

**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Half Yearly Report  
31 December 2023**



FIRST DAWOOD INVESTMENT BANK LIMITED

## CONTENTS

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

## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Christopher John Aitken Andrew Mr. Muhammad Rizwan-ul Haque Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mr. Iqbal Ahmed Mr. Asad Ali Sheikh Mrs. Farhat Ali	Chairman Director & CEO (Subject to SECP approval ) Director Director Director (Subject to SECP approval ) Director (Subject to SECP approval ) Director
<b>Audit Committee</b>	Mr. Abu Khursheed M. Ariff Mr. Khurshid A. Khair Mrs. Farhat Ali	Chairman Member Member
<b>HR&amp;R Committee</b>	Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mrs. Farhat Ali	Chairman Member Member
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Syed Musharaf Ali	
<b>Auditors</b>	UHY Hassan Naeem & Co. Chartered Accountants	
<b>Head of Internal Audit</b>	Mr. Sohail Ahmed	
<b>Legal Advisor</b>	Nishtar & Zafar	
<b>Legal counsels</b>	Ansari AG Legal Kabraji & Talibuddin Khalil Asif Ejaz & Co. Malik and Malik Law Associates Raza Khalil Abbasi	
<b>Bankers</b>	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd.	
<b>Registered Office Head Office</b>	19 <sup>th</sup> Floor, Tower-B, Saima Trade Tower, I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 32270182 FAX: +92 (21)3227-1912 Email : fdib@firstdawood.com URL : www.firstdawood.com	
<b>Share Registrar</b>	F.D. Registrar Services (Pvt) Ltd. 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Tel: +92 (21) 3547 8192-93 / 021-32771906 Fax : +92 (21) 3262 1233 / 021-32271905 Email: fdregistrar@hotmail.com, fdregistrar@yahoo.com	

## DIRECTORS' REPORT

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

Dear Shareholders,

The Board of Directors of First Dawood Investment Bank Limited ("FDIBL" or the "Company") are pleased to present the interim financial statements of the Company for the period ended December 31, 2023.

#### Board Composition and Remuneration

1. The total number of directors are 07 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
Chief Executive Officer	Mr. Muhammad Rizwan-ul Haque (Subject to SECP Approval)
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mrs. Farhat Ali Mr. Asad Ali Sheikh (Subject to SECP Approval) Mr. Iqbal Ahmed (Subject to SECP Approval)

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 second quarter of the financial year 2023-24 has reported before-tax profit of Rs.80.741 million as compared to Rs.22.493 million during corresponding period last year. The profit in current year is due to significant cash recoveries. Henceforth, the net-worth of your company has increased from Rs. 580.265 million to Rs. 623.459 million. The earning per share is 0.092 for the period under review.

#### 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 cooperation We would especially like to recognize hard-work and dedication of our employees who in these testing times and adverse conditions have performed to the best of their abilities with utmost commitment, and look forward to their continued support.

We wish to pray for health & safety of all mankind against the prevailing pandemic, which continues to introduce new waves.

For and on behalf of the Board of Directors.

  
Chief Executive Officer

  
Director

February 21, 2024  
Karachi.

## ڈائریکٹرز کی رپورٹ:

اللہ کے نام سے جو بڑا مہربان نہایت رحم والا ہے

پیارے شیئر ہولڈرز،

فرسٹ داؤد انوسٹمنٹ بینک لمیٹڈ ("FDIBL" یا "کمپنی") کے بورڈ آف ڈائریکٹرز کو 31 دسمبر 2023 کو ختم ہونے والی مدت کے لیے کمپنی کے عبوری مالیاتی گوشوارے پیش کرنے پر خوشی ہے۔

**بورڈ کی تشکیل اور معاوضہ**

1. مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد 07 ہے۔

a. مرد:  
b. عورت:

06  
01

2. بورڈ کی تشکیل حسب ذیل ہے:

قسم	نام
آزاد ڈائریکٹر	جناب خورشید ابوالخیر جناب ابو خورشید محمد عارف
چیف ایگزیکٹو آفیسر	جناب محمد رضوان الحق (SECP کی منظوری سے مشروط)
غیر ایگزیکٹو ڈائریکٹرز	مسٹر کرسٹوفر جان ایٹکن اینڈریو مسز فرحت علی جناب اسد علی شیخ (SECP کی منظوری سے مشروط) جناب اقبال احمد (SECP کی منظوری سے مشروط)

بورڈ آف ڈائریکٹرز اور بورڈ کی ذیلی کمیٹیوں کی تشکیل کا انکشاف رپورٹ کے کارپوریٹ انفارمیشن سیکشن میں کیا گیا ہے۔

غیر ایگزیکٹو ڈائریکٹرز کو بورڈ اور/یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے معقول اور مناسب معاوضہ دیا جاتا ہے۔ یہ معاوضہ اس سطح پر نہیں ہے جسے آزادی پر سمجھوتہ کرنے کے لیے سمجھا جا سکتا ہے۔ ان ڈائریکٹرز کو کوئی فیس نہیں دی جاتی جو میٹنگ میں شرکت نہیں کرتے۔ اسی طرح سرکولیشن کے ذریعے زیر غور تجاویز کے لیے فیس ادا نہیں کی جاتی ہے۔

### مالیاتی کارکردگی

آپ کی کمپنی نے مالی سال 2023-24 کی دوسری سہ ماہی کے دوران 80.741 ملین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو کہ گزشتہ سال کی اسی مدت کے دوران 22.493 ملین روپے تھا۔ موجودہ سال میں منافع اہم نقدی وصولیوں کی وجہ سے ہے۔ اس کے بعد، آپ کی کمپنی کی مجموعی مالیت روپے سے بڑھ گئی ہے۔ 580.265 ملین سے روپے 623.459 ملین زیر نظر مدت کے لیے فی شیئر آمدنی 0.092 ہے۔

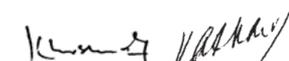
### اعتراف

فرسٹ داؤد انوسٹمنٹ بینک لمیٹڈ کی جانب سے، ہم بینک کے قابل شیئر ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں کہ ان کی حمایت، اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن اور دیگر ریگولیٹری اداروں کی رہنمائی اور تعاون کے لیے ہم خاص طور پر چاہیں گے۔ اپنے ملازمین کی محنت اور لگن کو تسلیم کرنے کے لیے جنہوں نے ان آزمائشی اوقات اور نامساعد حالات میں انتہائی عزم کے ساتھ اپنی صلاحیتوں کا بہترین مظاہرہ کیا ہے، اور ان کے مسلسل تعاون کے منتظر ہیں۔

ہم موجودہ وبائی مرض کے خلاف تمام بنی نوع انسان کی صحت اور حفاظت کے لیے دعا کرنا چاہتے ہیں، جو نئی لہروں کو متعارف کرواتی رہتی ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے۔

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر

21 فروری 2024  
کراچی۔

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



402 Progressive Center  
Sharah-e-Faisal,  
Karachi, Pakistan.

### INDEPENDENT AUDITOR'S REVIEW REPORT

Phone +92 21 34322551-3  
Web www.uhy-hnco.com

To the members of First Dawood Investment Bank Limited  
Report on Review of Condensed Interim financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of First Dawood Investment Bank Limited as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

#### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of interim financial statements consists of making inquiries 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.

#### Emphasis of Matters

1. We draw attention to note 1.3 of the interim financial statements, which states the Company's losses has been accumulated to **Rs. 1,434.45** million as at December 31, 2023 (June 30, 2023: Rs. 1445.06 million) and its licenses to carry out business is not renewed. These conditions along with other matters as stated in note 1.3 and contingencies identified in note 16 indicate that the material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.
2. Further, we draw attention to note 1.1 which states that licenses for Leasing Business and Investment and Finance Services under non-banking finance companies from the Securities and Exchange Commission of Pakistan (SECP) have been expired and Company has decided to take exit from NBFC sector and in this regard the company has taken shareholder in Annual General Meeting held on October 2, 2023 and company has filed Form to SECP for change of Name and change of principle line of business.
3. Further, we draw attention to note 1.2 The Company had applied for renewal of registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which is pending at Honorable High Court of Sindh.

A member of UHY International, a network of independent accounting and consulting firms.

Lahore Office: 193-A, Shah Jamal, Lahore - 54000, (Pakistan)

Islamabad Office: West Lower Ground, Pak Plaza (19-A) Fazl-e-Haq Road, Blue Area, Islamabad (Pakistan).

MEMBER OF THE  
FORUM OF FIRMS



4. Further, we draw attention to note 1.4 of the interim financial statements which states that company is not in compliance with certain requirements of the NBFC Regulation, 2008.
5. Further, we draw attention to note 15.3 which describes the litigation with HBFC over the statement amount of liabilities due to different cost of funds as determined by State Bank of Pakistan and JCR-VIS.

#### **Basis for Qualified Conclusion**

##### ***Deferred Tax Asset***

The Company has recorded deferred tax asset amounting **Rs. 145.560** million (June 30, 2023: Rs. 212.017 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, in our view, 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 in below paragraph of material uncertainty relating to going concern therefore, sufficient future profit may not be available against which deferred tax asset could be utilized.

In our view, deferred tax asset should be derecognized. Had the deferred tax asset been derecognized, deferred tax asset and equity would have been decreased by Rs. 145.560 million whereas profit for the period would have been decreased by Rs. 145.560 million.

#### **Qualified Conclusion**

Based on our review, with the exception of the effects of the matters described in the paragraph of the "Basis for Qualified Conclusion" section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting standards as applicable in Pakistan for interim financial reporting.

#### **Other Matters**

The condensed interim financial information of the company for the six months period ended 31 December 2022 and the annual financial statements for the year ended 30 June 2023 were reviewed and audited by another firm of chartered accountants whose review and audit reports dated February 20, 2023 and August 31, 2023 respectively expressed qualified conclusion and opinion.

The figures for the quarter ended 31 December 2023 and 31 December 2022 as presented in the condensed statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and thus, we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is **Imran Iqbal**.

*UHY Hassan Naeem & Co.*

**KARACHI**  
**DATE: February 22, 2024**  
**UDIN: RR2023102158MTzuNIG2**

## CONDENSED INTERIM FINANCIAL POSITION

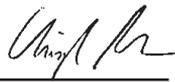
AS AT DECEMBER 31, 2023

<b>ASSETS</b>		<b>Unaudited 31-Dec-23</b>	<b>Audited 30-Jun-23</b>
<b>NON CURRENT ASSETS</b>	<b>Note</b>	<b>-----Rupees-----</b>	
Property and equipment	6	4,504,135	3,191,066
Investment properties		152,992,873	131,545,474
Net investment in lease finance	7	-	-
Long-term investments	8	239,962,082	186,185,107
Long-term finances	9	-	-
Deferred tax asset	10	145,560,807	212,017,015
		<b>543,019,897</b>	<b>532,938,662</b>
<b>CURRENT ASSETS</b>			
Current portion of non-current assets	11	122,350,567	122,571,727
Short-term investments	12	175,860,475	150,235,436
Available for Sale investment held with Nazir SHC	8.2	63,583,463	61,339,620
Placements and finances	13	-	-
Asset classified held for sale		29,777,000	29,777,000
Loans, advances and prepayments		7,652,307	5,497,587
Mark-up accrued		595,464	554,304
Cash and bank balances		1,158,998	10,872,569
		<b>400,978,274</b>	<b>380,848,243</b>
		<b>943,998,171</b>	<b>913,786,905</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		461,558,399	461,558,399
Accumulated loss		(1,434,456,305)	(1,448,073,974)
		511,002,324	497,384,655
Surplus / (Deficit) on revaluation of investments		112,457,099	82,881,125
		<b>623,459,423</b>	<b>580,265,780</b>
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	14	-	-
Lease Liabilities		-	10,029
		-	10,029
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities	15	242,415,369	255,418,905
Mark-up accrued		25,256,644	25,256,644
Short term borrowings	15.2	49,774,280	49,774,280
Accrued and other liabilities		1,987,186	2,622,802
Taxation		1,105,269	438,465
		<b>320,538,748</b>	<b>333,511,096</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	16	<b>943,998,171</b>	<b>913,786,905</b>

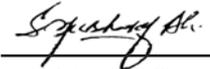
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

	Half year ended December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
<b>INCOME</b>				
Lease income	2,712,824	48,271	2,678,205	38,804
Return on deposits and investments	24,016,246	13,713,098	15,618,804	8,069,039
Gain on sale of securities	-	371,261	-	371,261
Income from long-term finances	191,160	319,023	153,980	53,461
Other income	-	734	-	734
	<b>26,920,230</b>	<b>14,452,387</b>	<b>18,450,989</b>	<b>8,533,299</b>
<b>CHANGES IN PROVISION</b>				
(Provision)/reversal for lease losses and doubtful recoveries	39,966,935	26,106,365	15,377,815	1,110,349
	<b>39,966,935</b>	<b>26,106,365</b>	<b>15,377,815</b>	<b>1,110,349</b>
	<b>66,887,165</b>	<b>40,558,752</b>	<b>33,828,804</b>	<b>9,643,648</b>
<b>EXPENDITURES</b>				
Administrative expenses	(11,867,512)	(18,823,175)	(3,083,490)	(9,548,772)
Unwinding discount	(696,464)	(1,822,235)	(696,464)	(1,822,235)
Exchange Gain/(Loss)	(20,772)	-	(20,772)	-
Finance cost	(6,580)	(2,271)	(6,310)	(2,271)
	<b>(12,591,328)</b>	<b>(20,647,681)</b>	<b>(3,807,036)</b>	<b>(11,373,278)</b>
Share of (Loss)/Profit from Associates	19 26,444,844	2,581,536	26,444,844	2,581,536
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>80,740,681</b>	<b>22,492,607</b>	<b>56,466,612</b>	<b>851,906</b>
Current tax	(666,804)	(723,946)	(560,938)	(153,543)
Deferred tax	(66,456,208)	(6,667,809)	(46,000,000)	(3,826,031)
<b>TAXATION</b>	<b>(67,123,012)</b>	<b>(7,391,756)</b>	<b>(46,560,938)</b>	<b>(3,979,574)</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>13,617,669</b>	<b>15,100,851</b>	<b>9,905,674</b>	<b>(3,127,668)</b>
Earning per share - basic	0.092	0.102	0.067	(0.021)
Earning per share - diluted	0.092	0.102	0.067	(0.021)

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

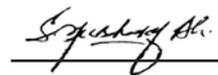
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	-----Rupees-----			
<b>(Loss) / profit after taxation</b>	<b>13,617,669</b>	15,100,851	<b>10,299,867</b>	(3,127,668)
Other comprehensive income				
Unrealized remeasurement gain/ (loss) on investment in associates	<b>24,137,394</b>	28,866,065	<b>24,137,394</b>	28,866,065
Unrealised gain on remeasurement of investment at FVOCI	<b>5,438,580</b>	4,967,292	<b>5,438,580</b>	4,967,292
	<b>29,575,974</b>	33,833,357	<b>29,575,974</b>	33,833,357
Total comprehensive (loss)/income for the period	<b>43,193,643</b>	48,934,208	<b>39,875,841</b>	30,705,689

The annexed notes form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023**

	Share Capital		Other Reserves			Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserves	Premium on Right issue	Capital Reserve on Acquisition	Deficit on Revoluation of investments	Accumulated Losses	
Balance at July 1, 2022	1,483,900,230	-	402,527,235	53,426,910	2,596,484	47,933,121	(1,460,105,051)	530,278,929
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	-	-
- Other comprehensive income	-	-	-	-	-	-	15,100,851	15,100,851
Share on remasurement of associates investment	-	-	-	-	-	33,833,357	-	33,833,357
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2022</b>	<b>1,483,900,230</b>	<b>-</b>	<b>402,527,235</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>81,766,478</b>	<b>(1,445,004,200)</b>	<b>579,213,137</b>
Balance at July 1, 2023	1,483,900,230	-	405,535,005	53,426,910	2,596,484	82,881,125	(1,448,073,974)	580,265,780
Total comprehensive income for the period	-	-	-	-	-	-	13,617,669	13,617,669
- Profit for the period	-	-	-	-	-	-	-	-
- Other comprehensive income	-	-	-	-	-	-	-	-
Share on remasurement of associates investment	-	-	-	-	-	29,575,974	-	29,575,974
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2023</b>	<b>1,483,900,230</b>	<b>-</b>	<b>405,535,005</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>112,457,099</b>	<b>(1,434,456,305)</b>	<b>623,459,423</b>

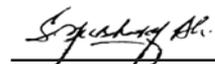
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

	<b>December 31, 2023</b> Rupees	<b>December 31, 2022</b> Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before taxation</b>	<b>80,740,681</b>	<b>22,492,607</b>
Adjustments:		
Depreciation	786,935	751,884
Finance Income	191,160	319,023
Lease Income	(2,712,824)	48,271
Gain on sale of investments	-	(371,261)
Share of Loss on Investment in Associates	(26,444,844)	2,581,536
Return on deposits and investments	(24,016,246)	-
Finance cost	6,580	2,271
Depreciation on Right of Use Assets	-	(87,245)
Gain / Loss on sale of property and equipment	11,666	-
Unwinding discount	696,464	1,822,235
Provision / (reversal of provision potential lease)	(39,966,935)	(26,106,365)
Exchange Gain	20,772	(43,504)
	<u>(91,427,272)</u>	<u>(21,083,155)</u>
	<b>(10,686,591)</b>	<b>1,409,452</b>
<b>Changes in working capital</b>		
Net investment in lease finance	(7,487,175)	3,146,728
Long-term finances	300,000	18,811,537
Advances and prepayments	(2,154,720)	(841,056)
Mark up accrued	41,160	319,023
	<u>(9,300,735)</u>	<u>21,436,232</u>
	<b>(19,987,326)</b>	<b>22,845,684</b>
Accrued and other liabilities	757,212	(183,019)
Tax paid	-	-
Net cash (used)/generated from operating activities	<u>(19,230,114)</u>	<u>22,662,665</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment(net)	29,142,600	(163,667)
Long-term investments	(56,020,818)	(30,761,854)
Short-term investments	23,381,196	21,000,004
Net cash (used)/generated from investing activities	<u>(3,497,022)</u>	<u>(9,925,517)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Short Term Borrowings	13,003,536	(12,600,000)
Lease liabilities	10,029	(60,000)
Net cash (used in) from financing activities	<u>13,013,565</u>	<u>(12,660,000)</u>
<b>Net increase / ( decrease) in cash and cash equivalents</b>	<b>(9,713,571)</b>	<b>77,148</b>
Cash and cash equivalents at beginning of the period	<u>10,872,569</u>	<u>345,564</u>
Cash and cash equivalents at end of the period	<u><b>1,158,998</b></u>	<u><b>422,712</b></u>



Chief Executive



Director



Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

**1. STATUS AND NATURE OF BUSINESS**

- 1.1** First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The registered office of the Company is situated in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which have been expired and Company has filed an appeal in SECP Appellate Bench for renewal of license. Following the board and general shareholders' approvals; the company is in the process of executing necessary regulatory formalities to take an exit from 'Non-Banking Finance Company' (NBFC) sector and to operate as an ordinary listed company with a change in its principal line of business and change in Memorandum of Association. The regulator is in support of the aforementioned initiative. The aforesaid decision has been undertaken in view of non-renewal of investment banking license since 2009 by SECP and also due to the fact that financial sector in the country has become very competitive and now there is no exclusive area for smaller institutions. For example earlier, the lease financing was done by NBFC sector alone. Whereas, the company apart from leasing was also engaged in non-funded activities like; trustee to financial instruments, bankers to publication, guarantees etc. Henceforth, the company has undertaken the decision to operate in an innovative way in the real estate, trading, services and allied sectors, which will also assist the company to earn fee based income.
- 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 House Building Finance Company Limited (sukuk issue), New Allied Electronics Industries (Private) Limited, Saudi Pak Leasing Company Limited, Security Leasing Company Limited and Dewan Cement Limited. The value of assets under trustee as at December 31, 2023 amounted to Rs. 9.04 billion (June 30, 2023: Rs. 9.04 billion).
- 1.3** The Company has earned total profit of Rs. 13.617 million during the current interim period and losses has been accumulated to Rs. 1434.45 million as at December 31, 2023 (June 30, 2023: Rs. 1445.06 million). Further, the operating cash flows of the Company have also been negative. These circumstances along with non renewal of business licence and contingencies and commitments note indicate that the material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the financial statements have been prepared on a going concern basis.
- 1.4** 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, 2023, the Company holds 35.27% 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.

**2. BASIS OF PREPARATION**

- 2.1** This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), The Companies Act, 2017 (the Ordinance) and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2** This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2023.
- 2.3** This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.
- 2.4** This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 245 of The Companies Act, 2017.

**3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION**

- 3.1** The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2023.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company and therefore not stated in this condensed interim financial information.

**4 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2023.

**5 ACCOUNTING ESTIMATES AND JUDGEMENT**

The basis for accounting estimates and judgment adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2023.

**6. PROPERTY, EQUIPMENT AND INTANGIBLE**

Description	Furniture and Fixtures	Vehicles	Office Equipment	Computer Equipment	Totals
	Rupees				
Opening net book value	-	3,191,066	-	-	3,191,066
Additions	-	-	2,100,000	-	2,100,000
	-	<b>3,191,066</b>	<b>2,100,000</b>	-	<b>5,291,066</b>
<b>Disposals</b>					
Cost	-	-	3,644,189	-	3,644,189
Depreciation	-	-	(3,644,189)	-	(3,644,189)
	-	-	-	-	-
<b>Expense for the Year</b>					
Depreciation charge	-	751,935	35,000	-	786,935
<b>Closing netbook value</b>	-	<b>2,439,131</b>	<b>2,065,000</b>	-	<b>4,504,131</b>
<b>Gross Carrying Value Basis</b>					
Cost	171,235	8,243,070	2,100,000	4,829,099	15,343,404
Accumulated depreciation	(171,235)	(5,803,935)	(35,000)	(4,829,099)	(10,839,269)
<b>Netbook Value</b>	-	<b>2,439,135</b>	<b>2,065,000</b>	-	<b>4,504,135</b>

7. NET INVESTMENT IN LEASE FINANCE	Note	31-Dec-23	30-Jun-23
		Rupees	Rupees
Net investment in lease finance	7.1	410,210,701	417,697,876
Provision for potential lease losses		<b>(356,846,742)</b>	(364,333,917)
		<b>53,363,959</b>	53,363,959
Current portion		<b>(53,363,959)</b>	(53,363,959)
		-	-

The company has booked provision against the net lease receivables(after collateral benefit). All lease receivables are long overdue and under litigation. Recoveries are made as per court decree/settlements. All of the receivables are credit impaired as per Expected Credit Loss model under IFRS-9 (Financial Instruments), and have been duly provided for on the basis of time based criteria given in Schedule X of the NBFC Regulations.

The management has prepared provision working under IFRS-9(Financial Instruments), based on estimated pattern of future recovery as initial woking. No further provision is required under IFRS-9.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

7.1 Particulars of net investment in lease finance	31-Dec-23	30-Jun-23
Minimum lease payments receivable	513,695,969	523,895,969
Residual value of leased assets	250,012	250,012
	<u>513,945,981</u>	<u>524,145,981</u>
Unearned finance income	-	-
Markup held in Suspense	(103,735,280)	(106,448,105)
Net investment in lease finance	<u>410,210,701</u>	<u>417,697,876</u>

7.1.1 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2023): 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.

7.2 Provision for potential lease losses	Note	31-Dec-23 Rupees	30-Jun-23 Rupees
Opening balance		364,333,917	366,029,165
(Reversal) / charge for the period - net		(7,487,175)	(1,695,248)
Closing balance		<u>356,846,742</u>	<u>364,333,917</u>

7.3 Current portion of lease finance		31-Dec-23	30-Jun-23
Maturing within one year		410,210,701	417,697,876
Provision for potential lease losses		(356,846,742)	(364,333,917)
More Than One Year & Less Than Five Years		-	-
		<u>53,363,959</u>	<u>53,363,959</u>

## 8. LONG TERM INVESTMENTS

Investment in unlisted	8.1	283,082,600	229,205,460
Saving Certificates		2,079,184	2,079,184
Investment transfer to Nazir	8.2	(45,199,702)	(45,099,537)
		<u>239,962,082</u>	<u>186,185,107</u>

8.1 Associates	218,851,172	168,268,934
Dawood Family Takaful	64,231,428	60,936,526
	<u>283,082,600</u>	<u>229,205,460</u>

## 8.1.1 Investment in associates

Opening balance	168,268,934	139,115,611
Revaluation deficit reversal recognised - profit or loss	26,444,844	(5,794,681)
Revaluation deficit reversal recognised - other comprehensive income	24,137,394	34,948,004
	<u>218,851,172</u>	<u>168,268,934</u>

## 8.2 Investment held with Nazir SHC at FVOCI

	31-Dec-23	30-Jun-23		31-Dec-23	30-Jun-23
			Number of Shares		
	6,466,010	6,466,010	Dawood Family Takaful	45,099,537	41,798,557
	1,477,823	1,477,823	Al Baraka Bank Pakistan Limited	16,240,083	14,710,400
				<u>61,339,620</u>	<u>56,508,957</u>
Remeasurement gain/ (loss) on investment of ABPL				2,143,678	1,529,683
Share of gain/(loss) on investment of DFTL				100,165	3,300,980
				<u>63,583,463</u>	<u>61,339,620</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

	Note	31-Dec-23	30-Jun-23
<b>9. LONG-TERM FINANCES</b>			
Term finance facilities		151,934,628	152,234,628
Provision for doubtful finances		(82,948,020)	(83,026,860)
		68,986,608	69,207,768
Current portion	11	(68,986,608)	(69,207,768)
		-	-
<b>9.1 Particulars of provision for doubtful finances</b>			
Opening balance		83,026,860	105,102,672
(Reversal) / charge for the period - net		(78,840)	(22,075,812)
Closing balance		82,948,020	83,026,860

The company has booked provision against the net lease receivables(after collateral benefit). All lease receivables are long overdue and under litigation. Recoveries are made as per court decree/settlements. All of the receivables are credit impaired as per Expected Credit Loss model under IFRS-9 (Financial Instruments), and have been duly provided for on the basis of time based criteria given in Schedule X of the NBFC Regulations.

The management has prepared provision working under IFRS-9 based on estimated pattern of future recovery as initial working. No further provision is required under IFRS-9.

**10. DEFERRED TAX ASSET**

Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realizability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and deferred tax recorded will be realised in the future.

	Notes	31-Dec-23 Rupees	30-Jun-23 Rupees
<b>10.1 TAXATION</b>			
Current Year		666,804	438,465
Deferred Tax		66,456,208	46,740,671
		67,123,012	47,179,136
<b>11. CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in lease finance	7	53,363,959	53,363,959
Long-term finances		68,986,608	69,207,768
		122,350,567	122,571,727
<b>12. SHORT TERM INVESTMENTS</b>			
Listed ordinary shares - <i>Held for Trading</i>	12.1	377,664	377,664
<b>Available-for-sale</b>			
Term finance certificates / sukuk bonds/ Musharaka	12.2	175,860,475	150,235,436
Unquoted securities	12.3	18,383,761	16,240,083
		194,244,236	166,475,519
Less: provision for impairment in preference shares		(377,664)	(377,664)
Held with Nazir of SHC against HBFC Case		(18,383,761)	(16,240,083)
		175,482,811	149,857,772
		175,860,475	150,235,436

12.1 These represents redeemable convertible preference shares which have been provided fully due to default in repayment at date of maturity.

12.2 This represents investment in Dawood Equities Limited, B.R.R. Guardian Limited, TDR and Income fund.

12.3 This represents unquoted equity securities in First Pakistan Securities Limited, however this amount is fully provided for.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

		<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<i>Notes</i>	<i>Rupees</i>	<i>Rupees</i>
<b>13. PLACEMENTS AND FINANCES</b>			
Financing against shares		<b>155,158,994</b>	155,185,305
Provision for doubtful finances		<b>(155,158,994)</b>	(155,185,305)
		-	-
Short-term finance - secured		<b>11,300,000</b>	11,300,000
Provision for doubtful finances		<b>(11,300,000)</b>	(11,300,000)
		-	-
Certificates of deposit		<b>5,000,000</b>	5,000,000
Provision for doubtful finances		<b>(5,000,000)</b>	(5,000,000)
		-	-
Morabaha / musharika finances		<b>7,980,667</b>	7,980,667
Provision for doubtful finances		<b>(7,980,667)</b>	(7,980,667)
		-	-
		-	-
<b>14 LONG TERM LOANS</b>		<b>31-Dec-23</b>	<b>30-Jun-23</b>
<b>Secured</b>		<i>Rupees</i>	<i>Rupees</i>
Commercial Banks	<b>15</b>	<b>242,415,369</b>	255,418,905
		<b>242,415,369</b>	255,418,905
Current portion		<b>(242,415,369)</b>	(255,418,905)
		-	-
<b>15 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	<b>14</b>	<b>245,715,369</b>	279,518,905
Repayment During the Quarter		<b>(3,300,000)</b>	(24,100,000)
		<b>242,415,369</b>	255,418,905
<b>15.2 SHORT TERM BORROWINGS</b>			
<b>Unsecured</b>			
Development Financial Institution		<b>49,774,280</b>	49,774,280
		<b>49,774,280</b>	49,774,280

**15.3** Since the pro-rata release of securities explained in note 13, therefore the company was compelled to adjust the cash & securities held by the Nazir of High court to repay the remaining monthly installments, after the first two installments, which were promptly paid in cash along with markup at rate determined by JCR-VIS credit rating agency i.e. 4.70%. The management is of the opinion that repayments were appropriately made by the company under the situation and that HBFC would not have any additional claim, once the 12-month period awarded by Honorable Supreme Court of Pakistan comes to an end and the repayments, whether in cash or in form of securities ( to be released by nazir SHC) are timely made by the company. Thus to create an unnecessary dispute, the DFI has filed execution in the High court, FDIBL filed an appeal in the High Court against Order. JCR-VIS is an acceptable and justified rate, because it can be verified / recalculated from books of account of HBFC as well. The sum as per aforesaid calculation i.e. as per JCR continues to reflect as accrued liability in the company's account. The company has also filed a petition in the Honorable Hogh Court of Sindh against State Bank of Pakistan for determining cost of fund @ 34.64% which is much higher than the current base interest rate.

		<b>31-Dec-23</b>	<b>30-Jun-23</b>
<b>16 CONTINGENCIES AND COMMITMENTS</b>			
<b>16.1 Contingent liabilities</b>			
Letters of comfort / guarantee		<b>715,000,000</b>	715,000,000

The guarantees worth Rs. 715.0 million (June 30, 2023: Rs. 715.0 million) are under litigations and are being defended by lawyers of the Company. Based on the opinion of legal advisors of the Company, the management is confident that adequate legal grounds are available to defend these cases. Accordingly, no provision is required to be made for the said cases in this condensed interim financial information. Brief detail of the guarantees under litigations is as under:

- iii. A guarantee of Rs 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of trustee of the sukuk issue.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

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

## 17 TRANSACTIONS WITH RELATED PARTIES

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

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

December 31, 2023		June 30, 2023	
Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties

----- Rupees -----

**Investment in associate**

Balance at beginning of the period / year	-	168,268,934	-	139,115,611
Disposal of Investment comprehensive income	-	24,137,394	-	34,948,004
Balance at end of the period / year	-	192,406,328	-	168,268,934

December 31, 2023		June 30, 2023	
Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties

----- Rupees -----

**Long term finances / loans**

Short term Loan	-	94,000,000	-	110,000,000
	-	94,000,000	-	110,000,000

**Charge to profit and loss account**

Common expenses paid	-	158,446	-	487,456
Share of (loss) / profit from associate	-	26,444,844	-	548,524
Rental expense	-	30,000	-	120,000
Takaful expense	-	43,808	-	193,896
	-	26,677,098	-	1,349,876

## 18 SEGMENT ANALYSIS

Segment information for the six months period ended December 31, 2023 is as follows: -

	Leasing	Investments	Long Term Finance	Placements & Finances	Fee, commission & Other Income	Total
	----- Rupees -----					
External operating revenue	2,712,824	24,016,246	191,160	24,016,246	-	50,936,476
<b>Total segment revenue</b>	<b>2,712,824</b>	<b>24,016,246</b>	<b>191,160</b>	<b>24,016,246</b>	<b>-</b>	<b>50,936,476</b>
Segment results	725,263	6,420,650	51,106	(1,332,472)	-	5,864,547
Segment assets	53,363,959	415,822,557	68,986,608	-	-	538,173,124
Unallocated assets						405,825,047
<b>Total assets</b>	<b>54,089,222</b>	<b>422,243,207</b>	<b>69,037,714</b>	<b>(1,332,472)</b>	<b>-</b>	<b>943,998,171</b>
Segment liabilities	31,783,855	247,666,106	41,088,787	-	-	320,538,748

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

Segment information for the six months period ended December 31, 2022 is as follows: -

	Leasing	Investments	Long Term Finance	Placements & Finances	Fee, commission & Other Income	Total
	-----Rupees-----					
External operating revenue	213,626	4,525,314	30,000	-	63,566,902	68,405,842
<b>Total segment revenue</b>	<b>213,626</b>	<b>4,525,314</b>	<b>30,000</b>	<b>-</b>	<b>63,566,902</b>	<b>68,405,842</b>
Segment results	183,427	3,885,396	25,759	-	54,580,816	58,675,398
Segment assets	-	374,795,951	80,813,902	38,525,413	-	494,135,266
Unallocated assets						469,840,934
<b>Total assets</b>	<b>183,427</b>	<b>378,681,347</b>	<b>80,839,661</b>	<b>38,525,413</b>	<b>54,580,816</b>	<b>963,976,200</b>
Segment liabilities	-	282,505,061	60,914,042	29,038,799	-	372,457,902

**19. SHARE OF PROFIT/LOSS FROM ASSOCIATE**

786 Investment Limited  
B.R.R Investments

31-Dec-23      31-Dec-22

284,054	249,836
<b>26,160,790</b>	<b>(8,851,557)</b>
<b>26,444,844</b>	<b>(8,601,721)</b>

**19.1 NUMBER OF EMPLOYEES**

Number and average number of employees during the period were 5 (June 30, 2023: 5).

**20 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 21, 2024 by the Board of Directors of the Company.

**21 GENERAL**

Figures have been rounded off to the nearest Rupee.

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

  
\_\_\_\_\_  
Director

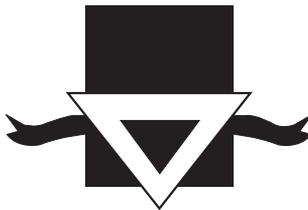
  
\_\_\_\_\_  
Chief Financial Officer

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I. I. Chundrigar Road, Karachi-74000



## FIRST DAWOOD INVESTMENT BANK LIMITED

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