

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**Half Yearly Report
31 December 2021**



FIRST DAWOOD INVESTMENT BANK LIMITED

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CORPORATE INFORMATION

Board of Directors	Mr. Christopher John Aitken Andrew	Chairman
	Mr. Rafique Dawood	Director & CEO (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Khurshid A. Khair	Director
	Mr. Abu Khursheed M. Ariff	Director
	Mrs. Farhat Ali	Director
Audit Committee	Mr. Abu Khursheed M. Ariff	Chairman
	Mr. Khurshid A. Khair	Member
	Mrs. Farhat Ali	Member
HR&R Committee	Mr. Khurshid A. Khair	Chairman
	Mrs. Farhat Ali	Member
	Mr. Abu Khursheed M. Ariff	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 Kabiraji & 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	19 th Floor, Tower-B, Saima Trade Tower, I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 32270182 FAX: +92 (21)3227-1912 Email : fdib@firstdawood.com URL : www.firstdawood.com	
Share Registrar	F.D. Registrar Services (Pvt) Ltd. 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Tel: +92 (21) 3547 8192-93 / 021-32771906 Fax : +92 (21) 3262 1233 / 021-32271905 Email: fdregistrar@hotmail.com, fdregistrar@yahoo.com	

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST COMPASSIONATE, THE MOST MERCIFUL

Dear Shareholders,

The Board of Directors of First Dawood Investment Bank Limited ("FDIBL" or the "Company") are pleased to present the interim financial statements of the Company for the period ended December 31, 2021.

Board Composition and Remuneration

1. The total number of directors are 5 as per the following:
 - a. Male: 04
 - 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
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mrs. Farhat Ali

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

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

Financial Performance

Your company during the half year of the financial year 2021-22 has reported after-tax profit of Rs.50.209 million as compared to Rs. 3.305 million during corresponding period last year. The profit in current year is due to significant cash recovery. However, the net worth of your company has increased from Rs. 514.125 million to Rs. 583.052 million. The earning per share is 0.338 for the period under review.

Subsequent to half-year ended, FDIBL has received a letter from Mr. Dmitry Plotnikov, CEO / Director of 'Light World of Czech Republic', whereby he has conveyed his Offer ("Offer") for subscribing 'Right Shares' by way of fresh equity injection up to a maximum of Euro 7.50 million (Euro Seven Million, Five Hundred Thousand Only). The above will be subject to all regulatory approvals and in accordance with provisions of the Companies Act, 2017, Securities Act, 2015, PSX Rule Book, the Listed Companies Regulations, 2017, SECP and State Bank of Pakistan approvals.

Acknowledgement

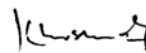
On behalf of First Dawood Investment Bank Ltd., we would like to express our gratitude to the worthy shareholders of the Bank for their support, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation. We would especially like to recognize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

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

For and on behalf of the Board of Directors.



Chief Executive Officer



Director

February 15, 2022
Karachi.

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 دسمبر 2021ء کی دوسری سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

بورڈ کی بناوٹ اور مشاہرہ

کل ڈائریکٹرز کی تعداد 5 ہے جو مندرجہ ذیل ہیں:

مرد: 04

خاتون: 01

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

مالیاتی کارکردگی:

ادارے نے دوسری سہ ماہی 31 دسمبر 2021ء کے مالیاتی گوشوارے منافع بعد از ٹیکس 50.21 ملین روپے اور پچھلے مالیاتی سال کے دوسری سہ ماہی کا منافع 3.31 ملین روپے منافع میں ہے۔ آپ کی کمپنی کی مالیت میں اضافہ 514.13 ملین سے 583.02 ملین ہو گئی ہے۔ حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متنا سب رکھنے میں کامیاب ہوا۔ اور آمدنی فی حصص 0.338 ہے پچھلے سال کے مقابلے میں کمپنی اپنے اخراجات نان پرفارمنگ قرضہ جات کی واپسی کے ذریعے قرضہ جات کے مد میں خاطر خواہ کمی کی جاسکے جو کہ ایک ستون کی حیثیت رکھتی ہے اس ادارے کے لئے۔

مالیاتی سال 2021-2022ء کے دسمبر کے اختتام کے FDIBL بینک کو جناب ڈمٹری جو کہ چیف ایگزیکٹو اور ڈائریکٹر ہیں Light World چیک ریپبلک کے۔ ان کی جانب سے ایک خط موصول ہوا جس میں FDIBL میں 7.20 ملین یورو کی سرمایہ کاری کی خواہش کا اظہار کیا ہے۔ یہ سرمایہ کاری اختیاراتی اداروں کی منظوری اور کمیٹی A ایکٹ 2017ء کے اصولوں کو مد نظر رکھتے ہوئے ہی ممکن ہے۔

خدمات کا اعتراف:

فرسٹ داؤد انویسمنٹ بینک کی طرف سے ہم شکر گزار ہیں اپنے بینک کے شراکت دار، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دوسری ریگولیٹری اداروں کی طرف سے رہنمائی اور حوصلہ افزائی کا۔

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

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

تاریخ: February 15, 2022

کراچی

بورڈ آف ڈائریکٹرز کی طرف سے

ڈائریکٹر

چیف ایگزیکٹو آفیسر

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



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

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of First Dawood Investment Bank Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **First Dawood Investment Bank Limited (the Company)** as at December 31, 2021 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Company has recorded deferred tax asset of Rs. 290.297 million (June 30, 2021: 290.297 million) based on its future plans which projects that future taxable profit would be available against which such deferred tax assets could be utilized. However, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation as discussed above, therefore, sufficient future taxable profits may not be available against which deferred tax asset could be utilized which is dependent on renewal of license.

Qualified Conclusion

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

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



Emphasis of Matters

- I. We draw attention to note 1.3 to the interim financial statements. The Company has earned a **net profit** of Rs. 50.209 million in the current interim period. As at interim balance sheet date, accumulated loss of the company was Rs. 1,415.865 million (June 30, 2021: Rs. 1,466.073 million) as against the issued, subscribed and paid up capital of Rs. 1,483.900 million (June 30, 2021: Rs. 1,483.900 million) and current assets of the company exceed its current liabilities by Rs. 30.891 million (June 30, 2021: Rs. 7.817 million) and its licenses to carry out business are not renewed. These conditions along with other matters as stated in noted 1.3 and contingencies identified in note 24.1 to note 24.4 indicate the existence of a material uncertainty that may cast significant doubts on the company's ability to continue as a going concern.
- II. Further, we draw attention to note 1.1 to the interim financial statement which state that license for leasing business and investment and finance services under non-banking finance companies (Established and regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulation, 2008 From the Securities and Exchange Commission of Pakistan (SECP) has been expired and awaiting renewal:
- III. Further, we draw attention to note 1.2 to the interim financial statements which states that appeal for renewal of registration as Debt securities trustee under regulation 6(2) of debt securities trustee regulation, 2012 is currently pending at the Honourable High Court of Sindh:
- IV. Further, we draw attention to note 1.7 and 10.4 of the interim financial statements which states that the company is not in compliance with certain requirement of NBFC's Regulations: and
- V. Further, we draw attention to note 21.1 and 22.5 to the interim financial statements which describes the litigation with NFBC over the settlement amount of liabilities due to different cost of funds as determined by State Bank of Pakistan (SBP) and HCR-BIS.

The Engagement partner on the review resulting this independent auditor's review report is Mr. Basharat Rasool.

Chartered Accountants
Karachi
Dated:

CONDENSED INTERIM FINANCIAL POSITION

AS AT DECEMBER 31, 2021

		<i>Unaudited December 31, 2021</i>	<i>Audited June 30, 2021</i>
	<i>Note</i>	<i>< ----- Rupees ----- ></i>	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	5,362,928	4,664,175
Right-of-use assets	7	174,495	174,495
Investment properties	8	82,562,000	30,297,000
Net investment in lease finance	10	-	10,442,605
Long-term investments	11	206,756,842	206,974,244
Deferred tax asset	12	290,297,438	290,297,438
		585,153,703	542,849,957
CURRENT ASSETS			
Current portion of non-current assets	9 & 11	136,090,247	171,324,867
Short-term investments	14	111,780,000	58,473,889
Available for sale investment held with Nazir SHC	16	56,259,109	55,242,013
Placements and finances	15	38,525,413	39,025,413
Asset classified held for sale		29,777,000	29,777,000
Loans, advances	17	1,434,759	1,417,942
Prepayments		2,482,029	3,097,007
Mark-up accrued		66,506	37,426
Other receivables		315,688	5,004,181
Cash and bank balances	18	2,091,746	1,088,577
		378,822,497	364,488,315
		963,976,200	907,338,272
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		457,058,462	457,058,462
Accumulated loss		(1,415,864,780)	(1,466,073,718)
		525,093,912	474,884,974
Surplus / (Deficit) on revaluation of investments		57,957,726	39,240,200
		583,051,638	514,125,174
NON CURRENT LIABILITIES			
Long-term loans	19	32,900,000	36,448,122
Lease Liabilities		93,113	93,113
		32,993,113	36,541,235
CURRENT LIABILITIES			
Current portion of long-term liabilities	20	255,037,772	265,026,366
Mark-up accrued		25,756,644	25,756,644
Short term borrowings	21	49,774,280	49,774,280
Accrued and other liabilities		1,424,891	8,643,370
Taxation		15,937,861	7,471,203
		347,931,448	356,671,863
CONTINGENCIES AND COMMITMENTS			
	22	-	-
		963,976,200	907,338,272

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

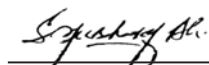
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
Note	< ----- Rupees ----- >			
INCOME				
Lease income	213,626	70,000	-	70,000
Return on deposits and investments	4,255,314	2,445,638	3,194,051	1,520,194
Gain on sale of securities	270,000	469,103	270,000	164,229
Income from long-term finances	30,000	-	-	-
Other income	63,566,902	451,880	(542,138)	235,680
	68,335,842	3,436,621	2,921,913	1,990,103
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	13,984,066	11,935,000	6,938,233	7,539,579
Surplus / (Deficit) on Revaluation of Investment	-	1,781,558	-	1,781,558
Reclassification of unrealised loss from equity	-	-	-	(540,528)
	13,984,066	13,716,558	6,938,233	8,780,609
	82,319,908	17,153,179	9,860,146	10,770,712
EXPENDITURES				
Administrative expenses	(15,133,906)	(11,418,108)	(8,298,262)	(6,127,096)
Unwinding Discount	(2,833,284)	(3,885,828)	(2,833,284)	(2,215,367)
Liability Written Back	2,923,600	-	-	-
Exchange gain / (loss)	-	(23,397)	-	(6,451)
Finance cost	-	(849)	-	(1,200)
	(15,042,590)	(15,328,182)	(11,131,546)	(8,350,114)
Share of (loss) / profit from associates	23 (8,601,720)	26,049,937	(8,601,720)	26,049,937
(LOSS) / PROFIT BEFORE TAXATION	58,675,598	27,874,934	(9,873,120)	28,470,535
Taxation	24 (8,466,659)	(24,569,693)	(7,648,985)	(24,569,693)
PROFIT / (LOSS) AFTER TAXATION	50,208,939	3,305,241	(17,522,105)	3,900,842
Earning per share - basic	0.338	0.022	-0.118	0.026
Earning per share - diluted	0.338	0.022	-0.118	0.026

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


Chief Executive

Director
08

Chief Financial Officer

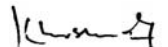
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	<i>Half year ended Ended December 31,</i>		<i>Quarter ended Ended December 31</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	< - - - - - Rupees - - - - - >			
(Loss) / profit after taxation	50,208,939	3,305,241	(17,522,105)	3,900,842
Other comprehensive income				
Unrealized remeasurement gain/ (loss) on investment in associates	18,557,755	27,842,236	18,557,755	27,842,236
Unrealised gain/ (loss) on remeasurement of investment held with Nazir	963,437	372,546	963,437	372,546
	19,521,192	28,214,782	19,521,192	28,214,782
Total comprehensive (loss) / income for the period	69,730,131	31,520,023	1,999,087	32,115,624

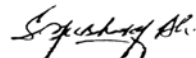
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Chief Executive



Director



Chief Financial Officer

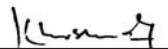
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Share Capital		Capital Reserve			Revenue Reserve		
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Capital Reserve on Acquisition	Deficit on Revaluation of Investments	Accumulated Losses	Total
	Rupees							
Balance at July 1, 2020	1,483,900,230	-	399,818,213	53,426,910	2,596,484	6,372,708	(1,470,941,138)	475,173,407
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	6,084,275	6,084,275
Other comprehensive income								
- Share of Unrealised gain on remasurement of associates investment						32,867,492		32,867,492
- Transfer to Statutory Reserve	-	-	1,216,855	-	-	-	(1,216,855)	-
Balance as at December 31, 2020	1,483,900,230	-	401,035,068	53,426,910	2,596,484	39,240,200	(1,466,073,718)	514,125,174
Balance at July 1, 2021	1,483,900,230	-	401,035,068	53,426,910	2,596,484	39,240,200	(1,466,073,718)	514,125,174
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	50,208,939	50,208,939
Other comprehensive income								
- Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	18,717,526	-	18,717,526
Balance as at December 31, 2021	1,483,900,230	-	401,035,068	53,426,910	2,596,484	57,957,726	(1,415,864,780)	583,051,638

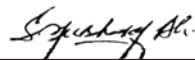
The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		<i>Half Year Ended December 31, 2021</i>	<i>Half Year Ended December 31, 2020</i>
<i>Note</i>		<i>< ----- Rupees ----- ></i>	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
		58,675,598	27,874,934
	Profit before taxation		
	Adjustments:		
	Depreciation	6 620,359	402,177
	Finance Income	(30,000)	-
	Lease Income	(213,626)	-
	Gain on sale of investments	(270,000)	-
	Share of profit/(loss) from Investments in Associates	8,601,720	(26,049,937)
	Amortization	8 -	50,940
	Finance cost	(799)	849
	Exchange loss	-	23,397
	Loss / (gain) on sale of securities - net	-	(469,103)
	Unwinding discount	2,833,284	3,885,828
	Provision addition/(reversal) of provision potential lease	(13,984,066)	(11,935,000)
	Unrealized (gain) / loss on remeasurement of investments - FVTPL		(1,781,558)
	Liabilities Written back	2,923,600	-
		(5,366,728)	(35,872,407)
		53,308,870	(7,997,473)
	Changes in operating assets and liabilities		
	(Increase) / decrease in operating assets		
	Net investment in lease finance	4,028,643	-
	Long-term finances	50,444,080	-
	Other receivables, net	4,688,943	973,947
	Placements and finances	500,000	-
	Loans, advances and prepayments	598,161	(2,194)
	Mark up accrued	(29,080)	12,120
		60,230,297	983,873
		113,539,167	(7,013,600)
	Increase / (decrease) in operating liabilities		
	Accrued and other liabilities	(7,218,479)	(884,643)
	Taxes paid	8,466,659	(10,514)
	Finance cost paid	-	(849)
	Net cash (used)/generated from operating activities	A 114,787,347	(7,909,606)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of property and equipment	(52,963,753)	(57,700)
	Net investment in finance lease - net	-	2,820,701
	Net proceeds from investments	-	14,478,568
	Proceed from sale of Shares	5,805,000	-
	Long-term investments	217,402	-
	Short-term investments	(53,306,111)	-
	Net cash (used)/generated from investing activities	B (100,247,462)	17,241,569

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

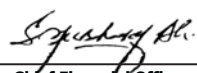
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		<i>Half Year Ended December 31, 2021</i>	<i>Half Year Ended December 31, 2020</i>
<i>Note</i>		<i>< ----- Rupees ----- ></i>	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans - net		-	(9,500,000)
Repayment of Short Term Borrowings		(13,536,716)	-
Net cash (used in) generated from financing activities	C	(13,536,716)	(9,500,000)
Net increase / (decrease) in cash and cash equivalents	A+B+C	1,003,169	(168,037)
Foreign currency translation		-	(23,397)
Cash and cash equivalents at beginning of the period		1,088,577	1,039,863
Cash and cash equivalents at end of the period		2,091,746	848,429

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 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 in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which has been expired and awaiting renewal.
- 1.2** The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates/ Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited and Pak Hy-Oils Limited. The value of assets under trustee as at 'December 31, 2021 amounted to Rs. 9.04 billion (December 31, 2020: Rs. 9.04 billion).
- 1.3** The Company earned a net profit (after tax) of Rs. 50.209 million during the period ended December 31, 2021, its accumulated losses reached to Rs. 1,415.865 million as at December 31, 2021 and its current assets are now exceeding its current liabilities by Rs. 30.891 million. Previously, Company had faced liquidity crunch due to aftermath of financial crisis 2008-09 which result primarily in view of unwarranted closure of PSX for all practical purpose for 109 days. The stock market nosedived by approximately 60% which resulted in withdrawal of money market lines by financial institution of NBFC sector. Owing to abrupt withdrawal of clean money market, money of the Company of over Rs. 05 billion from the banking sector; the Company was unable to meet its commitments on time. To honour its commitments with creditors/lenders, the Company settled majority of its liabilities against its assets, thus various loans and liabilities have been settled and about Rs. 347.931 million is outstanding for which the Company is making efforts to settle in a similar manner. Presently, the equity of the Company is Rs.583.051 million. However, as per SECP Order dated May 24, 2018, MCR shall exclude deferred tax asset and markup of Rs.62.49 million for which appeal has been filed. Above factors indicate existence of uncertainties which may cast significant doubts on the Company's ability to continue as a going concern and accordingly Company may not be able to realize its assets and discharge its liabilities at stated amount but the Company through innovative means has been able to settle various liabilities and has also covering all expenditures. Similarly and going forward, the management of the Company is confident that it will continue with the mitigation plan, as explained in the following paragraphs, which will also ensure that the Company continues as going concern owing to these factors financials statement are prepared on going concern basis. This period continued to remain challenging like the previous one, because of Covid-19 & lockdown scenario, which has adversely effected the recovery drive of company. In view of the aforementioned scenario, the courts remained closed / non-functional for most of the time and the defaulters took advantage of this excuse. Nevertheless with a view to honor its commitment in the market place, your company decided to off-load shares of unlisted company(ies), which resulted in two advantages; (i) it assisted in adjustment of liabilities and (ii) helped in conserving cash reserves. Henceforth, the company will continue to divest its assets, whether properties, shares or securities etc to adjust its liabilities, so that all loans are settled at the earliest to revive regular business operations.

1.4 Mitigation plan

- 1.4.1** The Company has successfully able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding liabilities.

The Company is hopeful to restructure / settle the residual amount of liabilities in the near future.

The Company is meeting all of its expenses since the financial turmoil of 2008-09 without any external financial support or a bail-out package. Further, the Company has adequate liquid assets in the form of bank balances and short term investments to meet its obligations / expenses in the near future.

The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collaterals assets. In this respect, the management has realigned its strategy accordingly.

During the period, the Company made recoveries amounting Rs. 9.56 million which is below the expected recovery amount of Rs. 20 million. Major reason for the difference was slow litigation system in the country. The management is expecting to recover the amount either through auction of the collateralized assets or transfer of title of the collateralized asset through the Court order or out of court settlement.

The Company expects recovery of approximately Rs.100 to 150 million in the next two financial years.

1.4.2 Expected NBF sector reforms/ regime

The requirement of minimum equity will be resolved soon by strong prospects of recovery and reversal of provision. It is pertinent to mentioned that as per new rules of NBF sector; 'SECP' has reduced minimum capital requirements to Rs. 100

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

million (for investment financial services and leasing licenses). Upon renewal of license, the Company will be eligible to restart business operations. The management is confident that renewal of the license may assist in induction of foreign or local partner. Presently, the net equity stands at Rs.583.051 million which exceeding the MCR by Rs. 483.051 millions in case deferred tax asset or its portion is materialized.

1.4.3 Future prospects

During the period, recovery of Rs.55.498 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.

1.5 Cases under litigation

Cases under litigations have been disclosed in note # 26 to these financial statements.

1.6 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 unprecedented 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.

1.7 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".

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), The Companies Act, 2017 (the Ordinance) and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2 This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the period ended December 31, 2021.
- 2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.
- 2.4 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 245 of The Companies Act, 2017. The figures for the six months period ended December 31, 2021 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the period ended December 31, 2021.
- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company and therefore not stated in this condensed interim financial information.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the period ended December 31, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

5 ACCOUNTING ESTIMATES AND JUDGEMENT

The basis for accounting estimates and judgment adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2021.

6 PROPERTY AND EQUIPMENT

6.1 The following is the statement of property and equipment

<i>Description</i>	<i>Furniture and fixtures</i>	<i>Vehicles</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
<i><----- Rupees -----></i>					
Half year ended December 31, 2021					
Opening net book value as at June 30, 2021	(2)	4,653,521	10,656	-	4,664,175
Additions (at cost)	-	1,363,350	-	-	1,363,350
	(2)	6,016,871	10,656	-	6,027,525
Disposals					
Cost	-	(44,238)	-	-	(44,238)
Depreciation	-	-	-	-	-
Net Book value	-	(44,238)	-	-	(44,238)
Depreciation charge	-	(616,858)	(3,501)	-	(620,359)
Closing net book value	(2)	5,355,775	7,155	-	5,362,928
Gross carrying value basis					
Cost	171,235	8,265,270	3,644,189	4,829,099	16,909,793
Accumulated depreciation / impairment	(171,237)	(2,909,493)	(3,637,034)	(4,829,101)	(11,546,865)
Net book value	(2)	5,355,777	7,155	(2)	5,362,928
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 net book 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
Depreciation rate % per annum	10%	20%	33.33%	20%	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 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:

	<i>December 31, 2021</i>	<i>June 30, 2021</i>
	<i>..... Rupees</i>	
Office building		
As at July 01	174,495	222,085
Additions	-	-
Transfers	-	-
Depreciation charge	-	(47,590)
As at December 31	174,495	174,495

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.

	<i>December 31, 2021</i>	<i>June 30, 2021</i>
	<i>..... Rupees</i>	
Amounts recognised in the statement of profit or loss		
Depreciation charge of right-of-use asset	-	47,590
Expense relating to variable lease payments	-	-
Total amount recognised in statement of profit or loss	-	47,590

7.1 Depreciation charge of right-of-use asset for the year has been allocated to administrative expenses.**8 INVESTMENT PROPERTIES**

	<i>December 31, 2021</i>	<i>June 30, 2021</i>
	<i>..... Rupees</i>	
Balance at beginning of the period/ year	30,297,000	62,887,000
Property Purchased during the year	52,265,000	
Transfer from/(to) asset classified as held for sale	-	(29,777,000)
Gain/Loss on fair value adjustment	-	(2,813,000)
Balance at end of the period/ year	82,562,000	30,297,000

8.1 Fair value of the investment properties as at June 30, 2020 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.

8.2 The FSVs of Patoki land was Rs. 26.488 millions and office no. 5B Lakson Square Building-Karachi was Rs. 23.822 millions at the time of revaluation.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		<i>December 31, 2021</i>	<i>June 30, 2021</i>
9 NET INVESTMENT IN LEASE FINANCE	Note	Rupees	
Net investment in lease finance	9.1	422,415,940	424,694,918
Provision for potential lease losses	9.2	(367,139,595)	(367,979,428)
		55,276,345	56,715,490
Current and overdue portion of net investment in lease finance	9.3	(55,276,345)	(46,272,885)
		-	10,442,605
9.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		529,073,148	531,562,293
Residual value of leased assets		250,012	250,012
		529,323,160	531,812,305
Markup held in Suspense		(106,907,220)	(107,117,387)
Net investment in lease finance		422,415,940	424,694,918
9.1.1 As at December 31, 2021, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 422.416 million (June 30, 2021: Rs. 424.7 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs. 35.38 million (June 30, 2021: Rs. 56.38 million).			
9.1.2 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2021: 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.			
9.2 Provision for potential lease losses	Note	<i>December 31, 2021</i>	<i>June 30, 2021</i>
		Rupees	
Opening balance		367,979,428	372,373,879
(Reversal) / charge for the period/ year - net		(839,833)	(4,394,451)
Written off during the period		-	-
Closing balance		367,139,595	367,979,428
9.3 Current portion of lease finance- net			
Finance lease		422,415,940	424,694,918
Provision for potential lease losses		(367,139,595)	(367,979,428)
More than one year and less than five years		-	(10,442,605)
		55,276,345	46,272,885
10 LONG-TERM INVESTMENTS			
Dawood Family Takaful		-	81,556,197
- Investments in unlisted securities		72,960,187	-
- Investments in Associates - equity method	10.1	174,151,170	164,809,125
- Defense Saving Certificates - at amortized cost		1,505,300	1,505,300
- Investment transferred to Nazir		(41,859,815)	(40,896,378)
		206,756,842	206,974,244
10.1 Investment in associates			
Opening balance		164,809,126	161,773,925
Share of reversal of deficit on revaluation of investments		(8,601,720)	-
At FVOCI recognised in other comprehensive income		17,943,764	-
Investment sold during the period/ year		-	(14,682,500)
Share of profit/ (loss)	10.5	-	24,232,861
Less: Dawood Family Takaful Ltd. less than 20% (Not Associate)		-	(40,659,819)
Share of other comprehensive income/ (loss)	10.5	-	37,162,385
Less: transfer to investment held with Nazir	10.3	-	(3,017,727)
		174,151,170	164,809,125

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

10.2 Carrying value of investment in associates

December 31, 2021	June 30, 2021		December 31, 2021	June 30, 2021
Number of Shares		 Rupees	
2,246,070	2,246,070	786 Investment Ltd.	35,459,563	35,028,474
4,762,100	4,762,100	B.R.R. Investments (Pvt.) Ltd.	128,819,006	129,780,651
<u>7,008,170</u>	<u>7,008,170</u>		<u>164,278,570</u>	<u>164,809,125</u>

10.3 6,466,010 (June, 30 2021: 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 4,910,000 shares of DFL other than shares held by Nazir.

10.4 As per Regulation 19 (g) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), an NBFC shall not hold shares of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity, whichever is less. As at December 31, 2020, 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.

10.5 "Calculations of change in value of investment in;

- 786 Investment Limited was made on the basis of unaudited financial statements for the quarter ended September 30, 2021;
- B.R.R Investments (Private) Limited was made on the basis of unaudited financial statements for the half year ended December 31, 2021; and
- Dawood Family Takaful Limited was made on the basis of unaudited financial statements for the quarter ended September 30, 2021."

		December 31, 2021	June 30, 2021
	Note Rupees	
11 LONG-TERM FINANCES			
Term finance facilities		185,916,574	236,360,654
Provision for doubtful finances	11.1	<u>(105,102,672)</u>	<u>(111,308,672)</u>
		80,813,902	125,051,982
Current portion	11.3	<u>(80,813,902)</u>	<u>(125,051,982)</u>
		<u>-</u>	<u>-</u>

11.1 Particulars of provision for doubtful finances

Opening balance	111,308,672	126,426,200
Reversal for the period/ year- net	<u>(6,206,000)</u>	<u>(15,117,528)</u>
Provision during the period/ year	-	-
Closing balance	<u>105,102,672</u>	<u>111,308,672</u>

11.2 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.

11.3 As at December 31, 2021, long term finance of Rs. 185.91 million (June 30, 2021 : Rs. 236.36 million) which have been placed under non-performing status. The forced sale value benefits considered against these non-performing finances amounting to Rs. 105.1 million (June 30, 2021 Rs. 111.31 million).

12 DEFERRED TAX ASSET

	December 31, 2021	June 30, 2021
 Rupees	
Deferred Tax Assest	<u>290,297,438</u>	<u>290,297,438</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

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.

		<i>December 31, 2021</i>	<i>June 30, 2021</i>
13 CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS	Note Rupees	
Net investment in lease finance	9	55,276,345	46,272,885
Long-term finances	11	80,813,902	125,051,982
		136,090,247	171,324,867
14 SHORT-TERM INVESTMENTS			
<i>Available for sale</i>			
Listed ordinary shares		377,668	271,557
Term finance certificates / sukuk bonds		111,780,000	58,580,000
Unquoted shares	14.1	14,505,413	14,345,635
		126,663,081	73,197,192
Less: provision for impairment in preference shares		(377,668)	(377,668)
Less: held with Nazir of SHC against HBFC case		(14,505,413)	(14,345,635)
		111,780,000	58,473,889
<i>At fair value through profit or loss</i>			
Quoted equity securities		-	629,084
		111,780,000	59,102,973
<i>At amortised cost</i>			
Musharaka placements		-	55,000,000
		111,780,000	55,629,084

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

14.2 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (June 30, 2020: 0%) per annum. These were matured on November 21, 2010. However, due to default in repayment at maturity dates, full provision has been made against these preference shares.

14.3 December 31, 2021	June 30, 2021		<i>December 31, 2021</i>	<i>June 30, 2021</i>
<i>Number of Certificates / Bonds</i>		 Rupees	
		<i>Quoted</i>		
1,976	1,976	Invest Capital Investment Bank Ltd.	1,780,000	3,580,000
82	82	Trust Investment Bank Limited	186,276	186,276
			1,966,276	3,766,276
		<i>Un-quoted</i>		
1,023	1,023	New Allied Electronics (Pvt.) Ltd.	4,348,775	4,348,775
			(6,315,051)	(8,115,051)
			-	-

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		December 31, 2021	June 30, 2021
	Note Rupees	
14.5 Musharaka Placements			
BRR Guardian Modaraba	15.4.1	110,000,000	55,000,000
		110,000,000	55,000,000
14.5.1 BRR Guardian Modaraba- related party:			
Opening		55,000,000	50,000,000
Musharaka placements made during the year		110,000,000	55,000,000
Less: Redemption during the year	15.4.2	(55,000,000)	(50,000,000)
		110,000,000	55,000,000

15 PLACEMENTS AND FINANCES**At amortised cost**

Financing against shares	15.1	155,158,995	155,158,995
Provision for doubtful finances		(155,158,995)	(155,158,995)
		-	-
Short-term finance - secured	15.2	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	15.3	86,184,717	86,684,717
Provision for doubtful finances		(47,659,304)	(47,659,304)
		38,525,413	39,025,413
		38,525,413	39,025,413

15.1 These financings were made to a company and individuals in the normal course of business and matured on June 30, 2009.

15.2 These are secured by mortgage of properties and ranking charge over hypothecation of stock and matured on June 30, 2009.

15.3 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.

15.4 As at December 31, 2020, 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.

16 INVESTMENT HELD WITH NAZIR SHC AT FVOCI

December 31, 2021	June 30, 2021		December 31, 2021	June 30, 2021
Number of Shares		 Rupees	
6,466,010	6,466,010	Dawood Family Takaful Limited	40,950,037	37,013,626
1,477,823	1,477,823	Al Baraka Bank Pakistan Limited	14,345,635	13,548,547
7,943,833	7,943,833		55,295,672	50,562,173
Share of gain from associates- DFTL			803,659	3,882,752
Remeasurement gain on investment- ABPL			159,778	797,088
			56,259,109	55,242,013

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

16.1 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.

16.2 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.

		December 31, 2021	June 30, 2021
	Note Rupees	
17 LOANS AND ADVANCES			
Considered good			
Loan to employee	17.1	434,745	2,234,759
Others		1,000,014	370,250
		1,434,759	2,605,009
Considered - Doubtful			
Advance rent		172,925	172,925
Less : Provision for doubtful advances		(172,925)	(172,925)
		-	-
		1,434,759	2,605,009

17.1 This includes loan to key management personnel. The maximum amount outstanding at the end of any month during the period stands at Rs. 1.20 million.

18 CASH AND BANK BALANCES

Cash at banks

Local currency

- In deposit accounts
- In current accounts

18.1	13,318	31,073
	1,555,065	324,143
	1,568,383	355,216

Foreign currency

- In deposit accounts

18.1	523,363	523,363
	2,091,746	878,579

18.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 4.85% to 7.5% (June 30, 2021 : 4.52% to 7%).

19 LONG-TERM LOANS

Secured

- Commercial Banks
- Current portion

	December 31, 2021	June 30, 2021
 Rupees	
	304,150,856	301,317,572
	(271,250,856)	(264,869,450)
	32,900,000	36,448,122

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		December 31, 2021	June 30, 2021
		Rupees	
20 CURRENT PORTION OF LONG-TERM LIABILITIES	Note		
Long term loans	19	271,250,856	264,869,450
Repayment During the period		(16,370,000)	-
Lease Liabilities		156,916	156,916
		<u>255,037,772</u>	<u>265,026,366</u>
21 SHORT-TERM BORROWINGS			
Unsecured			
Development Financial Institution	21.1	49,774,280	49,774,280
		<u>49,774,280</u>	<u>49,774,280</u>

21.1 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.

	December 31, 2021	June 30, 2021
	Rupees	
22 CONTINGENCIES AND COMMITMENTS		
22.1 Contingent liabilities		
Letters of comfort / guarantee	<u>1,088,000,000</u>	<u>1,088,000,000</u>

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

- A guarantee of Rs 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of trustee of the sukuk issue.
- A guarantee of Rs. 250 million against the repayment of sukuk was called as the principal debtor defaulted in payment of installments of the said sukuk. The Trustee of the sukuk has filed a recovery suit against the Company in the SHC, which is pending adjudication. Based on opinion of the legal advisors of the Company, the Company has good merits to defend the case as in its view the guarantee never became operational on technical grounds of non-fulfillment of pre-conditions.

22.2 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.

22.3 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.

22.4 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 advice 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.

22.5 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.

	<i>December 31, 2021</i>	<i>June 30, 2021</i>
23 SHARE OF PROFIT/ (LOSS) FROM ASSOCIATES-NET	<i>..... Rupees</i>	
786 Investment Limited	249,836	3,073,110
B.R.R. Investment (Private) Limited	(8,851,557)	27,116,758
	(8,601,721)	30,189,870

24 TAXATION

Current period	8,466,659	131,317
Deferred tax	-	24,438,376
	8,466,659	24,569,693

25 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, key management personnel's and their close family members.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	<i>December 31, 2021</i>		<i>June 30, 2021</i>
	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>	<i>Key Management Personnel</i>
	<i>----- Rupees -----</i>		
<i>Investment in associate</i>			
Balance at beginning of the period/ year	-	174,597,740	-
Share of income/ (loss) from Associate	-	-	-
Disposal of Investment in DFTL	-	-	-
Investment in Dawood Income Fund	-	-	-
Disposal of Investment in Dawood Income Fund	-	-	-
Share of other comprehensive income	-	-	-
Balance at end of the period/ year	-	174,597,740	-
<i>Long-term finances/ loans</i>			
Amount returned against short term loan	-	-	1,363,798
Short term loan provided	-	-	73,000
Unearned rent	-	-	-
Long term finance	-	-	-
Investment in term finance certificates	-	50,000,000	-
Proceeds from disposal of fixed asset	-	-	216,200
	-	50,000,000	1,652,998
<i>Charge to statement of profit or loss</i>			
Common expenses paid	-	38,093	-
Share of profit/ (loss) from associate	-	-	-
Share of common expenses received	-	-	-
Rental income	-	-	-
Gain on disposal of investment in associate	-	292,500	-
Rental expense	-	-	-
Takaful expense	-	-	-
Brokerage expense	-	-	-
	-	330,593	-

26 SEGMENT ANALYSIS

Segment information for the six months period ended December 31, 2021 is as follows :-

	<i>Leasing</i>	<i>Investment</i>	<i>long term finances</i>	<i>placements & finances</i>	<i>Fee, commission & other income</i>	<i>Total</i>
	<i>----- Rupees -----</i>					
External operating revenue	213,626	4,525,314	30,000	-	63,566,902	68,335,842
Segment results	183,427	3,885,596	25,759	-	54,580,816	58,675,598
Segment assets	-	374,795,951	80,813,902	38,525,413	-	494,135,266
Unallocated assets	-	-	-	-	-	469,840,934
Total assets						963,976,200
Segment liabilities	-	282,505,061	60,914,042	29,038,799	-	372,457,902

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

Segment information for the six months period ended December 31, 2020

	<i>Leasing</i>	<i>Investment</i>	<i>long term finances</i>	<i>placements & finances</i>	<i>Fee, commission & other income</i>	<i>Total</i>
	----- Rupees -----					
External operating revenue	70,000	2,914,741	-	-	451,880	<u>3,436,621</u>
Segment results	67,324	2,803,312	-	-	434,605	<u>3,305,241</u>
Segment assets	57,650,700	316,559,069	125,744,370	39,025,413	-	538,979,552
Unallocated assets	-	-	-	-	-	366,877,766
Total assets						<u>905,857,318</u>
Segment liabilities	42,695,641	234,441,080	93,125,261	28,901,905	-	<u>399,163,887</u>

27 DATE OF AUTHORIZATION FOR ISSUE

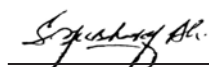
These condensed interim financial statements were authorised for issue on **15 February, 2022** by the Board of Directors of the Company.

28 GENERAL

Figures have been rounded off to the nearest Rupee.


Chief Executive

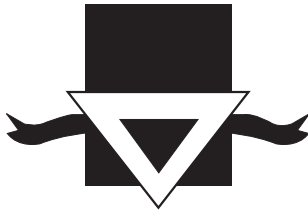

Director
25


Chief Financial Officer

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