- ۴۔ انٹریشنل فائناں کا ایک یونیورسٹی ایٹیس ڈائریکٹر زبانے جائیں اور اگر کہیں نہ زبانے جائیں تو تصریح کر دی جائے۔
- ۵۔ انٹرل کنٹرول کا معیاری نظام اپنایا گیا ہے اس حوالے سے موثر گمراہ نظام بھی موجود ہے۔



ادارے کی مالیاتی کارکردگی:

NBFC میکٹ خاص طور پر انسٹیلمڈٹ بینک کیلئے پچھلئی سال غیر تعلیمی بخش پائے گئے ہیں۔ جبکی مبڑا ب تجارتی و معاشری حالات، غیر قیمتی سیاسی صورتحال اور ملک کے امن و امان کی گزرتی ہوئی صورتحال ہے۔ اکثر ان سٹیلمنٹ بینک مسلسل مالیاتی بحران کا شکار ہیں۔ امن و امان کا مسئلہ درپیش ہونے سے کاروباری شرپہ شدید مشکلات سے دوچار تھا۔ اب خبر سے سیکورٹی کی صورت حال بہتر ہے۔ اس سے انڈسٹری کو بہتر کارکردگی دکھانے کا موقع ملا ہے۔ 2008ء کے بحران کے باوجود ادارے کی کارکردگی اچھی رہی۔ ایف ڈی آئی بی مارکیٹ میں پورے دمخم کے ساتھ موجود ہے۔ ان آٹھ نو برس میں ادارے نے یہ ورنی مالیاتی امداد لیئے سے گریز کیا جو اس کے احتراک کو ظاہر کرتا ہے۔

مالیاتی گوشوارہ:

	2021 Rupees	2020 Restated Rupees
Lease and financing (loss) / income net of provision and impairment	28,190,296	26,002,778
Return on deposits and investments	5,738,097	7,358,677
Other gain / (loss)	671,179	2,111,760
Total (Loss) / Income	34,599,572	35,473,215
Administrative and Operating Expenses	(26,828,278)	(28,064,301)
Finance cost	(7,186,393)	(8,693,839)
Total Expenditure	584,901	(1,284,925)
Share of (loss) / profit of associates	30,189,870	12,410,639
(Loss) / Profit before Taxation	30,774,771	11,125,714
Taxation	(24,690,496)	(74,534,837)
(Loss) / Profit after Tax	6,084,275	(63,409,123)
(Loss) / Earnings Per Share – Basic	0.041	(0.427)
(Loss) / Earnings Per Share – Diluted	0.041	(0.427)

معاشی صورتحال:

پاکستان کے پچھلے مالیاتی سال 21-2020 معاشرے ثبت کی طرف گامزن ہے۔ کرنٹ اکاؤنٹ خسارہ میں بترنچ کی ہوئی ہے۔ حکومت نے سہولیاتی پیچ کا بھی اعلان کیا ہے جس میں تعمیراتی شعبہ، زراعت کا شعبہ، نیا پاکستان گھر اسکیم اور خام مال کے آمد میں بیکار اور ڈی یو ٹیڈ میں کی گئی ہے معاشری بیداری میں اضافے کے لئے اٹیٹ بک کیے مالیاتی اندماز کے مطابق آئندہ GDP ترقی 4.5-5% اور افریط رکی شرح 7.9% تک برقرار رہنے کی توقع ہے جو کہ معاشری ترقی میں مددگار ثابت ہوں گے۔

مستقبل کے امکانات:

ناپرفارمنگلکو نزد اور ایئر انسپریشنز پورٹفولیو یوز کی مد میں 7.30 ملین روپے کی ریکوری ہوئی۔ ہر یہاں کا اکاؤنٹ سے بھی جلد ریکوری کی امید ہے۔ اب بارہ سے اٹھارہ تک کیش فلوکا مسئلہ پیدا نہ ہونے کی امید ہے۔ مستقبل قریب میں پریشانی کو کوئی بات نہیں ہوگی۔ ریکوری کی صورت میں کیش فلوکا بلکہ متابع کی صلاحیت بھی بہتر ہوگی اور ادارے کی مجموعی قدر و قیمت میں اضافہ ہو گا۔



ڈائریکٹر کی رپورٹ:

ہم تمام ڈائریکٹر 30 جون 2021ء کو قائم ہونے والے مالی سال کیلئے آٹھ شدہ مالیاتی گوشواروں کے ساتھ سالانہ پورٹ پیش کرتے ہوئے مسروت محسوس کرتے ہیں۔

بورڈ کی بناوٹ اور مشاہرہ

کل ڈائریکٹر کی تعداد 7 ہے جو مندرجہ ذیل ہیں:

مرد: 06

خاتون: 01

نام	عہدہ
جناب خورشید ابوالثیر	غیر چانبدار ڈائریکٹر
جناب ابو خورشید عارف	
جناب اسد حسین بخاری	
جناب رفیق داؤد	اگزیکٹو ڈائریکٹر
جناب سید اقبال حسین رضوی	نائب اگزیکٹو ڈائریکٹر
جناب کرسنفر جان ایکن ایڈریو	
جناب اقبال علی مسزفرحت علی	

ڈائریکٹر کے مشاہرے کیلئے کمپنی کی وضع پالیسی اور شفاف طریقہ کار ہے جو کہ 2017 ACT اور اسی جی کے ضابطہ 2019 کے میں مطابق ہے۔ ڈائریکٹر کے مشاہرے میں رو دو بدل کا اختیار بورڈ کے ڈائریکٹر کے پاس ہے جو HR&H کمپنی کے گزارشات کو مفہومی کھلکھل فیصلہ کرتا ہے۔

ادارے کی کارکردگی:

گزرے ہوئے سال کے دوران کمپنی کے 2021ء کے نتائج اس بات کی عکاسی کرتا ہے کہ ہماری انتظامی کی انتحک محنت اور کاوشوں دو رجھات جو کہ بینائیں کو درپیش ہے بڑی کامیابی سے اس سے بڑا آدم ہوئے ہیں۔ کمپنی انتظامی کی تسلسل سے ریکوری کی کامیاب کاوشوں کے نتیجے میں منافع قل ایکس 30.77 ملین اور بعد از ایکس منافع 6.08 ملین روپے اس کی نسبت پچھلے سال کا خسارہ 63.409 ملین روپے ہے۔ جبکہ کمپنی کی حقیقی مالیت میں اضافہ ہوا جو کہ 475.173 ملین روپے سے 514.125 ملین روپے ہو گئی ہے جس کی وجہ ایکس اضافہ جات کا داہیں ہونا ہے۔

ایف ڈی آئی کی وجہ نیو منافع بخش سرگرمیوں سے دور ہے اور کمپنی کی منافع کو بھی قابو میں رکھنے پر مرکوز ہوئی ہے۔ جو کہ COVID-19 اور مسلسل کا دباری بندش کی وجہ سے متاثر ہوا ہے۔ لارٹ کم سے کم سٹک پر رکھنے کے ساتھ ساتھ اور ہمیں اخراجات کو بھی قابو میں رکھنے پر خاص توجہ دی جاتی رہی ہے۔ کمپنی کاalon پورٹ فویو بھی متاثر ہوا۔ مارکیٹ کے کوونک ڈیفائلر سے ہمارے لیکن ڈپارٹمنٹ نے بات کی تاکہ نان پرفارمیگ لوزن کی بہتر سطحیت ہو سکے۔ اس حوالے سے کی جانب والی کوششیں مجموعی طور پر خاصی کارگر اور سودمند غایبات ہوئی ہیں۔ چنانکہ کمپنی میں سطحیتی بینائی جا سکی اور اب ریکوری ہو رہی ہے۔ امید ہے کہ دیگر تمام اکاؤنٹس بھی جلد ہی سیٹل کر لئے جائیں گے اور ادارے کی منافع کمائے کی صلاحیت میں غیر معمولی اضافہ ممکن بنایا جاسکے گا۔

ادارے کا جائزہ:

NBFC سیکلر شدید متاثر ہوا 2008 کے مالی بحران کے باعث جس کے نتیجے میں سودکی شرح میں غیر معمولی اضافہ ہوا جسکی وجہ سے اداروں کو قرضوں کی ادائیگی کیلئے بھاری رقم ادا کی گئی جسکے پیش نظر ان کے پاس کار بار کرنے کی سخت نہ رہی۔ اللہ کے فضل سے کمپنی کی مالیاتی حیثیت مکالم ہے۔ ادارہ اپنے روزمرہ کے اخراجات بآحسن خوبی کے ساتھ پورے کر رہا ہے۔ قرض نادہنگان کی تعداد میں کمی واقع ہوئی ہے جسکی وجہ متاثر کرن کا کردار ہے۔ انتظامیہ ادارہ کو منافع بخش بنانے کیلئے پر امید ہے۔



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of the company: FIRST DAWOOD INVESTMENT BANK LIMITED
Year ending: 30 JUNE 2021

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
Executive Director	Mr. Rafique Dawood
Non – Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mr. Iqbal Shafiq Mrs. Farhat Ali

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. Certain non compliance of the NBFC Regulation are identified which are disclosed appropriately in the financial statements.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Out of the Seven, Chief Executive Officer as a Director in the Board is exempted from the Directors Training Program in accordance with criteria specified in regulation 19(2), while the remaining directors will undertake the Directors' Training Program certification subsequent to renewal of business license.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed following mandatory committees comprising of members given below:



FIRST DAWOOD INVESTMENT BANK LIMITED

AUDIT COMMITTEE

Mr. Asad Hussain Bukhari	Chairman
Mr. Khursheed A. Khair	Member
Mr. Abu Khursheed M. Arif	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Khursheed A. Khair	Chairman
Mr. Asad Hussain Bukhari	Member
Mr. Abu Khursheed M. Arif	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meetings (quarterly/half yearly/yearly) of the committee were as per following:
 - a) Audit Committee 04 meetings were held during FY 2020-21
 - b) HR and Remuneration Committee 01 meeting was held during FY 2020-21
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. One casual vacancy occurred in the Board during the year which was filled by the Directors as under; Mr. Iqbal Shafiq is hereby appointed as Director on June 01, 2021 of First Dawood Investment Bank Limited to fill casual vacancy caused by death of Mr. Asad Hussain Bokhari.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
20. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:



Non-Mandatory Requirement	Regulation No.	Explanation
Responsibilities of the Board and its members: Adoption of the corporate governance practices.	10(1)	Non-mandatory provisions of the CCG Regulations are partially complied.
Directors' Training: It is encouraged that: (i) by June 30, 2020 at least half of the directors on their Boards; (ii) by June 30, 2021 at least 75% of the directors on their Boards; and (iii) by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19(1)	The directors of the Company are experienced and seasoned corporate professionals and are well-conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chief Executive Officer as a Director in the Board is exempted from the Directors Training Program in accordance with the criteria specified in Regulation 19(2) of the Regulations. The remaining directors will acquire the required director's training certification subsequent to renewal of business license.
Qualification of company secretary: The same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	24	The Chief Financial Officer has also been assigned the responsibilities of Company Secretary. The Board shall comply with this regulation subsequent to renewal of business license.

Christopher John Aitken Andrew
Chairman



J.A.S.B. & Associates
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Dawood Investment Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of **First Dawood Investment Bank Limited** for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company corporate governance procedures and risks.

The Regulations requires the Company to place before Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.



Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where it is stated in the Statement of Compliance:

	References	Description
I	Para 4	Management of the Company could not comply with the corporate and financial reporting requirements of the regulation 17(1), 17(2) and 19(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
Ii	Para 20	The Company is in non-compliance with certain requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations and explanations is given.

A handwritten signature, which appears to be 'Jasb', is placed above the table.

Chartered Accountants

Engagement Partner: **Basharat Rasool**

Karachi

Dated: September 21, 2021



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRST DAWOOD INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of First Dawood Investment Bank Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the basis of qualified opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As at June 30, 2021, the Company has recognized deferred tax asset of Rs. 290.297 million only in respect of carry forward of unused tax losses and provisions that result in deductible temporary differences. The Company has not recognized deferred tax on account of other temporary differences such as property and equipment, etc. which is non-compliance of the applicable financial reporting framework (refer note 2.1 to the financial statements). Further, as stated in note 13 to the financial statements, the management has carried out assessment of recoverability of the recognized deferred tax asset on the basis of projections for future taxable income taking into account various assumptions regarding future business prospects, which we could not substantiate due to pending renewal of the license and uncertainty regarding availability of future taxable profits. Furthermore, the company has not complied with all disclosure requirements of IAS 12: Income Taxes, which is departure from the applicable financial reporting framework.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to note 1.3 to the financial statements, which states that the Company is facing financial problems, its accumulated losses as at June 30, 2021 are in the tune of Rs. 1,466.073 million, and as of that date, and its licenses to carry out business are not renewed. These conditions along with other matters as stated in note 1.3 and contingencies identified in note 34 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly the Company may not be able to realize its assets and discharge its liabilities at stated amounts. Our opinion is not qualified in respect of this matter.

Emphasis of Matters

- We draw attention to note 1.1 to the financial statements, which describes that the licenses for Leasing Business and Investment and Finance Services under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies & Notified Entities Regulations, 2008 from the Securities and Exchange Commission of Pakistan (SECP) has been expired and awaiting renewal. Our opinion is not modified in respect of this matter;
- Further, we draw attention to note 1.2 to the financial statements, which describes that appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 is currently pending at the Honourable High Court of Sindh. Our opinion is not modified in respect of this matter;
- Further, we draw attention to notes 1.9 to the financial statements, which describes that the Company is in non-compliance with certain requirements of Non-Banking Finance Companies & Notified Entities Regulations, 2008. Our opinion is not modified in respect of this matter; and
- Further, we draw attention to note 31.1 to the financial statements which describes the litigation with HBFCL over the settlement amount of liabilities due to different cost of funds as determined by State Bank of Pakistan (SBP) and JCR-VIS. Our opinion is not modified in respect of this matter.



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	Regulatory Provisions against Non-Performing Assets Refer to Note # 11, 13 and 17 to the Financial Statements; management has made provisions for the non-performing finance leases, long term finances and placements and finances in accordance with NBFC and Notified Entities Regulations, 2008 that require significant judgments including estimates of Forced Sale Value of assets held as collateral.	Our key audit procedures in respect of provision against non-performing assets, amongst others, include the following: <ul style="list-style-type: none"> • We assessed whether all assets are classified appropriately among regular, sub-standard, doubtful and loss category based on period since which they are outstanding. • For non-performing receivables eligible for Forced Sale Value benefit, we evaluated whether valuation reports are available and valid. • We examined that whether Forced Sale Value benefit are restricted to lower of new and old valuation report, where applicable, as provided by Independent valuer listed on panel of approved valuers by Pakistan Banks' Association. • We examined that reversal of provision has been made as per specified condition in the NBFC and Notified Entities Regulations 2008. • We inspected mortgage deeds to substantiate existence of leased assets held as collateral.
2.	Company's Exposure to litigation risk Refer to note 35, Company is exposed to litigations and claims that have been filed against the Company many years ago, there are significant judgments including estimates involved regarding the outcome of these litigations.	Our audit procedures in respect of litigations and claims, amongst others, include the following: <ul style="list-style-type: none"> • Obtaining an understanding of the Company's processes, design and testing operating effectiveness of controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee.

S. No.	Key Audit Matters	How the matter was addressed in our audit
3.	Impact of COVID-19 (Refer note 55 to the annexed financial statements)	<ul style="list-style-type: none"> Discuss the legal matters with Inhouse legal personnel. Examine the litigation report generated by the Management. Reading correspondence between Company and Regulatory Authority. Circularizing external confirmations, where appropriate, on material cases and assessing the replies received thereof. Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements. Review the website of High Court of Sindh to cross check the pending cases with the record of the Company.

3. Impact of COVID-19
(Refer note 55 to the annexed financial statements)

Due to the COVID-19 situation and lockdown in the country since March 2020, business activity has been adversely affected. The Company's factory and offices were closed. Many of the functions and operations were carried out remotely. This affected the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

In relation to the accounting and reporting obligations, management assessed the following significant areas for incorporating COVID - 19 impact in the financial statements:

- expected credit losses (ECL) under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';

Our audit procedures amongst others included the following:

- Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;
- Unlisted technology for communication and evidence gathering;
- For information / record provided by management in scanned form, the original record was checked subsequently when the lockdown was relaxed;
- For confirmation received through email, the authenticity of the confirmations was ensured by performing alternate procedure such as making telephone calls to confirming parties;
- Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model;



S. No.	Key Audit Matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> • provisions and contingent liabilities under IAS 37, including onerous contracts; and • going concern assumption used for the preparation of the financial statements <p>The COVID-19 pandemic is a significant development during the year having the most significant impact on audit strategy and its execution and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we considered it to be a key audit matter.</p>	<ul style="list-style-type: none"> • Evaluated whether any impairment indicators exist that could trigger impairment for tangible and intangible assets; • Evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; and • Evaluated management's going concern assessment by reviewing the approved budget / future cash flow forecast and assessed whether going concern assumption is appropriate. <p>Assessed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.</p>	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan and requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink, appearing to read 'JASB'.



Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns and are further in accordance with the accounting policies consistently applied.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of Chartered Accountants, who vide their report dated September 22, 2020, expressed a modified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Basharat Rasool.

A handwritten signature in black ink, appearing to read 'Basharat Rasool'.

Chartered Accountants

Karachi

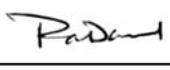
Dated: September 21, 2021



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	(Rupees'')	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	4,664,175	2,720,678
Right-of-use assets	7	174,495	222,085
Intangible assets	8	-	683,428
Investment properties	9	30,297,000	62,887,000
Net investment in lease finance	10	10,442,605	10,442,605
Long-term investments	11	206,974,244	163,279,225
Long-term finances	12	-	-
Long-term deposits	13	290,297,438	314,856,617
Deferred tax asset		542,849,957	555,091,638
CURRENT ASSETS			
Current and overdue portion of non-current assets	14	171,324,867	236,249,000
Short-term investments	15	58,473,889	50,629,084
Placements and finances	16	39,025,413	39,025,413
Investment held with Nazir SHC	17	55,242,013	50,562,173
Asset classified held for sale	18	29,777,000	-
Loans and advances	19	2,604,996	1,417,942
Advance tax due from Government	20	1,548,362	699,467
Prepayments	21	361,591	41,671
Mark-up accrued	22	37,426	57,158
Other receivables	23	5,004,181	6,929,128
Cash and bank balances	24	1,088,577	1,039,883
		364,488,315	386,651,819
		907,338,272	941,743,457
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Authorized Capital	25.1	1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	25.2	1,483,900,230	1,483,900,230
Capital reserves			
Reserves		457,058,462	455,841,607
Revenue reserves			
Accumulated loss		(1,466,073,718)	(1,470,941,138)
		474,884,974	468,800,699
Share of unrealized gain on remeasurement of investments in associates		24,362,806	15,728,175
Unrealised loss on remeasurement of investment at FVOCI		14,877,394	(9,355,467)
		514,125,174	475,173,407
NON CURRENT LIABILITIES			
Long-term loans	26	36,448,122	61,025,379
Lease liabilities	27	93,113	143,462
Long-term deposits	28	-	10,000,000
		36,541,235	71,168,841
CURRENT LIABILITIES			
Current portion of long-term liabilities	29	265,026,366	303,061,078
Mark-up accrued	30	25,756,644	25,756,644
Short-term borrowings	31	49,774,280	50,266,346
Advances, accrued and other liabilities	32	8,643,370	8,977,233
Provision for taxation	33	7,471,203	7,339,908
		356,671,863	395,401,209
CONTINGENCIES AND COMMITMENTS	34	-	-
The annexed notes from 1 to 56 form an integral part of these financial statements.		907,338,272	941,743,457


Chief Executive

Director


Chief Financial Officer

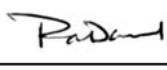


FIRST DAWOOD INVESTMENT BANK LIMITED

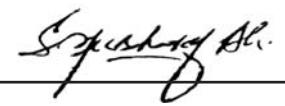
**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021**

		June 30, 2021	June 30, 2020
	Note	(Rupees'')-----	
INCOME			
Lease income		1,132,230	105,870
Return on investments and deposits	35	5,738,097	7,358,677
Income from long-term finances	36	1,332,472	72,265
Gain on sale of securities-net	37	1,736,615	53,184
Other income	38	671,179	2,111,760
		10,610,593	9,701,756
PROVISION / CHANGES IN FAIR VALUE			
Reversal for potential lease losses and other loan losses – net	39	26,801,979	23,576,110
Unrealized gain/(loss) on remeasurement of investments property		(2,813,000)	2,077,000
Unrealized gain/(loss) on measurement of investments – FVTPL		-	118,349
		23,988,979	25,771,459
		34,599,572	35,473,215
EXPENDITURES			
Administrative expenses	40	(26,828,278)	(28,064,301)
Finance cost	41	(7,186,393)	(8,693,839)
		(34,014,671)	(36,758,140)
		584,901	(1,284,925)
Share of profit/(loss) from associates	42	30,189,870	12,410,639
PROFIT BEFORE TAXATION		30,774,771	11,125,714
Taxation	43	(24,690,496)	(74,534,837)
(LOSS)/PROFIT FOR THE YEAR		6,084,275	(63,409,123)
Earning per share – basic	44.1	0.041	(0.427)
Earning per share – diluted	44.2	0.041	(0.427)

The annexed notes from 1 to 56 form an integral part of these financial statements.


Chief Executive

Director


Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	June 30, 2021	June 30, 2020
(Loss)/profit for the year		6,084,275	(63,409,123)
Comprehensive income		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Un realized remeasurement gain/(loss) on investment in associates		8,634,631	11,505,134
Unrealised gain / loss on remeasurement of investment at FVOCI		24,232,861	2,039,963
Deferred tax – OCI		-	(259,637)
		32,867,492	13,285,460
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
Total comprehensive (loss)/income for the year		32,867,492	13,285,460
		38,951,767	(50,123,663)

The annexed notes from 1 to 56 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
Note	(Rupees')-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,774,771	11,125,714
Adjustments for non- cash items:		
Depreciation	7 933,201	704,684
Amortization	9 50,940	100,050
Depreciation of right-of-use assets	8 47,590	315,260
Income on DSCs	36 (492,066)	(117,580)
Gain on sale of securities – net	38 (1,736,615)	(53,184)
Exchange gain	39 (23,399)	(33,201)
Gain on sale of property and equipment	39 (95,900)	(205,639)
Present value adjustment – amortization of interest free loan	-	-
Provision / (reversal of provision potential lease)	40 (26,801,979)	(23,576,110)
Finance cost	43 7,186,393	8,693,839
Share of (profit)/loss from associates	44 (30,189,870)	(12,410,639)
Lease income	(1,132,230)	(105,870)
Unrealized (gain)/loss on remeasurement of investments – FVTPL	-	(118,349)
Unrealized gain/loss on remeasurement of investments property	2,813,000	(2,077,000)
Income from long-term finance	(878,525)	(451,831)
	(50,319,461)	(29,335,570)
	(19,544,690)	(18,209,856)
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets		
Long term finances – net	39,609,970	(3,190,633)
Short Term Investment	(664,805)	-
Loans and advances	(1,187,054)	968,489
Prepayments	(319,920)	(18,339)
Mark up accrued	16,365	120,475
Other receivables – net	2,154,947	(3,628,364)
	39,609,504	(5,748,372)
	20,064,814	(23,958,228)
Increase/(decrease) in operating liabilities		
Accrued and other liabilities	(333,863)	3,997,463
	19,730,951	(19,960,765)
Finance cost paid	(849)	(4,368)
Taxes paid	(848,895)	(679,950)
Net cash used in operating activities (A)	18,881,207	(20,645,083)



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
Note	(Rupees')	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,876,700)	(3,253,000)
Proceeds from disposal of property and equipment	(95,898)	255,500
Net investment in finance lease – net	-	19,269,073
Net (investment in)/proceeds from long term investments	14,682,500	(48,609,986)
Net cash (used in)/generated from investing activities (B)	11,709,902	(32,338,413)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans – net	(20,000,000)	(20,000,000)
Short term borrowings	(492,066)	-
Long term Deposits	(10,000,000)	-
Lease liabilities	(50,349)	(352,800)
Net cash used in financing activities (C)	(30,542,415)	(20,352,800)
Net decrease in cash and cash equivalents (A+B+C)	48,694	(73,336,296)
Foreign currency translation	-	33,201
Cash and cash equivalents at beginning of the year	1,039,883	74,342,978
Cash and cash equivalents at end of the year	1,088,577	1,039,883

The annexed notes from 1 to 56 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021**

Share Capital	Capital Reserves			Revenue Reserves			Total
	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Share of unrealised gain/(loss) on remeasurement of associates' investments	Unrealised gain/(loss) on remeasurement of available for sale investments	Accumulated Loss	
(Rupees)							
Balance as at June 30, 2019	1,483,900,230	399,818,213	53,426,910	2,596,484	4,268,291	(11,395,430)	(1,407,317,629) 525,297,069
Loss for the year	-	-	-	-	-	-	(63,409,123) (63,409,123)
Other comprehensive income							
- Share of Unrealized gain on remeasurement of associates investment	-	-	-	-	11,505,134	-	-
- Surplus on revaluation of investment – At fair value through OCI	-	-	-	-	-	2,039,963	-
- Reclassification of (loss)/gain on investment in associates	-	-	-	-	214,387	-	(214,387)
- Deferred Tax – OCI	-	-	-	-	(259,637)	-	-
	-	-	-	-	11,459,884	2,039,963	(214,387) 13,285,460
Transfer to Statutory Reserve	-	-	-	-	-	-	-
Balance as at June 30, 2020	1,483,900,230	399,818,213	53,426,910	2,596,484	15,728,175	(9,355,467)	(1,470,941,138) 475,173,406
Balance as at July 1, 2020	1,483,900,230	399,818,213	53,426,910	2,596,484	15,728,175	(9,355,467)	(1,470,941,138) 475,173,406
Total comprehensive income for the period							
Profit for the period	-	-	-	-	11,505,134	-	6,084,275
Other comprehensive income							
- Share of Unrealized gain on remeasurement of associates investment	-	-	-	-	8,634,631	-	-
- Surplus on revaluation of investment – At fair value through OCI	-	-	-	-	-	24,232,861	-
	-	-	-	-	8,634,631	24,232,861	-
Transfer to Statutory Reserve	-	1,216,855	-	-	-	-	(1,216,855)
Balance as at June 30, 2021	1,483,900,230	401,035,068	53,426,910	2,596,484	24,362,806	148,77,394	(1,466,073,718) 514,125,174

The annexed notes from 1 to 56 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 at 19th Floor, Tower B, Saima Trade Towers, I.I Chundrigar Road, 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 June 30, 2021 amounted to Rs. 9.04 billion (June 30, 2020: Rs. 9.04 billion).
- 1.3** The Company has incurred a net Profit of Rs. 6,084,275 during the year ended June 30, 2021, its accumulated losses reached to Rs. 1,466,073,718 as at June 30, 2021. The Company faced liquidity crunch due to aftermath of financial crisis 2008-09 which resulted 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. 351.091 million is outstanding for which the Company is making efforts to settle in a similar manner. Presently, the equity of the Company is Rs. 515.781 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 been 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 financials statement are prepared on going concern basis.

The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

1.4 Mitigation Plan

- The Company has successfully been 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. Rs. 351.091 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 year, the Company made recoveries amounting Rs. 27.30 million which is below the expected recovery amount of Rs. 80 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. 80 million in the next two financial years.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1.5 Expected NBF sector reforms/ regime

The requirement of minimum equity is expected to be resolved with the support from group companies and company may apply on the same basis for renewal of license. It is pertinent to mention 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 able to fulfill a procedural formality. The management is confident that after renewal of the license, induction of foreign or local partner will be possible and / or the company may also evaluate the option of merger or acquisition.

1.6 Future prospects

During the year, recovery of Rs. 27.30 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.

1.7 Cases under litigation

Cases under litigations have been disclosed in note # 35.

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 NBFC 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 Funded exposure

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".

1.10 A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization (WHO) on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Based on management's assessment and keeping in view the Company's operational status, COVID-19 does not have a significant impact on the Company and supports the appropriateness of its going concern assumption.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entity Regulations, 2008 (the NBFC Regulations)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules or the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules or the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs./ Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs./ Rupees, unless otherwise stated.

3. NEW/ REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

3.1 Changes in accounting policies

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' from 1 July 2019. The standard introduces a single, on-balance sheet accounting model for leases. As a result, the Company as a lessee has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 has not been restated-i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the change in accounting policies are discussed below.

The Company has lease agreement for head office which was previously classified by the Company based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for all the leases i.e. these leases are on statement of financial position.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liabilities are measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2020. The lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2020 is 13.13%.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- Any initial direct costs, and
 - Restoration costs.
- The Company has not applied "short-term lease" and lease of "low-value assets" recognition exemption.
- The impact of adoption of IFRS 16 on the statement of financial position as at 30 June 2021 is as follows:

	Note	2021 Rupees	2020 Rupees
Right-of-use assets	8	174,495	222,085
Lease liabilities	28	250,029	233,100

3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards

Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2019 (other than those which have been disclosed in note 3.1 to these financial statements). However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2020 and are not likely to have an impact on the financial statements of the Company:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The O20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - c) there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods 'beginning on or after 1 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments and improvements does not have a material impact on the financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

- 4.1 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, 2021.
- 4.2 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated above in note 3.2.

5.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is charged to the statement of profit or loss on straight line basis over the estimated useful life of the assets at the rates specified in note 7 to these financial statements after taking into account residual value, if significant. Depreciation on additions is charged from the month when the asset is available for use and on disposals up to the preceding month.

Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each reporting date.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in as other income in the statement of profit or loss.

5.2 Intangible assets

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in note 9 to the financial statements.

5.3 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property measured at fair value. The changes in fair value recognised in the statement of profit or loss. Any other investment property (whose fair value cannot be measured reliably) is measured at cost less accumulated depreciation and any impairment loss.

The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.4 Net investment in lease finance

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of the asset to the lessees are classified as finance leases. Net investment in lease finance is recognized at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value, if any, and excluding unearned finance income, write-offs and provision for potential lease losses, if any.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

5.5 Provision for potential lease and other loan losses and write offs

The provision for bad and doubtful loans and advances / potential lease losses, if any, is made in accordance with the requirements of the Non-Banking Financial Companies and Notified Entities Regulations, 2008 issued by the SECP.

Loans and advances and outstanding balances in net investment in finance lease are written off when there is no realistic prospect of recovery.

5.6 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS-15 as explained in relevant note Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Company measures financial assets at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

For financial assets that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

Unquoted financial assets, where the fair value cannot be reliably determined, are recognised at break up value less impairment, if any. Provision for impairment in value, if any, is taken to income currently.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that rejects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

B. Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

ii) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective interest rate (EIR) method.

Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

C. Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.7 Investment in associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The statement of profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee company.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Company ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed off the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

5.8 Long term finances and loans

These are initially recognised at cost being the fair value of consideration given together with the associated transaction cost. These are stated at net of provisions against non-performing advances. Provisions are made in accordance with the guidance in the NBFC Regulations issued by the Securities and Exchange Commission of Pakistan. The net provision made/ reversed during the year is charged to the statement of profit or loss and accumulated provision is netted-off against advances.

5.9 Sale and repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time following the trade date accounting. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repos) are not recognized in the statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income and accrued over the period of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

5.10 Staff retirement benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a defined contribution plan in the form of provident fund scheme for the permanent employees. Equal monthly contributions to fund are made by the Company and employee at the of 10% per annum of the basic salary. The Company's contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

5.11 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs eligible for capitalization are determined using effective interest method.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.12 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

5.13 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.14 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation or minimum tax under section 113 or alternate corporate tax under section 113C of ITO, 2001 whichever is higher after taking into account applicable tax credit, rebates and exemption available if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for current tax also includes adjustment for prior years or otherwise considered necessary for such year.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5.15 Impairment

Non-financial assets

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount of the asset which it would have been, had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

Financial assets other than covered under IFRS 9

Loans and net investment in finance lease

Impairment testing and recognition of impairment loss if any, is carried out in accordance with requirements of NBFC Regulations, 2008.

5.16 Revenue recognition

- The Company follows the financing method in accounting for recognition of finance lease contracts. Under this method, the unearned income i.e., the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortised over the term of the lease applying the annuity method, so as to produce a constant rate of return on net investment in the finance leases. Front end fee, documentation charges, gain/ loss on termination of lease contracts, commitment fee and other commissions, if any, are taken to income when earned. Revenue from finance lease is not accrued when rent is past due by ninety days or more.
- Mark-up/ interest on long term finances, mortgage finances, long term loans, lease and Murabaha finances are recognised on a time proportion basis except that mark-up/ interest/ return on classified loans and investments are recognised on receipt basis. Return on preference shares and term finance certificate is recognized using the effective interest method.
- Reversal of provision is recognized as per requirement of NBFC regulations.
- Dividend income from investments is recognized when the right to receive the dividend is established.
- Gain/ loss on sale of investments is taken to income in the period in which it arises.
- Unrealized gains/ losses arising on the remeasurement of securities classified as financial assets at fair value through profit or loss are included in the statement of profit or loss in the year in which they arise.
- Income on bank deposits are recognized on accrual basis.
- Rental income on investment property is recognized on an accrual basis.
- Guarantee income is recognized on time proportion basis.
- Consultancy, corporate advisory, trusteeship and custodian fees are recognized as and when services are provided.

5.17 Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in OCI if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains or losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains or losses are presented in the statement of profit or loss on a net basis within other income or other expenses.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities measured at fair value through OCI are recognised in other comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

5.18 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly are not included in these financial statements.

5.19 Assets classified as held for sale

These assets are acquired in settlement of certain loans / lease receivables. The Company classifies asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised though the statement of profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. Asset held for sale is not depreciated.

5.20 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

5.21 Trade and other payables

These amounts represent liabilities for goods and services obtained prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

5.22 Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing profit after tax attributable to ordinary shareholders adjusted for the after-tax amounts of preference dividends on preference shares classified as equity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

5.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities includes items directly attributable to segment as well as those that can be allocated on a reasonable basis.

5.24 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

6 PROPERTY AND EQUIPMENT

6.1 The following is the statement of property and equipment

Description	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
----- (Rupees) -----					
Year ended June 30, 2021					
Opening net book value as at June 30, 2020	9,016	2,687,771	23,891	-	2,720,678
Additions (at cost)	-	2,876,700	-	-	2,876,700
	9,016	5,564,471	23,891		5,597,378
Disposals					
Cost	-	(959,000)	-	-	(959,000)
Depreciation	-	958,998	-	-	958,998
Net Book value		(2)			(2)
Depreciation charge	(9,018)	(910,948)	(13,235)	-	(933,201)
Closing netbook value	(2)	4,653,521	10,656	-	4,664,175
Gross carrying value basis					
Cost	171,235	6,901,920	3,644,189	4,829,099	15,546,443
Accumulated depreciation / impairment	(171,237)	(2,248,397)	(3,633,533)	(4,829,101)	(10,882,268)
Net book value	(2)	4,653,523	10,656	(2)	4,664,175
Description	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
----- (Rupees) -----					
Year ended June 30, 2020					
Opening net book value as at June 30, 2019	25,785	147,147	49,291	-	222,223
Additions (at cost)	-	3,253,000	-	-	3,253,000
	25,785	3,400,147	49,291	-	3,475,223
Disposals					
Cost	-	(2,404,930)	-	-	(2,404,930)
Depreciation	-	2,355,069	-	-	2,355,069
Net Book value	-	(49,861)	-	-	(49,861)
Depreciation charge	(16,769)	(662,515)	(25,400)	-	(704,684)
Closing net book value	9,016	2,687,771	23,891	-	2,720,678
Gross carrying value basis					
Cost	171,235	4,984,220	3,644,189	4,829,099	13,628,743
Accumulated depreciation / impairment	(162,219)	(2,296,449)	(3,620,298)	(4,829,099)	(10,908,065)
Net book value	9,016	2,687,771	23,891	-	2,720,678
Depreciation rate % per annum	10%	20%	33.33%	20%	



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

7. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2021	2020
	-----(Rupees')-----	
Office building		
As at July 01	222,085	251,807
Additions	-	285,538
Transfers	-	-
Depreciation charge	(47,590)	(315,260)
As at June 30	<u>174,495</u>	<u>222,085</u>

The Company has lease contract for office building. Generally, the Company is restricted from assigning and subleasing the leased asset. This lease contract is for a period of one year and is extendable.

The Company has not applied "short-term lease" and lease of "low-value assets" recognition exemption.

	2021	2020
	-----(Rupees')-----	
Amounts recognised in the statement of profit or loss		
Depreciation charge of right-of-use asset	47,590	315260
Expense relating to variable lease payments	-	-
Total amount recognised in statement of profit or loss	<u>47,590</u>	<u>315260</u>

7.1 Depreciation charge of right-of-use asset for the year has been allocated to administrative expenses.

8. INTANGIBLE ASSET

	2021	2020
	-----(Rupees')-----	
Golf Club Membership Card	-	683,428

8.1 Golf Club Membership Card

<i>Opening net book value</i>	-	783,478
Additions	-	-
Amortization charge	-	(100,050)
Closing net book value	<u>-</u>	<u>683,428</u>

As at period/year end

Cost	-	1,500,000
Accumulated amortization	-	(816,572)
	<u>-</u>	<u>683,428</u>

<i>Rate of amortization (%)</i>	<u>6.67%</u>	<u>6.67%</u>
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8.2 It's a life time membership which was purchased in 2011. However, management has sold out at profit in order to cut down admin expenses.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

9. INVESTMENT PROPERTIES

	2021	2020
	(Rupees')	
Balance at beginning of the period/year	62,887,000	60,810,000
Transfer from/(to) asset classified as held for sale	(29,777,000)	-
Gain/Loss on fair value adjustment	(2,813,000)	2,077,000
Balance at end of the period/ year	<u>30,297,000</u>	<u>62,887,000</u>

9.1 Fair value of the investment properties as at June 30, 2021 had been determined by the professional valuer which is registered on the panel of Pakistan Banks' Association (PBA) and NBFI & Modaraba Association of Pakistan. The next valuation is due as at June 30, 2022. The main criteria of valuation for the assessment of investment properties included:

- property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for the properties of the same nature in the immediate neighborhoods and adjoining areas;
- properties which are recently sold and their respective selling prices;
- properties which are offered for sale and their asking price in the prevailing market; and
- nature of property.

9.2 The FSVs of Patoki land was Rs. 30.297 millions and office no. 5B Lakson Square Building-Karachi was Rs. 29.777 millions at the time of revaluation.

10. NET INVESTMENT IN LEASE FINANCE

	Note	2021	2020
		(Rupees')	
Net investment in lease finance	11.1	424,694,918	492,963,143
Provision for potential lease losses	11.2	<u>(367,979,428)</u>	<u>(372,373,879)</u>
		<u>56,715,490</u>	<u>120,589,264</u>
Current and overdue portion of net investment in lease finance	11.3	<u>(46,272,885)</u>	<u>(110,146,659)</u>
		<u>10,442,605</u>	<u>10,442,605</u>

10.1 Particulars of net investment in lease finance

Minimum lease payments receivable	531,562,293	539,938,204
Residual value of leased assets	250,012	61,167,875
	<u>531,812,305</u>	<u>601,106,079</u>
Unearned finance income	-	-
Markup held in Suspense	<u>(107,117,387)</u>	<u>(108,142,936)</u>
Net investment in lease finance	<u>424,694,918</u>	<u>492,963,143</u>

10.1.1 As at June 30, 2021, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 424.444 million (June 30, 2020: Rs. 492.963 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs. 44.316 million (June 30, 2020: 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, 2020: 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 FOR THE YEAR ENDED JUNE 30, 2021

10.2 Provision for potential lease losses

	2021	2020
	----- (Rupees) -----	
Opening balance	372,373,879	384,002,009
(Reversal)/charge for the period/ year – net	(4,394,451)	(11,628,130)
Written off during the period	-	-
Closing balance	<u>367,979,428</u>	<u>372,373,879</u>

10.3 Current portion of lease finance- net

Finance lease	424,694,918	492,963,143
Provision for potential lease losses	(367,979,428)	(372,373,879)
More than one year and less than five years	(10,442,605)	(10,442,605)
	<u>46,272,885</u>	<u>110,146,659</u>

11. LONG-TERM INVESTMENTS

Dawood Family Takaful	81,556,197	-
- Associates - equity method	164,809,125	161,773,925
- Defense Saving Certificates - at amortized cost	1,505,300	1,505,300
- Investment transfer to Nazir	(40,896,378)	(4,057,815)
	<u>206,974,244</u>	<u>159,221,410</u>

11.1 Investment in associates

Opening balance	161,773,925	144,265,841
Share of reversal of deficit on revaluation of investments recognised in other income	-	-
Investment sold during the period/ year	(14,682,500)	(2,349,874)
Share of profit/ (loss)	24,232,861	12,410,639
Disposal of Investment	-	-
Less: Dawood Family Takaful Ltd. less than 20% (Not Associate)	(40,659,819)	-
Share of other comprehensive income/ (loss)	37,162,385	11,505,134
Less: transfer to investment held with Nazir	(3,017,727)	(4,057,815)
	<u>164,809,125</u>	<u>161,773,925</u>

11.2 Carrying value of investment in associates

2021	2020		2021	2020
No. of shares			----- (Rupees) -----	
2,246,070	2,246,070	786 Investment Limited	35,028,474	31,364,109
4,762,100	4,762,100	B.R.R. Investments (Pvt.) Limited	129,780,651	79,022,288
-	8,960,000	Dawood Family Takaful Limited	-	51,387,528
7,008,170	15,968,170		164,809,125	161,773,925



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 11.3** 6,466,010 (June, 30 2020: 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. However, company holds 6,510,000 shares of DFTL other than shares held by Nazir.
- 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 June 30, 2021, 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.

12. LONG-TERM FINANCES

	2021 ----- (Rupees'')-----	2020 ----- (Rupees'')-----
Term finance facilities	236,360,654	252,529,441
Provision for doubtful finances	12.1 (111,308,672)	(126,426,200)
	125,051,982	126,103,241
Current portion	14 (125,051,982)	(126,103,241)
	-	-

12.1 Particulars of provision for doubtful finances

Opening balance	126,426,200	131,364,369
Reversal for the period/ year- net	(15,117,528)	(4,938,169)
Provision during the period/ year	-	-
Closing balance	<u>111,308,672</u>	<u>126,426,200</u>

- 12.2** The mark-up/ profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2020: 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 June 30, 2021, long term finance of Rs. 236.36 million (June 30, 2020 : Rs. 252.79 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, 2020 Rs. 125.57 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. 290.297 million will be realised in the future

	2021 ----- (Rupees'')-----	2020 ----- (Rupees'')-----
Deferred tax asset - net	13.1 290,297,438	314,856,617

- 13.1** Deductible temporary difference arising in respect of :



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ----- (Rupees'-----	2020
13.1 Deductible temporary difference arising in respect of :			
Provision for lease losses and doubtful receivables		270,919,108	272,298,057
Alternate corporate tax		-	-
Minimum tax		-	-
Share of profit from associates		(3,907,491)	(1,861,596)
Carry forward of tax losses		23,285,821	44,420,155
Net deferred tax asset – recognized		290,297,438	314,856,617
14. CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	11	46,272,885	110,146,659
Long-term finances	13	125,051,982	126,103,241
		171,324,867	236,249,900
15. SHORT-TERM INVESTMENTS			
<i>Held for trading</i>			
Listed ordinary shares		271,557	1,006,752
<i>Available for sale</i>			
Term finance certificates / sukuk bonds / Musharaka		58,580,000	50,000,000
Unquoted securities		14,345,635	13,548,547
Less: Provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC against HBFC case		(14,345,635)	(13,548,547)
		58,473,889	50,629,085
<i>At amortised cost</i>			
Term finance certificates / sukuk bonds		-	-
Unquoted shares	16.1 & 16.3	-	-
Musharaka Placements	16.4	55,000,000	50,000,000
Preference shares	16.2 & 16.3	-	-
		55,000,000	50,000,000
Less: provision for impairment in preference shares		-	-
		55,000,000	50,000,000
<i>At fair value through profit or loss</i>			
Quoted equity securities		629,084	629,084
		-	50,629,084

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

15.2 Term finance certificates/ sukuk bond

2021	2020		2021	2020
Number of Certificates / Bonds			(Rupees)	
		Quoted		
1,976	1,976	Invest Capital Investment Bank Ltd.	3,580,000	7,180,000
82	82	Trust Investment Bank Limited	186,276	186,276
			<u>3,766,276</u>	<u>7,366,276</u>
		Un-quoted		
1,023	1,023	New Allied Electronics (Pvt.) Ltd.	4,348,775	4,348,775
			<u>8,115,051</u>	<u>11,715,051</u>
			<u>(8,115,051)</u>	<u>(11,715,051)</u>

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

	2021	2020
	(Rupees*)	
15.4 Musharaka Placements		
BRR Guardian Modaraba	55,000,000	50,000,000
	<u>55,000,000</u>	<u>50,000,000</u>

15.4.1 BRR Guardian Modaraba- related party:

Opening	50,000,000	-
Musharaka placements made during the year	55,000,000	100,000,000
Less: Redemption during the year	(50,000,000)	(50,000,000)
	<u>55,000,000</u>	<u>50,000,000</u>

16. PLACEMENTS AND FINANCES

At amortised cost

Financing against shares	16.1	155,158,995	155,158,995
Provision for doubtful finances		(155,158,995)	(155,158,995)
		-	-
Short-term finance – secured	16.2	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		(47,659,304)	(47,659,304)
		39,025,413	39,025,413
		<u>39,025,413</u>	<u>39,025,413</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 16.1** These financings were made to a company and individuals in the normal course of business and matured on June 30, 2009.
- 16.2** These are secured by mortgage of properties and ranking charge over hypothecation of stock and matured on June 30, 2009.
- 16.3** These are secured by way of mortgage of properties, hypothecation of all present and future stocks, receivables, demand promissory note and personal guarantee of directors and borrowers. These facilities were matured on June 30, 2009.
- 16.4** As at June 30, 2021, an aggregate amount of Rs 258.14 million (June 30, 2020: Rs 258.17 million) related to finances has been placed under non-performing status. Provision against non-performing finances is made after netting off forced sale values of the collateral assets which amounted to Rs. 39.03 million (June 30, 2020: Rs.39.03 million) as per NBFC and NE Regulations.

17. INVESTMENT HELD WITH NAZIR SHC AT FVOCI

2021	2020		2021	2020
No. of shares			(Rupees)	
6,466,010	6,466,010	Dawood Family Takaful Limited	37,013,626	32,955,811
1,477,823	1,477,823	Al Baraka Bank Pakistan Limited	13,548,547	11,508,584
<u>7,943,833</u>	<u>7,943,833</u>		<u>50,562,173</u>	<u>44,464,395</u>
Remeasurement gain on investment - DFTL				
			3,882,752	4,057,815
Remeasurement gain on investment- ABPL				
			797,088	2,039,963
			4,679,840	6,097,778
			<u>55,242,013</u>	<u>50,562,173</u>

- 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, 2021 using FVOCI model.

18. ADVANCE AGAINST LEASE COMMITMENTS

	2021	2020
	(Rupees')	
Considered doubtful	35,696,246	35,696,247
Less: Provision for doubtful advances	(35,696,246)	(35,696,247)
	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

18.1 The Company issued Letter of comforts 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.

19. LOANS AND ADVANCES

	2021	2020
	----- (Rupees')-----	----- (Rupees')-----
Considered good		
Loan to employees	19.1	2,234,759
Others		370,250
		<u>2,604,196</u>
Considered – Doubtful		
Advance rent		172,925
Less : Provision for doubtful advances		(172,925)
		<u>2,604,196</u>
		1,417,942

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. 2.42 million.

20. ADVANCE TAX DUE FROM GOVERNMENT

	2021	2020
	----- (Rupees')-----	----- (Rupees')-----
Opening balance		
Add: tax paid during the year	6,994,467	-
		848,895
Less: provision for taxation during the year	45	939,587
Transfer to provision for taxation	34	939,587
		<u>1,548,362</u>
		(240,120)
		<u>1,548,362</u>
		699,467

21. PREPAYMENTS

Prepaid insurance	<u>361,591</u>	41,671
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22. MARK-UP ACCRUED

Mark-up accrued on Placement and finances	912,149,650	912,206,808
Less: transferred to suspense income	(912,112,224)	(912,149,650)
	<u>37,426</u>	<u>57,158</u>

22.1 Previously, net amount was being presented. However, for better presentation, movement of the balance is presented.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

23. OTHER RECEIVABLES

		2021	2020
		----- (Rupees')-----	
Considered good			
Rent Receivable		-	466,020
Accrued income on Musharaka Placement		-	639,974
		<hr/>	<hr/>
Considered – doubtful			
Decretal amount receivable	23.1	32,302,430	32,302,430
Receivable against lease termination		70,192,130	70,302,130
Receivable against KSE Card transaction-net	23.2	45,515,114	45,515,114
Accounts receivable – others		5,173,362	6,145,091
Brokerage receivable		187,239	187,239
Trustee fee income Receivable		542,400	542,400
		<hr/>	<hr/>
		153,912,675	154,994,404
Less: Provision for doubtful receivables	23.3	(148,908,494)	(149,171,270)
		<hr/>	<hr/>
		5,004,181	6,929,128

23.1 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.

23.2 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 June 30, 2021, there was no change in the status of case as it was fixed for hearing of application.

		2021	2020
		----- (Rupees')-----	
23.3 Movement in provision for doubtful			
Balance at beginning of the period/ year		149,171,270	153,454,770
Reversal during the period/ year		(262,776)	(4,283,500)
Balance at end of the period/ year		<hr/> 148,908,494	<hr/> 149,171,270



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

24. CASH AND BANK BALANCES

	2021	2020
	----- (Rupees) -----	
Cash at banks		
Local currency		
- In deposit accounts	21.1	31,073
- In current accounts		324,143
		355,216
		539,919
Foreign currency		
- In deposit accounts	21.1	523,363
- In current accounts		-
		523,363
		499,964
	1,088,577	1,039,883

24.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 4.85% to 7.5% (June 30, 2020: 4.52% to 7%).

25. SHARE CAPITAL

25.1 AUTHORIZED SHARE CAPITAL

2021	2020		2021	2020
No. of shares			----- (Rupees) -----	
75,000,000	75,000,000	Ordinary shares for Rs. 10 each	750,000,000	750,000,000
75,000,000	75,000,000	Preference shares for Rs. 10 each	750,000,000	750,000,000
150,000,000	150,000,000		1,500,000,000	1,500,000,000

25.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020		2021	2020
No. of shares			----- (Rupees) -----	
		Fully paid ordinary shares of Rs. 10 each issued		
35,685,382	35,685,382	- for cash	356,853,820	356,853,820
26,491,821	26,491,821	- Issued as bonus shares	264,918,210	264,918,210
85,740,733	85,740,733	- Issued against preference and its dividend	857,407,330	857,407,330
472,087	472,087	- Issued on acquisition	4,720,870	4,720,870
148,390,023	148,390,023		1,483,900,230	1,483,900,230



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

26 LONG-TERM LOANS

		2021	2020
		----- (Rupees')-----	
Secured			
Commercial Banks	26.3 & 26.4	<u>301,317,572</u>	313,078,956
		<u>301,317,572</u>	313,078,956
Current portion	29	<u>(264,869,450)</u>	(252,053,577)
		<u>36,448,122</u>	61,025,379
26.1	Original outstanding loan from UBL and ABL	141,094,223	141,094,223
Less: effect of discounting		(31,354,703)	(31,354,703)
		109,739,520	109,739,520
Unwinding of discount			
Opening balance		15,559,986	6,906,420
Charge during the period/ year 42		7,168,615	8,653,566
	26.1	22,728,601	15,559,986
Repayments			
Opening balance		(40,840,000)	(20,840,000)
Repaid during the period/year		(20,000,000)	(20,000,000)
		(60,840,000)	(40,840,000)
Less: current portion		(23,434,127)	(18,234,127)
		48,193,994	66,225,379
26.2	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.		
26.3	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.		
26.4	This includes loan from The Bank of Khyber amounting to Rs. 228.62 M as at June 30, 2021 (June 30, 2020: 228.62 M). The repayment period has expired and the Company has defaulted in repayment of the loan.		

27 LEASE LIABILITIES

		2021	2020
		----- (Rupees')-----	
Related party BRR Guardian Modaraba			
27.1	<i>Below is the carrying amount of lease liabilities</i>		
<i>As at July 1st</i>		233,100	264,457
<i>Addition</i>		16,929	285,538
<i>Interest expense relating to lease liabilities</i>		-	35,905
<i>Payments</i>		-	352,800
<i>Disposal</i>		-	-
<i>As at June 30</i>		250,029	233,100
<i>Current portion</i>		156,916	89,638
<i>Non current portion</i>		93,113	143,462
		250,029	233,100



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

28 LONG-TERM DEPOSITS

	2021	2020
	----- (Rupees')-----	
- Security deposits		
Lease deposits	28.1	- 60,917,863
Current portion shown under current liabilities	29	- (50,917,863)
		<u>-----</u>
		<u>10,000,000</u>

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

29 CURRENT PORTION OF LONG-TERM LIABILITIES

	2021	2020
	----- (Rupees')-----	
Long term loans	264,869,450	252,053,577
Lease deposits	-	50,917,863
Lease Liabilities	156,916	89,638
	<u>265,026,366</u>	<u>303,061,078</u>

30 MARK-UP ACCRUED

Secured		
Short term borrowing	25,756,644	25,756,644
	<u>25,756,644</u>	<u>25,756,644</u>

31 SHORT-TERM BORROWINGS

Unsecured		
Development Financial Institution	25.1 49,774,280	50,266,346
	<u>49,774,280</u>	<u>50,266,346</u>

31.1 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

32 ADVANCES, ACCRUED AND OTHER LIABILITIES

	2021	2020
	----- (Rupees')-----	
Accured liabilities	4,968,370	5,077,233
Advance against sale of shares	3,675,000	3,675,000
Advance rent against investment property	-	225,000
	8,643,370	8,977,233

32.1 This represents payment received against sale of shares whose title is not yet transferred in the name of buyer. During the year, the Company disposed off 1,160,000 number of shares of Dawood Family Takaful Limited which is an associated Company. However, out of total number of 1,160,000 shares, title of 460,000 shares was transferred in favour of the buyer. Title of remaining shares is not transferred in the name of buyer.

33 PROVISION FOR TAXATION

	2021	2020
	----- (Rupees')-----	
Opening	7,339,908	7,280,124
Addition/(adjustment) during the year	131,295	59,784
Closing	7,471,203	7,339,908

34 CONTINGENCIES AND COMMITMENTS

34.1 Contingent liabilities

Letters of comfort / guarantee	1,088,000,000	1,088,000,000
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34.1.1 These are guarantees amounting to Rs. 1,088 million (June 30, 2020: 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 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.
- 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 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.

34.1.2 The Commissioner of Income Tax (CIT) 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 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.

34.1.3 Suit with the Bank Alfalah 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.

34.1.4 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 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.

34.1.5 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.

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
Supreme Court Islamabad	A guarantee of Rs. 245 million was given against a Letter of Commitment 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 cannot claim same amount from two parties.	FDIBL Vs. Bank of Punjab	2/13/2019
Supreme Court Islamabad	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.	FDIBL Vs. Bank of Punjab	3/11/2010
	Currently, petition for Leave to Appeal was filed against order dated 23-01-2019 passed by Sindh High Court wherein FDIBL was directed to be wound up in case it failed to pay Rs. 245,00,000 to Bank of Punjab within 45 days and deposit amount of Rs. 128,00,000 with Nazir of Court Vide order dated 14-03-2019, the operation of the impugned Order was suspended by the Supreme Court till the next date of hearing and leave was granted, however, the case has been fixed thereafter. As grounds for winding up have not been satisfied by the Judgment of Sindh High Court, FDIBL has a high likelihood of succeeding in this Appeal.		



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
High Court Sindh of Karachi	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 the trustee of the sukuk issue.	First Credit and Investment Bank Vs. Three Star Hosiery Mills Ltd.	9/17/2012
Banking Court No. II Karachi	A suit filed by the Company under the Financial Institutions (Recovery of Finance) Ordinance 2001 seeking a decree in the sum of Rupees 15 million plus markup of Rupees 7,398,493 calculated from 5 August 2008 at the Second Skukuk Facility rate of 17% together with cost of funds from 30 June 2011 till date of payment. Initially, this claim was filed as a counter-claim in Suit No. 445 of 2010 (instituted by the Defendant against the Company and decreed on 16 December 2011). However, in view of recent judgments of the High Court and instructions received the counter claim was not passed and these new proceedings were filed on the basis of the same cause of action.	FDIBL Vs. Bank Islami Pakistan Limited	8/5/2008
Sindh High Court Karachi	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.	FDIBL versus New Allied Electronics (Pvt) Ltd.	3/14/2009
Commissioner of Income Tax (CIT)	The Commissioner of Income Tax (CIT) 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 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.	Appellate Tribunal Inland Revenue (ATIR) Karachi	6/16/2003
Pak Kuwait versus FDIBL	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. The HC passed order in favor of Company and dismissed the claim of PKICL. However, the PKICL has filed review appeal in Sindh High Court.	PKICL (Pak Kuwait Investment Company Limited) Vs. FDIBL	7/15/2013
Banking court No. I at Karachi	Suit with the Bank Alfalah 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. The suit is currently pending for hearing of leave to defend application before the learned judge banking court No. 1 at Karachi.	Bank Alfalah versus FDIBL	3/6/2017



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
Sindh High Court Karachi	<p>The investment of DFI matured on June 30, 2009, but due to liquidity crunch the company could not timely make the repayment. Since, the investing 'Development Financial Institution' (DFI) did not 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.</p> <p>In the year ended 30 June 2018, the Company had reserved 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 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.</p>	House Building Finance Corporation versus FDIBL	10/23/2009
Sindh High Court	The Company has filed an appeal at Sind High Court against the Order of Appellate Bench of SECP, Islamabad for renewal of business license. FDIBL has a high likelihood to succeed in this appeal.	FDIBL Vs. Commissioner (SCD) SECP	28/09/2020
Lahore High court	The suit was instituted in March 2013 by the National Bank of Pakistan under the provisions of the Financial Institutional (Recovery of Finances) Ordinance, 2001, for recovery of Rs. 1,487,666,500. However, no relief has been sought against the Company and had been joined as a pro-forma Defendant No. 16 along with the other pro-form Defendant Nos. 6 to 15. The basis on which the Company has been joined as a party to the proceedings is the fact that it is a joint pari passu charge holder on certain properties belonging to Amtex limited. As per management the Company has been joined as a formal party and no relief is sought against only a brief formal leave application was filed on behalf of the Company as matter of procedure.	National bank of Pakistan Vs. Amtex limited & others	3/1/2013



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
High Court Sindh of Karachi	<p>The suit has been filed by the Plaintiff bank under the provisions of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and sought the recovery of Rupees 896,926,626 from (i) New Allied Electronics Industries (Private) Limited (Defendant No. 1) (ii) Mian Pervaiz Akhtar (Defendant No. 2) (iii) Mr. Abdul Rauf (Defendant No. 3) and the Company (Defendant No. 4).</p> <p>The underlying transaction for the suit is a privately placed Musharaka facility in the sum of Rupees 750 Million provided to the Defendant No. 1 by the Plaintiff and other investors. While the capacity in which the plaintiff has filed the above suit has not been made clear in the Plaintiff itself, the Plaintiff is at once an investor, the Investment Agent and also a Trustee under the Transaction Documents. The suit has been instituted against the Defendant Nos. 2, 3 and 4 in their alleged capacity as guarantors of the liabilities alleged to be due from the Defendant No. 1. So far as the Company is concerned, the guarantee that is the subject of the claim against the Company is the Modified and Restated Bank Guarantee (No. FDIBL/NAEL/019/2007) dated 14 December 2007. The Company has filed an application seeking leave to defend the above suit.</p>	Bank Islami Vs. New Allied Electronics Industries Pvt. Ltd. & Others	12/10/2009
High Court Sindh of Karachi	<p>A suit was instituted by the Bank of Punjab on or about 10 March 2010 and seeks the recovery of Rupees 193,217,649 from AMZ Ventures Limited ("AMZ Ventures). The Company has been Joined the defendant on the basis of certain guarantees issued by it. The Company had filed application seeking leave to defend the above suit along with the documents that the plaintiff has not made a full disclosure of the facts of the case.</p> <p>In essence these documents evidence that on 26 May 2005 AMZ ventures awarded a joint mandate to Orix Investment Bank and the Plaintiff to acts as its advisor and arrangers in connection with a proposed public issue of AMZ Venture preference shares. As originally envisaged a sum of Rupees 300 with a green-shoe option in the sum of rupees 200 million Orix Investment Bank and the Plaintiff also committed to arrange the underwriting of the entire offering and, for that purpose, to at a the placement agent for the offering to underwriters or private investors; On 27 May 2005 the Plaintiff conveyed its in principal agreement to underwriter the transaction up to the amount of Rupees 150 million. At this time 27 May 2005 the Company was not involved in the above transaction in any manner. However, what is clear from these documents that there was an inordinate delay in giving effect to the transaction for one reason or the other.</p>	Bank of Punjab Vs. AMZ Venture limited and others	3/10/2010
Lahore high Court	<p>A suit was instituted by the National Bank of Pakistan under the provisions of (the Financial Institutional (Recovery of Finances) Ordinance, 2001 on or about 5 December 2012, for recovery of Rs. 106,924,484. However, no relief has been sought against the Company and it has been joined as a pro-forma Defendant No. 15 along with the other pro-forma Defendant Nos. 5 to 14, all of which are financial institutions.</p> <p>The basis on which the Company has been joined as a party to the proceedings is the fact that it is a Joint pari-passu charge holder on certain properties belonging to Amtex Limited. The charge recorded in favour of the Company in this document is the sum of Rupees 454,000,000.</p> <p>The Company has been joined as a formal party and no relief is sought against it. Only a brief formal leave application was filed on behalf of the company as a matter of procedure.</p>	National bank of Pakistan Vs. Amtex limited & others	12/5/2012



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

34.2 Commitments

There are no major commitments outstanding as at June 30, 2021.

34.3 Subsequent Event

On June 30, 2021: First Dawood Investment Bank Ltd. (FDIBL) has reached an out of court Settlement against recovery of commission and allied cost of bank guarantee issued for and on behalf of M/S. Gharibwal Cement Ltd. (GCL) and Pak HY Oils Ltd.. As per out of Court settlement FDIBL would get Rs. 64.0M as full & final settlement. The Settlement agreement has been signed on June 30, 2021 and the same will be submitted in Sind High Court for proper disposal of Suit. After Registration of Settlement Agreement with SHC the FDIBL would receive above said amount.

35 RETURN ON INVESTMENTS AND DEPOSITS

	2021	2020
	Note	----- (Rupees')-----
Income on Musharaka Placements	4,341,799	4,124,373
Income from long term finances	878,525	451,831
Income on DSCs	492,066	117,580
Profit on bank deposits	902	2,620,893
Dividend income	26,609	44,000
	<u>5,738,097</u>	<u>7,358,677</u>

36 INCOME FROM LONG-TERM FINANCES

Income from long-term finances	1,332,472	72,265
	<u>1,332,472</u>	<u>72,265</u>

37 GAIN ON SALE OF SECURITIES - NET

Gain on sale of shares	469,103	53,184
Loss on disposal of investment at FVTPL	1,267,512	-
	<u>1,736,615</u>	<u>53,184</u>

38 OTHER INCOME

Gain on disposal of fixed asset	95,900	205,639
Other income	251,880	65,000
Fee and commission and other charges	100,000	4,520
Rental income from investment properties	-	1,035,000
Trustee fee income	200,000	768,400
Exchange gain	23,399	33,201
	<u>671,179</u>	<u>2,111,760</u>

39 REVERSAL FOR POTENTIAL LEASE LOSSES AND OTHER LOAN LOSSES - NET

	2021	2020
	Note	----- (Rupees')-----
Net investment in finance lease	39.1 & 10.2	5,045,517
Long term finances	22 & 13.2	14,346,462
Placements and finances	16.1.1	-
Other receivables	23.3	230,00
Short term investment	15.3	7,180,000
	<u>26,801,979</u>	<u>23,576,110</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 39.1** This represents impact of changes in forced sale value of securities held and the amount received against loans and finances.
- 39.2** This represented waiver of markup accrued on long term loans payable to commercial banks resulting from restructuring arrangements made during the previous year.

40 ADMINISTRATIVE EXPENSES

		2021	2020
	Note	(Rupees'')	(Rupees'')
Salaries and benefits	41.1	10,763,078	15,382,393
Benefits & Allowances		4,489,658	-
Bonus to employees		1,019,500	976,763
Directors' meeting fees		900,000	645,000
Rent, rates and taxes		195,000	300,317
Legal, professional and consultancy		868,000	1,910,495
Vehicles running and maintenance		2,486,189	2,365,686
Fees and subscription		1,931,352	1,701,618
Brokerage		-	29,551
Travelling and conveyance		28,815	64,999
Postage and telephone		24,500	99,573
Utilities		-	26,041
Printing and stationery		157,000	191,655
Insurance		435,488	411,530
Entertainment		41,651	277,601
Advertisement		67,500	170,252
Repairs and maintenance		335,597	79,724
Depreciation	7.2	933,201	704,684
Depreciation on right-of-use asset	8	47,590	315,260
Amortization	9.3	50,940	100,050
Auditors' remuneration	40.2	1,564,200	1,564,200
Share registrar service		388,000	365,700
Other expenses		101,020	381,209
		26,828,278	28,064,301

- 40.1** It includes Rs. 785,511 (2020: Rs. 770,581/-) in respect of Company's contribution in defined contribution plan.

40.2 Auditors' remuneration

		2021	2020
	Note	(Rupees'')	(Rupees'')
Statutory audit fee		866,000	866,000
Half yearly review fee		540,000	540,000
Review report on Code of Corporate Governance		108,000	108,000
Other services and certification		-	-
Out of pocket expenses		50,200	50,200
		1,564,200	1,564,200

41 FINANCE COST

Bank charges		849	4,368
Unwinding of discount on interest free loan	26.1	7,168,615	8,653,566
Interest expense relating to lease liabilities	27.1	16,929	35,905
		7,186,393	8,693,839



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		2021 ----- (Rupees')-----	2020
42	SHARE OF PROFIT/ (LOSS) FROM ASSOCIATES-NET		
	Dawood Family Takaful Limited	-	9,685,214
	786 Investment Limited	3,073,110	444,474
	B.R.R. Investment (Private) Limited	27,116,758	2,280,951
		30,189,870	12,410,639
43	TAXATION		
	Current period	131,317	(299,904)
	Deferred tax	13 24,559,179	(74,234,933)
		24,690,496	(74,534,837)
43.1	Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:		
43.2	Major components of current tax expenses		
	Charge for current year	131,317	299,904
		131,317	299,904
44	EARNINGS PER SHARE		
44.1	Basic earnings per share		
	The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted / average number of ordinary shares outstanding.		
	Profit after taxation – basic	Rupees 6,084,275	(63,409,123)
	Weighted average number of ordinary shares–basic EPS	Numbers 148,390,023	148,390,023
	Earning per share – basic	Rupees 0.041	(0.427)
44.1.1	Weighted average number of ordinary shares (basic)		
	Issued ordinary shares at 1 July	148,390,023	148,390,023
	Effect of shares issued	-	-
	Effect of share options exercised	-	-
	Effect of treasury shares held	-	-
	Weighted-average number of ordinary shares at 30 June	148,390,023	148,390,023
44.2	Diluted earnings per share		
	The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted/average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.		
	Profit after taxation – basic	Rupees 6,084,275	(63,409,123)
	Weighted average number of ordinary shares–basic EPS	Numbers 148,390,023	148,390,023
	Earning per share – basic	Rupees 0.041	(0.427)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

44.2.1 Weighted average number of ordinary shares (diluted)

	2021	2020
	(Rupees*)	(Rupees*)
Weighted-average number of ordinary shares (basic)	148,390,023	148,390,023
Effect of share options on issue	-	-
Weighted-average number of ordinary shares (diluted) at 30 June	<u>148,390,023</u>	<u>148,390,023</u>

45 REMUNERATION TO CHAIRMAN, DIRECTORS AND EXECUTIVES

	2021				2020				
	Chairman	Chief Executive Officer	Director	Executives	Chairman	Chief Executive Officer	Director	Executives	
	(Rupees)				(Rupees)				
Managerial									
Remuneration	2,400,000		6,156,000		-	2,400,000		-	5,534,100
Provident fund	-		664,112		-	-		-	553,410
Utilities	48,473		2,874,501		-	53,387		-	2,767,056
Medical	19,160		140,000		-	-		-	92,741
Fuel	-		434,521		-	-		-	374,281
Maintenance	70,261		68,900		-	117,192		-	63,698
Bonus	-		761,000		-	-		-	583,423
Other expense	-		-		-	55,972		-	-
	<u>2,573,894</u>		<u>11,099,034</u>		<u>-</u>	<u>2,626,551</u>		<u>-</u>	<u>9,968,709</u>
Number of persons	<u>1</u>		<u>2</u>		<u>-</u>	<u>1</u>		<u>-</u>	<u>2</u>

45.1 The executives are also provided with free use of Company maintained cars.

45.2 Executive means an employee other than director and Chief Executive Officer, whose basic salary exceeds Rs. 1,200,000 in a financial year.

46 DISCLOSURES RELATED TO PROVIDENT FUND

46.1 The following information is based on the latest un-audited financial statements of the Fund

	2021	2020
	(Rupees*)	(Rupees*)
Size of the fund – total assets	207,630,568	169,515,360
Cost of investments made	<u>156,364,741</u>	<u>143,080,475</u>
Percentage of investments made	<u>74.68%</u>	<u>89.16%</u>
Fair value of investments	<u>155,068,626</u>	<u>151,143,630</u>

46.2 The break-up of fair value of investment are:

	2021		2020	
	Rupees	--- % ---	Rupees	--- % ---
Investment in listed securities	61,910,009	39.35	37,453,895	25%
Investment in Government securities	43,000,000	27.33	43,000,000	28%
Investment in Debt securities	25,481,868	16.19	29,491,786	21%
Investment in Mutual funds	24,676,749	15.68	49,402,007	36%
Bank balances	2,281,860	1.45	12,228,232	9%
	<u>157,350,486</u>	<u>100</u>	<u>137,883,734</u>	<u>100%</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

46.3 This includes portion of other group companies noted as follows:

- B.R.R. Investment (Private) Limited;
- Dawood Capital Management Limited;
- Dawood Global Foundation;
- BRR Guardian Modaraba;
- Dawood Equities Limited; and

47 NUMBER OF EMPLOYEES

	2021	2020
	(Rupees')	
Average number of employees during the year	6	6
Number of employees at year end	5	5

48 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. Remuneration of Chief Executive Officer and Executives is disclosed in note 47. Closing balances with related parties as at year end are disclosed relevant notes.

Details of transactions with related parties made during the year are as follows:

Name of related party	Relationship and percentage shareholding	Transactions made during the year	June 30, 2021	June 30, 2020
786 Investments Limited	<ul style="list-style-type: none"> - Associated Company - Percentage shareholding: 15% (2020: 15%) 	<ul style="list-style-type: none"> - Gain/(loss) on remeasurement of investment - Markup received during the year 	3,664,366	1,233,084
B.R.R. Investment (Private) Limited	<ul style="list-style-type: none"> - Associated Company - Percentage shareholding: 15% (2020: 41.63%) 	<ul style="list-style-type: none"> - Gain/(loss) on remeasurement of investment 	50,758,363	12,899,118
Dawood Family Takaful Limited	<ul style="list-style-type: none"> - Related Party - Percentage shareholding: 15% (2020: 17.30%) 	<ul style="list-style-type: none"> - Shares sold during the year - Gain/(loss) on remeasurement of investment - Insurance premium paid during the year - Brokerage expense 	14,682,500	(2,349,874)
Dawood Equities Limited	<ul style="list-style-type: none"> - Related party - Personal relationship of director 		6,055,985	9,783,570
			28,050	54,730
			-	20,800



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of related party	Relationship and percentage shareholding	Transactions made during the year	June 30, 2021	June 30, 2020
B.R.R. Guardian Modaraba	- Related party	- Musharaka placement made during the year	100,000,000	
	- Personal relationship of director	- Musharaka placement redeemed during the year	105,000,000	(50,000,000)
		- Mark-up accrued during the year	50,000,000	
		- Mark-up received during the year	4,341,799	4,124,373
		- Common expenses paid during the year	198,768	3,426,307
		- Rent expense	120,000	-
		- Depreciation charge on right-to-use asset		315,260
		- Interest expense relating to lease liabilities		35,905
Mr. Muhammad Rizwan ul Haque	Key management personal	- Receipt against sale of fixed asset	98,000	216,200
		- Loan extended during the year	2,200,000	2,074,800
		- Loan repaid during the year	1,383,183	(2,593,700)

49 SEGMENT ANALYSIS

- 49.1** Operating segments are reported in a manner consistent with the internal reporting used by chief operating decision maker. Chief Executive Officer (CEO) has been identified as the chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments. The CEO with his team is responsible for the business of the Company which is divided into four categories:
1. Leasing;
 2. Investments;
 3. Long term finances; and
 4. Placements and finances.

Primary segment information

- | | | |
|---|------------------------|---|
| 1 | Leasing | Finance lease to individual and corporate customers in acquiring plant and machinery, vehicles and equipment. |
| 2 | Investments | Trade of equity securities and debt instruments like term finance certificates, commercial papers, asset backed certificates and government securities. |
| 3 | Long term finances | Term finance facilities to individual and corporate customers. |
| 4 | Placement and finances | Money market facilities against marketable securities and letter of placement. It also include short term financing and musharika financing facilities. |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

The Company's financial charges, administration and other operating expenses, taxation and assets and liabilities not related to the above mentioned segments are managed on the Company basis and are not allocated to operating segment.

There was no change in the reportable segments during the year.

49.2 Segment information for the year ended June 30, 2021

	2021					
	Leasing	Investments	Long term finances	Placements & finances	Fee commission & other income	Total
----- Rupees -----						
External						
operating revenue	1,132,230	7,474,712	1,332,472	-	671,179	<u>10,610,593</u>
Segment results	649,238	4,286,113	764,060	-	384,864	<u>6,084,275</u>
Segment assets	56,415,790	320,690,146	125,051,982	39,025,413	-	<u>541,183,331</u>
Unallocated assets	-	-	-	-	-	<u>366,154,941</u>
Total assets						<u>907,338,272</u>
Segment liabilities	40,976,907	232,929,299	90,829,952	28,345,623	-	<u>393,081,781</u>
Net Assets						<u>514,256,491</u>

2020						
	Leasing	Investments	Long term finances	Placements & finances	Fee commission & other income	Total
----- Rupees -----						
External						
operating revenue	105,870	7,411,861	72,265	-	2,111,760	<u>9,701,756</u>
Segment results	(691,949)	(48,442,736)	(472,312)	-	(13,802,125)	<u>(63,409,123)</u>
Segment assets	120,589,264	213,908,309	126,103,241	39,025,413	-	<u>499,626,227</u>
Un allocated assets	-	-	-	-	-	<u>442,117,230</u>
Total assets	-	-	-	-	-	<u>941,743,457</u>
Segment liabilities	112,610,860	199,755,747	117,760,022	36,443,421	-	<u>466,570,050</u>
Net Assets						<u>475,173,407</u>

49.3 Details of the industry / sector analysis of gross amount of lease portfolio and other financing is given below:



FIRST DAWOOD INVESTMENT BANK LIMITED

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FOR THE YEAR ENDED JUNE 30, 2021**

Segment by class of business

	2021					
	Leasing operations	Investments	Long term finances	Placements & finances	Total	%
----- Rupees -----						
Chemicals, fertilizers and pharmaceuticals	67,172,921	112,803	46,910,127	-	114,195,851	9.54
Construction	8,799,225	-	97,446,462	-	106,245,687	9.24
Electrical goods	14,779,300	4,348,775	-	-	19,128,075	1.66
Energy, oil and gas	576,620	-	3,077,500	-	3,654,120	0.32
Food, tobacco and beverages	-	-	-	-	-	-
Individuals	37,007,631	-	37,019,905	168,043,712	242,071,248	21.06
Cement	-	-	-	-	-	-
Steel, engineering and automobile	7,914,447	516,281	-	-	8,430,728	0.73
Sugar and allied	2,744,311	-	-	-	2,744,311	0.24
Textile	164,388,425	377,668	-	-	164,766,093	14.34
Transport and communication	157,475,340	-	10,521,065	2,100,000	170,096,405	14.80
Financial	-	93,366,276	4,625,235	75,000,000	172,991,511	15.05
Leather and Tanneries	-	-	-	-	-	-
Miscellaneous	79,079,984	-	52,929,147	13,000,000	145,009,131	12.62
	539,938,204	98,721,803	252,529,441	258,143,712	1,149,333,160	



FIRST DAWOOD INVESTMENT BANK LIMITED

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	2020					
	Leasing operations	Investments	Long term finances	Placements & finances	Total	%
	Rupees -----					
Chemicals, fertilizers and pharmaceuticals	67,172,921	112,803	46,910,127	-	114,195,851	9.54
Construction	8,799,225	-	97,446,462	-	106,245,687	9.24
Electrical goods	14,779,300	4,348,775	-	-	19,128,075	1.66
Energy, oil and gas	576,620	-	3,077,500	-	3,654,120	0.32
Food, tobacco and beverages	-	-	-	-	-	-
Individuals	37,007,631	-	31,012,901	168,043,712	242,071,248	21.06
Cement	-	-	-	-	-	-
Steel, engineering and automobile	7,914,447	516,281	-	-	8,430,728	0.73
Sugar and allied	2,744,311	-	-	-	2,744,311	0.24
Textile	159,310,419	377,668	-	-	164,766,093	14.34
Transport and communication	155,470,340	-	10,521,065	2,100,000	170,096,405	14.80
Financial	-	101,866,276	4,625,235	75,000,000	172,991,511	15.05
Leather and Tanneries	-	-	-	-	-	-
Miscellaneous	78,072,983	-	52,929,147	13,000,000	145,009,131	12.62
	539,938,204	98,721,803	252,529,441	258,143,712	1,149,333,160	100



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

50 FINANCIAL INSTRUMENTS BY CATEGORY

50.1 Financial assets as per statement of financial position

	June 30, 2021	June 30, 2020		
	(Rupees'')			
<i>At fair value through profit or loss</i>				
Quoted equity securities				
Quoted equity securities	16	629,084		
		629,084		
<i>At fair value through OCI</i>				
Investment held with Nazir SHC at FVOCI	17	<u>14,345,635</u>		
		13,548,547		
		<u>14,974,719</u>		
		13,548,547		
<i>At amortized cost</i>				
Term finance certificates	16	55,000,000		
Net investment in lease finance	10	56,715,490		
Defence Saving Certificates – at amortized cost	12	1,505,300		
Long-term finances	12	125,051,982		
Placements and finances	17	39,025,413		
Loans and advances	19	2,604,196		
Mark-up accrued	22	37,426		
Other receivables	23	5,004,181		
Cash and bank balances	24	<u>1,088,577</u>		
		1,039,883		
		<u>286,032,565</u>		
		346,667,329		

Financial liabilities as per statement of financial position

At amortized cost

Long term loans	26	301,317,572	313,078,956
Long term deposits	28	-	60,917,863
Mark-up accrued	30	25,756,644	25,756,644
Short-term borrowings	31	59,774,280	50,266,346
Accrued and other liabilities	32	<u>4,968,370</u>	5,077,233
		<u>391,816,866</u>	455,097,042

51 FINANCIAL RISK MANAGEMENT POLICIES

Currently, the Company's activities are making recoveries from its customers relating to lease and other finances and investments of available funds in listed equity securities for trading purposes. These activities are exposed to a variety of financial risks which mainly includes market risk, credit risk and liquidity risk.

The Company's directors and management are responsible for ensuring that financial risk-taking services are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The Board of Directors reviews and agree policies for managing each of these risks.

The Company's financial assets comprise of finance lease, long term and short finances, placements, long term and short term investment, other receivables and cash and bank balances. The Company's principal financial liabilities comprise loans and borrowings, deposits and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized follows:

51.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk.

51.1.1 Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liability that mature or reprised in a given period. The Company manages the risk by matching the reprising of assets and liabilities.

Cash flow and fair value interest rate risks

The Company's exposure to the risk of changes in interest rates relates primarily to the following:

		June 30, 2021	June 30, 2020
	Note	-----(Rupees')-----	
Fixed rate instruments at carrying amount:			
Financial assets			
Bank Balances	25	1,088,577	53,197
Financial liabilities			
Loan term loans and related current portion	27	265,026,366	313,078,956
Short-term borrowings	32	49,774,280	50,266,346
		315,889,223	363,345,302

Variable rate instruments at carrying amount:

Financial assets			
Net investment in lease finance	11	56,715,490	120,589,264
Long term finances	13	125,051,982	126,103,241
Placement and finances	17	39,025,413	39,025,413
		220,792,885	285,717,918

Management of the Company estimates that an increase of 100 basis points in the market interest rate, with all other factors remaining constant, would decrease the Company's loss by Rs. 2.20 million (2020: Rs. 2.853 million) and a decrease of 100 basis points would result in a decrease in the Company's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

Management is of the view that the above sensitivity analysis are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives.

The Company's exposure to interest rate risk on its financial assets and liabilities based on contractual reprising or maturity dates whichever is earlier is as follows:



**NOTES TO THE FINANCIAL STATEMENTS
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Effective interest rate	2021							Not exposed to interest risk	Total
	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years			
	Rupees								
Financial Assets									
Net investment in lease finance	8% - 29.17%	46,272,885	10,442,605	-	-	-	-	-	56,715,490
Long term investments	6.85% - 10.845%	-	-	429,768	-	-	1,075,532	-	1,505,300
Long-term finances	13.5% - 15.1%	125,051,980	-	-	-	-	-	-	125,051,980
Short term investments	8.69% - 8.97%	58,500,000	-	-	-	-	-	629,084	59,129,084
Investment held with Nazir SHC	-	-	-	-	-	-	-	13,548,547	13,548,547
Placement and finances	8.5% - 2.4%	39,025,413	-	-	-	-	-	-	39,025,413
Loans and advances	-	-	-	-	-	-	-	1,417,942	1,417,942
Mark-up accrued	-	-	-	-	-	-	-	508,989	508,989
Other receivables	-	-	-	-	-	-	-	6,929,128	6,929,128
Cash and bank balances	4.52% - 7%	1,088,577	-	-	-	-	-	986,686	2,075,263
		269,938,855	10,442,605	429,768	-	-	1,075,532	24,020,376	360,844,960
Financial Liabilities									
Long term loans	0%-6.31%	265,026,366	36,448,122	-	-	-	-	-	301,474,488
Long-term deposits	-	-	-	-	-	-	-	60,917,863	60,917,863
Mark-up accrued	-	-	-	-	-	-	-	25,756,644	25,756,644
Short-term borrowings	17.00%	-	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	-	-	-	-	5,077,233	5,077,233
		265,026,366	36,448,122	-	-	-	-	91,751,740	393,226,228
On statement of financial position gap		4,912,489	(26,005,517)	429,768	-	-	1,075,532	(67,731,364)	(32,381,268)



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Effective interest rate	2020							Rupees -----
	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years	Not exposed to interest risk	
Financial Assets								
Net investment in lease finance	8% - 29.17%	110,146,659	10,442,605	-	-	-	-	- 120,589,264
Long term investments	6.85% - 10.845%	-	-	429,768	-	-	1,075,532	- 1,505,300
Long-term finances	13.5% - 15.1%	125,651,410	-	-	-	-	-	- 125,651,410
Short term investments	8.69% - 8.97%	50,000,000	-	-	-	-	629,084	50,629,084
Investment held with Nazir SHC	-	-	-	-	-	-	13,548,547	13,548,547
Placement and finances	8.5% - 2.4%	39,025,413	-	-	-	-	-	- 39,025,413
Loans and advances	-	-	-	-	-	-	1,417,942	1,417,942
Mark-up accrued	-	-	-	-	-	-	508,989	508,989
Other receivables	-	-	-	-	-	-	6,929,128	6,929,128
Cash and bank balances	4.52% - 7%	53,197	-	-	-	-	986,686	1,039,883
		324,876,679	10,442,605	429,768			1,075,532	24,020,376
								360,844,960
Financial Liabilities								
Long term loans	0%-6.31%	246,853,577	66,225,379	-	-	-	-	- 313,078,956
Long-term deposits	-	-	-	-	-	-	60,917,863	60,917,863
Mark-up accrued	-	-	-	-	-	-	25,756,644	25,756,644
Short-term borrowings	17.00%	-	-	-	-	-	-	- 50,266,346
Accrued and other liabilities	-	-	-	-	-	-	5,077,233	5,077,233
		297,119,923					91,751,740	455,097,042
On statement of financial position gap		27,756,756	(55,782,774)	429,768			1,075,532	(67,731,364)
								(94,252,082)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Company has investment properties Rs. 30.29 million respectively for settlement of its liabilities. Further, the Company plans to restructure its liabilities so as to manage the on balance sheet gap in the coming years.

51.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. As the Company does not have any foreign currency asset and liabilities except for foreign currency accounts amounting to Rs. 523,363/- (2020: Rs. 499,964/-) therefore, the Company is not materially exposed to foreign currency risk as at June 30, 2021.

The Company is mainly exposed to US Dollar and Euro. As at June 30, 2021, had Pakistani rupees weakened / strengthened by 1% against the USD and Euro with all other variables held constant, profit (2020: profit) before taxation for the year would have been higher / lower by Rs. 24,449/- (2020: Rs. 5,000/-).

51.1.3 Price risk

Price risk is the risk of volatility in the value of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Company in which the investment is made, change in business circumstances of the Company, its business sector, industry and / or the economy in general. The Company's Executive Committee reviews and approves all investment related decisions.

51.2 Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Company's maximum exposure to credit risk.

	Note	2021 ----- (Rupees*)-----	2020
Net investment in lease finance	11	56,715,490	120,589,264
Defense Saving Certificates – at amortized cost	12	1,505,300	1,505,300
Long term finances	13	125,051,982	126,103,241
Term finance certificates	16	55,000,000	50,000,000
Placements and finances	17	39,025,413	39,025,413
Loans and advances	20	2,200,000	1,417,942
Mark-up accrued	23	37,426	57,158
Other receivables	24	5,004,181	6,929,128
Cash and bank balances	25	1,088,577	1,039,883
		285,328,369	346,667,329

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of lease and other finances and receivables have been classified as loss and the carrying value are reported as per NBFC Regulations, 2008. However, the Company filed recovery suits at different forums against the non-performing parties.

Credit risk on bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Short term	Long term	Rating agency
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Al-Baraka Bank (Pakistan) Limited	A-1	A	PACRA
MCB Bank Limited	A-1+	AAA	PACRA
Bank AL-Habib Limited	A-1+	AA+	PACRA

51.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

As of reporting date, the Company has liquid assets to the tune of Rs. 1.088 million(2020: Rs. 1.669 million) to meet its commitments and obligations. Since the borrowings of the Company are in restructuring phase, the pressure of payments to creditors is eased to some extent.

51.4 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

Level 1	Level 2	Level 3
----- Rupees-----		

June 30, 2021

Investments at fair value through profit or loss			
Quoted equity securities	629,084	-	-
Investment at fair value through OCI			
Investment held with Nazir SHC at FVOCI	-	14,345,635	-

June 30, 2020

Investments at fair value through profit or loss			
Quoted equity securities	629,084	-	-
Investment at fair value through OCI			
Investment held with Nazir SHC at FVOCI	-	13,548,547	-

52 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to comply with the capital requirements of NBFC Regulations, 2008 issued by SECP.

Consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in statement of financial position and plus net debt.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

53 CORRESPONDENCE FIGURES

- 53.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year.

Description	Reclassified from	Reclassified to	June 30, 2020 Rupees
Short-term investment in unquoted shares	Investment held at amortised cost	Investment held at fair value through OCI	36,000,000
Investment held with Nazir of SHC – Dawood Family Takaful Limited	Investment held at fair value through OCI	Investment held under equity method	32,955,811

54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 21 September, 2021 by the Board of Directors of the Company.

55 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 20, 2020, the Government of the Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 23, 2020. In the Company's case, the lockdown was subsequently relaxed from end of May, 2020.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in sales. It is also expected that the outbreak may result in lower demand in future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- deferred tax assets in accordance with IAS 12, 'Income taxes';
- provisions and contingent liabilities under IAS 37, including onerous contracts; and
- going concern assumption used for the preparation of these financial statements.

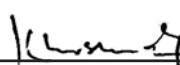
According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

56 GENERAL

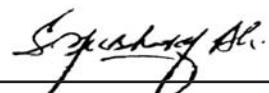
Figures have been rounded off to the nearest Rupee.



Chief Executive



Director



Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

Pattern Of Shareholding - Form "34
Shareholders Statistics As At June 30, 2021

Number Of Share Holders	From	Share Holding	To	Total Shares Held
904	1	-	100	30,275
472	101	-	500	151,806
48	501	-	1000	688,576
775	1001	-	5000	2,170,208
307	5001	-	10000	2,548,216
127	10001	-	15000	1,701,186
96	15001	-	20000	1,804,598
68	20001	-	25000	1,626,815
43	25001	-	30000	1,230,420
15	30001	-	35000	503,965
29	35001	-	40000	1,131,418
21	40001	-	45000	914,717
55	45001	-	50000	2,731,500
13	50001	-	55000	679,402
14	55001	-	60000	801,140
11	60001	-	65000	692,182
6	65001	-	70000	405,000
9	70001	-	75000	662,000
8	75001	-	80000	624,459
5	80001	-	85000	413,000
5	85001	-	90000	436,500
3	90001	-	95000	278,865
25	95001	-	100000	2,491,000
5	100001	-	105000	515,380
7	105001	-	110000	761,680
6	110001	-	115000	676,382
1	115001	-	120000	118,000
3	120001	-	125000	372,000
2	125001	-	130000	259,500
1	130001	-	135000	135,000
2	135001	-	140000	271,590
2	140001	-	145000	286,500
12	145001	-	150000	1,792,475
1	150001	-	155000	154,000
5	155001	-	160000	797,000
4	160001	-	165000	652,500
1	170001	-	175000	175,000
2	175001	-	180000	355,352
3	180001	-	185000	547,370
1	185001	-	190000	185,243
5	195001	-	200000	996,000
3	200001	-	205000	609,852
3	205001	-	210000	626,000
1	210001	-	215000	215,000
1	215001	-	220000	216,791
1	220001	-	225000	221,000
1	225001	-	230000	226,000
1	250001	-	255000	250,096
1	255001	-	260000	257,000
1	270001	-	275000	275,000
1	285001	-	290000	290,000
1	290001	-	295000	291,500
1	295001	-	300000	300,000
2	315001	-	320000	634,483



FIRST DAWOOD INVESTMENT BANK LIMITED

Number Of Share Holders	From	Share Holding	To	Total Shares Held
1	340001	-	345000	345,000
1	345001	-	350000	350,000
1	370001	-	375000	375,000
1	375001	-	380000	376,500
1	385001	-	390000	390,000
1	395001	-	400000	400,000
1	400001	-	405000	400,537
1	445001	-	450000	450,000
1	450001	-	455000	450,500
1	490001	-	495000	492,594
2	495001	-	500000	1,000,000
1	595001	-	600000	599,276
1	610001	-	615000	612,500
1	620001	-	625000	625,000
1	665001	-	670000	670,000
3	695001	-	700000	2,100,000
1	770001	-	775000	771,500
1	945001	-	950000	950,000
1	965001	-	970000	970,000
1	980001	-	985000	983,500
1	995001	-	1000000	1,000,000
1	1060001	-	1065000	1,064,500
1	1115001	-	1120000	1,120,000
1	1370001	-	1375000	1,373,000
1	1380001	-	1385000	1,384,000
1	1415001	-	1420000	1,418,522
1	1585001	-	1590000	1,585,564
1	1800001	-	1805000	1,800,164
1	1920001	-	1925000	1,921,400
1	1985001	-	1990000	1,985,500
1	2040001	-	2045000	2,041,000
1	2270001	-	2275000	2,274,041
1	2340001	-	2345000	2,341,935
1	2585001	-	2590000	2,585,770
1	2705001	-	2710000	2,705,500
1	3375001	-	3380000	3,376,340
1	3710001	-	3715000	3,711,000
1	7200001	-	7205000	7,200,657
1	8945001	-	8950000	8,947,200
1	10375001	-	10380000	10,378,637
1	16765001	-	16770000	16,768,444
1	19910001	-	19915000	19,914,000

3885

148,390,023



FIRST DAWOOD INVESTMENT BANK LIMITED

Additional Information Of Ordinary Shares As On June 30, 2021

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	3,833,104	2.58
	B.R.R. Guardian Modaraba	3,342,513	
	B.R.R. Investment (Pvt.) Ltd.	490,591	
2	NIT & ICP	1,585,784	1.07
	CDC - Trustee National Investment (UNIT) Trust	1,585,564	
	Investment Corporation of Pakistan	220	
3	Directors, CEO, their Spouses and Minor Chilidern	11,540,970	7.78
	Rafique Dawood	8,947,200	
	Hamida Dawood	2,590,770	
	Khurshid A. Khair	500	
	Abu Khursheed M. Arif	500	
	Iqbal Shafiq	500	
	Mrs. Farhat Rafique	500	
	Christopher John Aitken Andrew	500	
4	Public Sector Companies and Corporation	10,378,637	6.99
5	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	31,525,100	21.24
6	General Public	89,526,428	60.33

Shareholders Holding Five Percent Or More In The Company

National Bank of Pakistan	19,916,637	13.42
The Bank of Khyber	16,768,444	11.30



FIRST DAWOOD INVESTMENT BANK LIMITED

FORM OF PROXY

27th Annual General Meeting

First Dawood Investment Bank Limited
Karachi.

I/ we _____ of _____
(full address)

being a member of **First Dawood Investment Bank Limited** Folio No CDC A/c. No. _____ do
hereby appoint Mr. /Ms. _____ Folio No. CDC A/c No. _____
of _____ (full address) (or failing him)

Mr. /Ms. _____ Folio No. CDC A/c No. _____
of _____ (full address)

being another member of the Company as my/our proxy to attend and vote for me/us on my/our
behalf, at the **27th Annual General Meeting** of the Company to be held on Tuesday October 27, 2021
at 9:00 a.m. and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2021, signed by the said
in the presence of _____

Mr. / Ms. _____
of _____ (full address)

Revenue Stamp
Rs. 5/-

Signature of Witness

Signature(s) and or Seal

Important Notes:

1. The share transfer books of the Company will remain closed from October 20, 2021 to October 27, 2021 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered Office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of Proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. The signature on the Instrument of Proxy must confirm to the Specimen Signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting.



پرائیسی فارم

27 سالانہ اجلاس فرسٹ داؤ دانویسٹ میٹنگ لمیڈیا

میں ایک
ولاد اختر ازوجہ

کا/کے (مکمل سہ) جیشتر رکن

فروش و اکادمیک پیشنهاد میکنیم. لیست میکنیم.

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مختصر / مختصر

(مکمل یا)

بایکی نیز مموج دوی پیش مختصر بازخواسته به

(مکمل یا)

کپنی میں عام شیزیر رکتا ہے ارکھی ہے ارکھتے ہے ابٹر میرا، ہمارے اپا کسی مورخ 27 اکتوبر 2021، بروز منگل کپنی کے منعقد ہونے والے 27 وال سالانہ اجلاس عام میں حق رائے دی استعمال کرنے، تقریب اور شرکت کرنے یا کسی بھی الموات کی صورت میں پنا، ہمارا ابٹر میتھا (پاکی) مقرر کرتا ہوں اکرتے ہیں۔

آج بروز 2021ء کو میرے / ہمارے دخانے سے گاہوں کی تصدیق سے جاری ہوا۔
بتارخ _____

ریو نیو ہر دن
Rs. 5/-

(دستخط کا کمپنی کے پاس رجسٹرڈ شدہ دستخط
کے نمونے کی طرح ہونا ضروری ہے)

گواہان

_____. 1952. *2* _____ 1952. *1*

نام

_____ : १८

_____ **8** _____

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کمپیوٹر اسز ڈقو می شناختی کارڈ نمبر:

میں آ

پر اکسی کا ای میل آئی ڈی (اُسے وڈیو لینک فراہم کرنے کے لئے)

اہم نوٹ:

- پاک فام، با تقدیر مکمل اور دخیل شد، کپیتی کے جرداروں میں اجالان مختصر ہونے سے کم از کم 48 (اٹا یس) گھنٹے قل الا زماضول ہو جانے پا گئیں۔
 - اگر ایک کسی زیادہ پر مقرر کرنا ہے اور کپنی کے باہم ایک نے زیادہ کمی آلات صحیح کرتا ہے تو کپنی کے ایسے تمام مسروکہ ہے جو گئے۔
 - ان افراد کی ای شریک ہوئے کے پاکی کی صورت میں بیکھری اور مدد کر کی کے کیمپنی اور ذوقی ساختی کار بنا دیا پورٹ کی صد و سی تھنیں، اکاؤنٹ اور پارٹنر ہیئت کا ذی نیم پر کسی فارم (مختار نامہ) کے ہمراہ بیع کرنا ہو گی۔
 - لہوت کا پوریست ایمنیتی بورڈ اور کمیکل قرارداد/ مختار نامہ صور پاکی ہولڈر کے میونڈ دخیل پر کسی فارم (مختار نامہ) کے ہمراہ کپنی میں بھی کرنا ہو گا (اگر پسلی میانہ ہی گیا۔)
 - کپنی کی حصہ کمیکل اور ایرانی کی کامبینیشنز پر اگر 2021 کا 1 آگسٹ تک ہو تو 27.2021 سے آگئے۔



FIRST DAWOOD INVESTMENT BANK LIMITED

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AFFIX
CORRECT
POSTAGE

FIRST DAWOOD INVESTMENT BANK LIMITED

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

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