

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

Half Yearly Report
31 December 2022



FIRST DAWOOD INVESTMENT BANK LIMITED

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CORPORATE INFORMATION

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

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, 2022.

Board Composition and Remuneration

1. The total number of directors are 04 as per the following:
 - a. Male: 03
 - b. Female: 01
2. The composition of the board is as follows:

Category	Names
Independent Director	Mr. Khurshid Abul Khair Mr. Abu Khurshed Muhammad Ariff
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 six months of the financial year 2022-23 has reported after-tax profit of Rs.15.100 million as compared to Rs.50.209 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. 530.279 million to Rs. 579.213 million. The earning per share is 0.102 for the period under review.

Acknowledgement

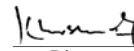
On behalf of First Dawood Investment Bank Ltd., we would like to express our gratitude to the worthy shareholders of the Bank for their support, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and cooperation. We would especially like to recognize 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 20, 2023
Karachi.

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 دسمبر 2022ء کی دوسری سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

بورڈ کی بناوت اور مشاہرہ

کل ڈائریکٹرز کی تعداد 4 ہے جو مندرجہ ذیل ہیں:

مرد: 03

خاتون: 01

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

مالیاتی کارکردگی:

ادارے نے دوسری سہ ماہی 31 دسمبر 2022ء کے مالیاتی گوشوارے منافع بعد از ٹیکس 15.10 بلین روپے اور پچھلے مالیاتی سال کے دوسری سہ ماہی کا منافع 50.209 بلین روپے منافع میں ہے۔ آپ کی کمپنی کی مالیت میں اضافہ 530.279 بلین سے 579.213 بلین 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 0.102 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۔

خدمات کا اعتراف:

فرسٹ داؤد انویسٹمنٹ بینک کی طرف سے ہم شکر گزار ہیں اپنے بینک کے شراکت دار، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دوسری ریگولیٹرز اور 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 20, 2023

کراچی

بورڈ آف ڈائریکٹرز کی طرف سے

ڈائریکٹر

چیف ایگزیکٹو آفیسر

**INDEPNEDENT 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, 2022 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 financial reporting. Our responsibility is to express a conclusion on these 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. 252.089 million (June 30, 2022: 258.757 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.

**INDEPNEDENT 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. 15.100 million** in the current interim period. As at interim balance sheet date, accumulated loss of the company was **Rs. 1445.004 million** (June 30, 2022 **Rs. 1,460.105 million**) as against the issued, subscribed and paid up capital of **Rs. 1,483.900 million** (June 30, 2022: **Rs. 1,483.900 million**) and current assets of the company exceed its current liabilities by **Rs. 52.082 million** (June 30, 2022: **Rs. 34.061 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 22.1 to note 22.4 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 to the interim financial statements which describes the litigation with HBFC over the statement amount of liabilities due to the different cost of funds as determined by State Bank of Pakistan (SBP) and JCR-VIS.

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

Chartered Accountants

Karachi

Dated: February 20, 2023

UDIN: RR202210452YfJwqNIXi

CONDENSED INTERIM FINANCIAL POSITION

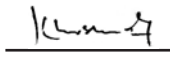
AS AT DECEMBER 31, 2022

		<i>Unaudited</i> December 31, 2022	<i>Audited</i> June 30, 2022
	Note	< ----- Rupees ----- >	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	3,859,158	4,611,042
Right-of-use assets	7	-	87,245
Investment properties	8	83,985,551	83,070,000
Net investment in lease finance	10	-	-
Long-term investments	11	194,119,816	166,924,670
Deferred tax asset	12	252,089,877	258,757,686
		534,054,402	513,450,643
CURRENT ASSETS			
Current portion of non-current assets	9 & 11	123,398,347	135,750,247
Short-term investments	14	174,000,000	152,999,996
Available for sale investment held with Nazir SHC	16	60,075,665	56,508,957
Placements and finances	15	-	-
Asset classified held for sale		29,777,000	29,777,000
Loans, advances	17	3,485,247	2,406,000
Prepayments		1,314,944	1,032,368
Mark-up accrued		385,529	66,506
Cash and bank balances	18	422,712	345,564
		392,859,444	379,407,405
		926,913,846	892,858,048
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		458,550,629	458,550,629
Accumulated loss		(1,445,004,200)	(1,460,105,051)
		497,446,659	482,345,808
Surplus / (Deficit) on revaluation of investments		81,766,478	47,933,121
		579,213,137	530,278,929
NON CURRENT LIABILITIES			
Long-term loans	19	6,854,223	17,102,696
Lease Liabilities		70,029	130,029
		6,924,252	17,232,725
CURRENT LIABILITIES			
Current portion of long-term liabilities	20	258,790,158	259,319,450
Mark-up accrued		25,756,644	25,756,644
Short term borrowings	21	49,774,280	49,774,280
Accrued and other liabilities		3,003,237	3,186,256
Taxation		3,452,137	7,309,764
		340,776,456	345,346,394
CONTINGENCIES AND COMMITMENTS			
	22	-	-
		926,913,846	892,858,048

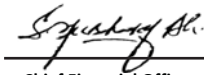
The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

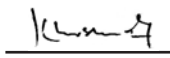
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

	<i>Half Year Ended</i>		<i>Quarter Ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Note</i>	<i>< ----- Rupees ----- ></i>			
INCOME				
Lease income	48,271	213,626	38,804	-
Return on deposits and investments	13,713,098	4,255,314	8,069,039	3,194,051
Gain on sale of securities	371,261	270,000	371,261	270,000
Income from long-term finances	319,023	30,000	53,461	-
Other income	734	63,566,902	734	(542,138)
	14,452,387	68,335,842	8,533,299	2,921,913
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	26,106,365	13,984,066	1,110,349	6,938,233
	26,106,365	13,984,066	1,110,349	6,938,233
	40,558,752	82,319,908	9,643,648	9,860,146
EXPENDITURES				
Administrative expenses	(18,823,175)	(15,133,906)	(9,548,772)	(8,298,262)
Unwinding Discount	(1,822,235)	(2,833,284)	(1,822,235)	(2,833,284)
Liability Written Back	-	2,923,600	-	-
Finance cost	(2,271)	-	(2,271)	-
	(20,647,681)	(15,042,590)	(11,373,278)	(11,131,546)
Share of (loss) / profit from associates	23 2,581,536	(8,601,720)	-	(8,601,720)
(LOSS) / PROFIT BEFORE TAXATION	22,492,607	58,675,598	(1,729,630)	(9,873,120)
Taxation	24 (7,391,756)	(8,466,659)	(3,979,574)	(7,648,985)
PROFIT / (LOSS) AFTER TAXATION	15,100,851	50,208,939	(5,709,204)	(17,522,105)
Earning per share - basic	0.102	0.338	(0.038)	-0.118
Earning per share - diluted	0.102	0.338	(0.038)	-0.118

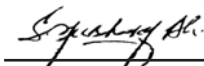
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Chief Executive



Director



Chief Financial Officer

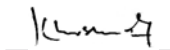
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

	<i>Half year ended Ended</i>		<i>Quarter ended Ended</i>	
	<i>December 31,</i>		<i>December 31</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i><----- Rupees -----></i>			
(Loss) / profit after taxation	15,100,851	50,208,939	(3,127,668)	(17,522,105)
Other comprehensive income				
Unrealized remeasurement gain/ (loss) on investment in associates	28,866,065	18,557,755	28,866,065	18,557,755
Unrealised gain/ (loss) on remeasurement of investment held with Nazir	4,967,292	963,437	4,967,292	963,437
	33,833,357	19,521,192	33,833,357	19,521,192
Total comprehensive (loss) / income for the period	48,934,208	69,730,131	30,705,689	1,999,087

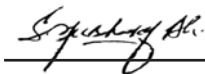
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Chief Executive



Director



Chief Financial Officer

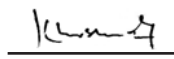
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

	Share Capital		Capital Reserve			Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Capital Reserve on Acquisition	Deficit on Revaluation of Investments	Accumulated Losses	
	Rupees							
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	-	-	-	-	-	-	7,460,834	7,460,834
Other comprehensive income								
- Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	8,692,921	-	8,692,921
- Transfer to Statutory Reserve	-	-	1,492,167	-	-	-	(1,492,167)	-
Balance as at December 31, 2021	1,483,900,230	-	402,527,235	53,426,910	2,596,484	47,933,121	(1,460,105,051)	530,278,929
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	-	-	-	-	-	-	15,100,851	15,100,851
Other comprehensive income								
- Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	33,833,357	-	33,833,357
Balance as at December 31, 2022	1,483,900,230	-	402,527,235	53,426,910	2,596,484	81,766,478	(1,445,004,200)	579,213,137

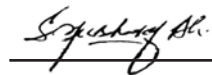
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Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

Half Year Ended *Half Year Ended*
December 31, *December 31,*
2022 **2021**
 Note < ----- Rupees ----- >

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	22,492,607	58,675,598
Adjustments:		
Depreciation	6 751,884	620,359
Finance Income	319,023	(30,000)
Lease Income	48,271	(213,626)
Gain on sale of investments	(371,261)	(270,000)
Share of profit/(loss) from Investments in Associates	2,581,536	8,601,720
Depreciation on Right of Use Assets	(87,245)	-
Finance cost	2,271	(799)
Exchange loss	(43,504)	-
Unwinding discount	1,822,235	2,833,284
Provision addition/(reversal) of provision potential lease	(26,106,365)	(11,935,000)
Liabilities Written back	-	(2,923,600)
	(21,083,155)	(5,366,728)
	1,409,452	53,308,870
 Changes in operating assets and liabilities		
(Increase) / decrease in operating assets		
Net investment in lease finance	3,146,728	4,028,643
Long-term finances	18,811,537	50,444,080
Other receivables, net	-	973,947
Placements and finances	-	500,000
Loans, advances and prepayments	(841,056)	598,161
Mark up accrued	319,023	(29,080)
	21,436,232	60,230,747
	22,845,684	113,539,617
 Increase / (decrease) in operating liabilities		
Accrued and other liabilities	(183,019)	(7,218,479)
Taxes paid	-	8,466,659
Net cash (used)/generated from operating activities	22,662,665	114,787,797

CASH FLOWS FROM INVESTING ACTIVITIES

B.	Purchase of property and equipment	(163,667)	(52,963,753)
	Proceed from sale of Shares	-	5,805,000
	Long-term investments	(30,761,854)	217,402
	Short-term investments	21,000,004	(53,306,111)
	Net cash (used)/generated from investing activities B	(9,925,517)	(100,247,462)

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

	<i>Half Year Ended</i> <i>December 31,</i> <i>2022</i>	<i>Half Year Ended</i> <i>December 31,</i> <i>2021</i>
	<i>Note</i> < ----- Rupees ----- >	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans - net	-	-
Lease liabilities	(60,000)	-
Repayment of Short Term Borrowings	(12,600,000)	(13,537,166)
Net cash (used in) generated from financing activities	C <u>(12,660,000)</u>	<u>(13,537,166)</u>
Net increase / (decrease) in cash and cash equivalents A+B+C	77,148	1,003,169
Foreign currency translation	-	-
Cash and cash equivalents at beginning of the period	345,564	1,039,863
Cash and cash equivalents at end of the period	<u>422,712</u>	<u>2,091,746</u>

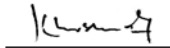
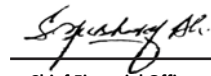
The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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 House Building Finance Company Limited, 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, 2022 amounted to Rs. 9.04 billion (December 31, 2021: Rs. 9.04 billion).
- 1.3** The Company earned a net profit (after tax) of Rs. 15.100 million during the period ended December 31, 2022, its accumulated losses reached to Rs. 1,445.004 million as at December 31, 2022 and its current assets are now exceeding its current liabilities by Rs. 52.082 million. Previously, Company faced liquidity crunch due to aftermath of financial crisis 2008-09 which result primarily in view of unwarranted closure of PSX for all practical purpose for 109 days. The stock market nosedived by approximately 60% which resulted in withdrawal of money market lines by financial institution of NBFC sector. Owing to abrupt withdrawal of clean money market, money of the Company of over Rs. 05 billion from the banking sector; the Company was unable to meet its commitments on time. To honour its commitment to creditors/lenders, the Company settled its majority of its liabilities against its assets, thus various loans and liabilities have been settled and about Rs. 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. 579.213 million. However, as per SECP Order dated May 24, 2018, MCR shall exclude deferred tax asset, markup of Rs. 62.49 million and revaluation reserves of Rs. 81.76 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. 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 had adversely effected the recovery drive of the company. In view of the aforementioned scenario, the courts remained closed / non-functional for most of the time and the defaulters took advantage of the 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 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 collateralized 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 mention that as per new rules of NBF sector; 'SECP' has reduced minimum capital requirements to Rs 100 million (for investment financial services and leasing licenses). Upon renewal of license, the company will be eligible to restart business operations.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

The management is confident that after renewal of the license, may assist in induction of foreign or local partner. Presently, the net equity stands at Rs. 579.213 million which exceeding the MCR by Rs. 479.213 millions in case deferred tax asset or its portion is materialized.

1.4.3 Future prospects

During the year, recovery of Rs. 9.56 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 # 22.

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 and should be read in conjunction with the financial statements of the Company as at and for the period ended December 31, 2022.

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, 2022 have, however, been subjected to limited scope of review by the auditors as required by the Code of Corporate Governance.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2022.

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, 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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, 2022.

6. PROPERTY AND EQUIPMENT

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, 2022					
Opening net book value as at June 30, 2022	(2)	4,607,391	3,655	(2)	4,611,042
Additions (at cost)	-	-	-	-	-
	(2)	4,607,391	3,655	(2)	4,611,042
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	-	(748,213)	(3,498)	-	(924,979)
Closing net book value	(2)	3,859,178	157	(2)	3,859,158
Gross carrying value basis					
Cost	(2)	8,207,570	3,644,189	(2)	11,851,759
Accumulated depreciation / impairment	-	(4,348,565)	(3,644,035)	-	(8,165,692)
Net book value	(2)	3,859,178	157	(2)	3,859,158
Year ended June 30, 2022					
Opening net book value as at June 30, 2021	(2)	4,653,523	10,656	(2)	4,664,175
Additions (at cost)	-	1,363,350	-	-	1,363,350
	(2)	6,016,873	10,656	(2)	6,027,525
Disposals					
Cost	-	57,700	-	-	57,700
Depreciation	-	(13,462)	-	-	(13,462)
Net Book value	-	(44,238)	-	-	(44,238)
Depreciation charge	-	(1,365,244)	(7,001)	-	(933,201)
Closing net book value	(2)	4,607,391	3,655	(2)	4,611,042
Gross carrying value basis					
Cost	-	8,207,570	3,644,189	-	15,546,443
Accumulated depreciation / impairment	-	(3,600,179)	(3,640,534)	-	(10,882,268)
Net book value	(2)	4,607,391	3,655	(2)	4,611,042
Depreciation rate % per annum	10%	20%	33.33%	20%	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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, 2022</i>	<i>June 30, 2022</i>
	<i>..... Rupees</i>	
Office building		
As at July 01	87,245	174,495
Additions	-	-
Transfers	-	-
Depreciation charge	(87,245)	(87,250)
As at December 31	-	87,245

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, 2022</i>	<i>June 30, 2022</i>
	<i>..... Rupees</i>	
Amounts recognised in the statement of profit or loss		
Depreciation charge of right-of-use asset	87,245	87,250
Expense relating to variable lease payments	-	-
Total amount recognised in statement of profit or loss	87,245	87,250

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

	<i>December 31, 2022</i>	<i>June 30, 2022</i>
	<i>..... Rupees</i>	
8 INVESTMENT PROPERTIES		
Balance at beginning of the period/ year	83,070,000	30,297,000
Property Purchased during the year	915,551	52,773,000
Transfer from/(to) asset classified as held for sale	-	-
Gain/Loss on fair value adjustment	-	-
Balance at end of the period/ year	83,985,551	83,070,000

8.1 Fair value of the investment properties as at June 30, 2022 had been determined by the professional valuer which is registered on the panel of Pakistan Banks' Association (PBA) and NBF1 & Modaraba Association of Pakistan. The next valuation is due as at June 30, 2023. 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, 2022

		<i>December 31, 2022</i>	<i>June 30, 2022</i>
	<i>Note</i>	<i>Rupees</i>	
9 NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	9.1	418,358,782	421,505,510
Provision for potential lease losses	9.2	(364,994,823)	(366,029,165)
		<u>53,363,959</u>	<u>55,476,345</u>
Current and overdue portion of net investment in lease finance	9.3	(53,363,959)	(55,476,345)
		<u>-</u>	<u>10,442,605</u>
9.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		524,878,148	528,073,148
Residual value of leased assets		250,012	250,012
		<u>525,128,160</u>	<u>528,323,160</u>
Markup held in Suspense		(106,769,378)	(106,817,650)
Net investment in lease finance		<u>418,358,782</u>	<u>421,505,510</u>
9.1.1 As at December 31, 2022, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 418.358 million (June 30, 2022: Rs. 421.505 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs. 25.70 million (June 30, 2022: Rs. 33.210 million).			
9.1.2 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2022: 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.			
		<i>December 31, 2022</i>	<i>June 30, 2022</i>
	<i>Note</i>	<i>Rupees</i>	
9.2 Provision for potential lease losses			
Opening balance		366,029,165	367,979,428
(Reversal) / charge for the period/ year - net		(1,034,342)	(1,950,263)
Written off during the period		-	-
Closing balance		<u>364,994,823</u>	<u>366,029,165</u>
9.3 Current portion of lease finance- net			
Finance lease		418,358,782	421,505,510
Provision for potential lease losses		(364,994,823)	(366,029,165)
More than one year and less than five years		-	-
		<u>53,363,959</u>	<u>55,476,345</u>
10 LONG-TERM INVESTMENTS			
Dawood Family Takaful		-	67,720,604
- Investments in unlisted securities		236,893,182	-
- Investments in Associates - equity method	10.1	-	139,115,611
- Defense Saving Certificates - at amortized cost		1,918,973	1,887,012
- Investment transferred to Nazir		(44,692,339)	(41,798,557)
		<u>194,119,816</u>	<u>166,924,670</u>
10.1 Investment in associates			
Opening balance		139,115,611	164,809,126
Share of reversal of deficit on revaluation of investments		-	-
At FVOCI recognised in other comprehensive income		31,447,602	7,148,755
Investment sold during the period/ year		-	-
Share of profit/ (loss)	10.5	-	(32,842,270)
Less: Dawood Family Takaful Ltd. less than 20% (Not Associate)		-	-
Share of other comprehensive income/ (loss)	10.5	-	-
Less: transfer to investment held with Nazir	10.3	-	-
		<u>170,563,213</u>	<u>139,115,611</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

10.2 Carrying value of investment in associates

December 31, 2022	June 30, 2022		December 31, 2022	June 30, 2022
Number of Shares		 Rupees	
2,246,070	2,246,070	786 Investment Ltd.	36,467,346	36,043,984
4,762,100	4,762,100	B.R.R. Investments (Pvt.) Ltd.	134,095,867	103,071,627
<u>7,008,170</u>	<u>7,008,170</u>		<u>170,563,213</u>	<u>139,115,611</u>

10.3 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, 2022, 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.

10.4 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, 2022;
- B.R.R. Investments (Private) Limited was made on the basis of unaudited financial statements for the half year ended December 31, 2022; and
- Dawood Family Takaful Limited was made on the basis of unaudited financial statements for the quarter ended September 30, 2022

	December 31, 2022	June 30, 2022
Note Rupees	
11 LONG-TERM FINANCES		
Term finance facilities	166,565,037	185,376,574
Provision for doubtful finances	<u>(96,530,649)</u>	<u>(105,102,672)</u>
	70,034,388	80,273,902
Current portion	<u>(70,034,388)</u>	<u>(80,273,902)</u>
	-	-

11.1 Particulars of provision for doubtful finances

Opening balance	105,102,672	121,308,672
Reversal for the period/ year- net	<u>(8,572,023)</u>	<u>(16,206,000)</u>
Provision during the period/ year	-	-
Closing balance	<u>96,530,649</u>	<u>105,102,672</u>

11.2 The mark-up/ profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2022: 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, 2022, long term finance of Rs. 166.565 million (June 30, 2022 : Rs. 185.91 million) which have been placed under non-performing status. The forced sale value benefits considered against these non-performing finances amounting to Rs. 96.530 million (June 30, 2022 Rs. 105.102 million).

12 DEFERRED TAX ASSET

	December 31, 2022	June 30, 2022
 Rupees	
Deferred Tax Asset	<u>252,089,877</u>	<u>258,757,686</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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. 252.089 million will be realised in the future.

		<i>December 31,</i> <i>2022</i>	<i>June 30,</i> <i>2022</i>
	 Rupees	
13 CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS	Note		
Net investment in lease finance	9	53,363,959	55,476,345
Long-term finances	11	70,034,388	80,273,902
		<u>123,398,347</u>	<u>135,750,247</u>
14 SHORT-TERM INVESTMENTS			
Available for sale			
Listed ordinary shares		377,664	271,557
Term finance certificates / sukuk bonds		174,000,000	58,580,000
Unquoted shares	14.1	15,383,326	14,345,635
		<u>189,383,326</u>	73,197,192
Less: provision for impairment in preference shares		(377,664)	(377,664)
Less: held with Nazir of SHC against HBFC case		(15,383,326)	(14,710,400)
		<u>174,000,000</u>	153,000,000
At fair value through profit or loss			
Quoted equity securities		-	-
		<u>111,780,000</u>	153,000,000
At amortised cost			
Musharaka placements		-	-
		<u>111,780,000</u>	<u>153,000,000</u>

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, 2022: 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 preferences shares.

14.3	<i>December 31,</i> <i>2022</i>	<i>June 30,</i> <i>2022</i>		<i>December 31,</i> <i>2022</i>	<i>June 30,</i> <i>2022</i>
	Number of Certificates / Bonds		 Rupees	
			Quoted		
	-	1,976	Invest Capital Investment Bank Ltd.	-	3,580,000
	82	82	Trust Investment Bank Limited	186,276	186,276
				<u>186,276</u>	3,766,276
			Un-quoted		
	1,023	1,023	New Allied Electronics (Pvt.) Ltd.	4,348,775	4,348,775
				(4,535,051)	(8,115,051)
				<u>-</u>	<u>-</u>

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, 2022

		<i>December 31,</i> 2022	<i>June 30,</i> 2022
<i>Note</i>		<i>..... Rupees</i>	
14.5 Musharaka Placements			
BRR Guardian Modaraba	15.4.1	170,000,000	150,000,000
		170,000,000	150,000,000
14.5.1 BRR Guardian Modaraba- related party:			
Opening		150,000,000	108,500,000
Musharaka placements made during the year		20,000,000	101,500,000
Less: Redemption during the year	15.4.2	-	(60,000,000)
		170,000,000	150,000,000
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	12,980,667	86,684,717
Provision for doubtful finances		(12,980,667)	(47,659,304)
		-	39,025,413
		-	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, 2022, an aggregate amount of Rs 200.93 million (June 30, 2022: Rs 200.93 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. nil million (June 30, 2022: Rs.39.02 million) as per NBFC and NE Regulations.		
16 INVESTMENT HELD WITH NAZIR SHC AT FVOCI			
		<i>December 31,</i> 2022	<i>June 30,</i> 2022
		<i>Number of Shares</i>	
		6,466,010	6,466,010
		1,477,823	1,477,823
		7,943,833	7,943,833
		40,896,378	40,896,378
		14,505,413	14,505,413
		55,401,791	55,401,791
Share of gain from associates- DFTL		3,795,961	902,179
Remeasurement gain on investment- ABPL		877,913	204,987
		60,075,665	56,508,957

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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 6,466,010 (June, 30 2022: 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 3,140,000 shares of DFTL other than shares held by Nazir (refer note 16.2).

16.3 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, 2022 using FVOCI model.

		<i>December 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2022</i>
		<i>..... Rupees</i>	
17 LOANS AND ADVANCES	Note		
<i>Considered good</i>			
Loan to employee		1,213,500	2,086,750
Others		2,271,747	319,250
		<u>3,485,247</u>	<u>2,406,000</u>
<i>Considered - Doubtful</i>			
Advance rent		-	172,925
Less : Provision for doubtful advances		-	(172,925)
		<u>-</u>	<u>-</u>
		<u>3,485,247</u>	<u>2,406,000</u>
18 CASH AND BANK BALANCES			
<i>Cash at banks</i>			
<i>Local currency</i>			
- In deposit accounts	18.1	5,000	-
- In current accounts		400,865	45,353
<i>Foreign currency</i>		405,856	45,353
- In deposit accounts	18.1	16,856	300,211
		<u>422,712</u>	<u>345,564</u>

18.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 7% to 9% (June 30, 2022: 7% to 9%).

		<i>December 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2022</i>
		<i>..... Rupees</i>	
19 LONG-TERM LOANS	Note		
<i>Secured</i>			
Commercial Banks		265,644,381	276,422,146
Current portion		(258,790,158)	(259,319,450)
		<u>6,854,223</u>	<u>17,102,696</u>
20 CURRENT PORTION OF LONG-TERM LIABILITIES			
Long term loans	19	258,790,158	259,319,450
		<u>258,790,158</u>	<u>259,319,450</u>
21 SHORT-TERM BORROWINGS			
<i>Unsecured</i>			
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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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.

	<i>December 31,</i>	<i>June 30,</i>
	<i>2022</i>	<i>2022</i>
	<i>..... Rupees</i>	

22 CONTINGENCIES AND COMMITMENTS**22.1 Contingent liabilities**

Letters of comfort / guarantee	<u>715,000,000</u>	<u>715,000,000</u>
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These are guarantees amounting to Rs. 715 million (June 30, 2022: Rs.715 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 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 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.

22.3 The matter with House Building Finance Corporation Limited - HBFC is discussed in note 1.3 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.

22.4 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,</i>	<i>June 30,</i>
	<i>2022</i>	<i>2022</i>
	<i>..... Rupees</i>	
23 SHARE OF PROFIT/ (LOSS) FROM ASSOCIATES-NET		
786 Investment Limited	249,836	3,073,110
B.R.R. Investment (Private) Limited	<u>(8,851,557)</u>	<u>27,116,758</u>
	<u>(8,601,721)</u>	<u>30,189,870</u>

24 TAXATION

Current period	723,946	7,309,764
Deferred tax	<u>6,667,809</u>	<u>26,920,854</u>
	<u>7,391,756</u>	<u>34,230,618</u>

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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Details of transactions with related parties and balances with them as at period/ year-end are as follows:

	December 31, 2022		June 30, 2022	
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
	----- Rupees -----			
Investment in associate				
Balance at beginning of the period/ year	-	139,115,611	-	164,809,126
Share of income/ (loss) from Associate	-	-	-	(32,842,270)
Disposal of Investment in DFTL	-	-	-	-
Investment in Dawood Income Fund	-	-	-	-
Disposal of Investment in Dawood Income Fund	-	-	-	-
Share of other comprehensive income	-	31,447,602	-	7,148,755
Balance at end of the period/ year	-	170,563,213	-	139,115,611
Long-term finances/ loans				
Amount returned against short term loan	-	-	-	-
Short term loan provided	885,005	170,000,000	1,650,000	150,000,000
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Investment in term finance certificates	-	-	-	-
Proceeds from disposal of fixed asset	-	-	-	-
	885,005	170,000,000	1,650,000	150,000,000
Charge to statement of profit or loss				
Common expenses paid	-	235,050	-	280,376
Share of profit/ (loss) from associate	-	2,581,536	-	(25,693,515)
Share of common expenses received	-	-	-	-
Rental income	-	-	-	-
Gain on disposal of investment in associate	-	-	-	-
Rental expense	-	60,000	-	120,000
Takaful expense	-	32,576	-	63,975
Brokerage expense	-	-	-	-
	-	2,909,162	-	(25,229,164)

26. SEGMENT ANALYSIS

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

	Leasing	Investment	long term finances	placements & finances	Fee, commission & other income	Total
	----- Rupees -----					
External operating revenue	48,271	14,084,359	319,023	13,713,098	734	28,165,485
Segment results	25,880	7,551,292	171,043	(1,332,472)	394	6,416,137
Segment assets	53,363,959	368,119,816	70,034,388	-	-	491,518,163
Unallocated assets	-	-	-	-	-	435,395,683
Total assets						926,913,846
Segment liabilities	37,749,747	260,408,527	49,542,434	-	-	347,700,708

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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Segment information for the six months period ended December 31, 2021

	<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	213,626	4,525,314	30,000	-	63,566,902	68,405,842
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
Total assets						<u>963,976,200</u>
Segment liabilities	-	282,505,061	60,914,042	29,038,799	-	<u>372,457,902</u>

27. DATE OF AUTHORIZATION FOR ISSUE

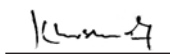
These condensed interim financial statements were authorised for issue on February 20, 2023 by the Board of Directors of the Company.

28. GENERAL

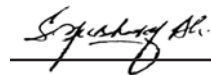
Figures have been rounded off to the nearest Rupee.



Chief Executive



Director

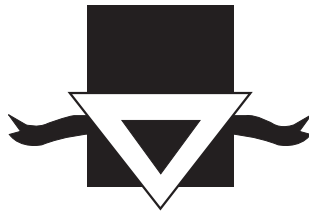


Chief Financial Officer

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