

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

Quarter Report

31 March 2023



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 Kabiraji & 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 March 31, 2023.

Board Composition and Remuneration

1. The total number of directors are 4 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 Khursheed 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 nine months of the financial year 2022-23 has reported after-tax profit of Rs.17.788 million as compared to Rs.63.327 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. 581.900 million. The earning per share is 0.120 for the period under review.

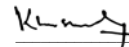
Acknowledgement

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

April 27, 2023
Karachi.

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 مارچ 2023ء کی تیسری سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

بورڈ کی بناوٹ اور مشاہرہ

کل ڈائریکٹرز کی تعداد 4 ہے جو مندرجہ ذیل ہیں:

رد: 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 تیسری سہ ماہی 31 مارچ 2023ء کے مالیاتی گوشوارے منافع بعد ٹیکس 17.788 ملین روپے اور پچھلے مالیاتی سال کے تیسری سہ ماہی کا منافع 63.327 ملین روپے منافع میں ہے۔ آپ کی کمپنی کی مالیت میں اضافہ 530.279 ملین سے 581.900 ملین ہوئی 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 0.120 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:

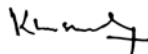
فرسٹ داؤدانوینسٹ بینک کی طرف سے ہم شکر گزار ہیں اپنے بینک کے شراکت دار، اسٹیٹ بینک پاکستان، ایس ای سی پی اور دوسری ریگولیٹروں کی طرف سے رہنمائی اور حوصلہ افزائی کا۔


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۔

بورڈ آف ڈائریکٹرز کی طرف سے

تاریخ: 27 اپریل 2023ء
کراچی


ڈائریکٹر


چیف ایگزیکٹو آفیسر

CONDENSED INTERIM FINANCIAL POSITION

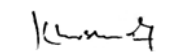
AS AT MARCH 31, 2023

	Note	Unaudited MARCH 31, 2023 Rupees	Audited JUNE 30, 2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	3,484,806	4,611,042
Right of Use Assets		-	87,245
Investment properties		101,067,341	83,070,000
Net investment in lease finance	7	-	-
Long-term investments	8	194,119,816	166,924,670
Long-term finances	9	-	-
Deferred tax asset	10	252,089,877	258,757,686
		550,761,840	513,450,643
CURRENT ASSETS			
Current portion of non-current assets	11	123,301,402	135,750,247
Short-term investments	12	156,020,719	152,999,996
Available for Sale investment held with Nazir SHC	8.2	60,075,665	56,508,957
Placements and finances	13	-	-
Asset classified held for sale		29,777,000	29,777,000
Loans , advances and prepayments		4,333,258	3,959,135
Mark-up accrued		512,474	66,506
Cash and bank balances		1,432,782	345,564
		375,453,300	379,407,405
		926,215,140	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		(1,442,316,451)	(1,460,105,051)
		500,134,408	482,345,808
Surplus / (Deficit) on revaluation of investments		81,766,478	47,933,121
		581,900,886	530,278,929
NON CURRENT LIABILITIES			
Long-term loans	14	4,654,223	17,102,696
Lease Liabilities		70,029	130,029
		4,724,252	17,232,725
CURRENT LIABILITIES			
Current portion of long-term liabilities	15	258,790,158	259,319,450
Mark-up accrued		25,256,644	25,756,644
Short term borrowings	15.2	49,774,280	49,774,280
Accrued and other liabilities		2,612,229	3,186,256
Taxation		3,156,691	7,309,764
		339,590,002	345,346,394
CONTINGENCIES AND COMMITMENTS			
	16	926,215,140	892,858,048

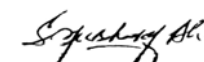
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2023	2022	2023	2022
	<-----Rupees----->		<-----Rupees----->	
INCOME				
Lease income	94,755	213,626	46,484	-
Return on deposits and investments	22,850,875	6,609,016	9,137,777	2,353,702
Gain on sale of securities	371,261	270,000	-	-
Income from long-term finances	445,968	30,000	126,945	-
Other income	734	63,566,902	-	-
	23,763,593	70,689,544	9,311,206	2,353,702
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	26,702,936	32,162,703	596,571	18,178,637
	26,702,936	32,162,703	596,571	18,178,637
	50,466,529	102,852,247	9,907,777	20,532,339
EXPENDITURES				
Administrative expenses	(26,324,185)	(22,925,234)	(7,501,010)	(7,791,529)
Unwinding Discount	(1,822,235)	(2,833,284)	-	-
Liability Written Back	-	2,923,600	-	-
Finance cost	(16,736)	(45)	(14,465)	-
	(28,163,156)	(22,834,963)	(7,515,475)	(7,791,529)
Share of (Loss) / Profit from Associates	2,581,536	(8,601,720)	-	-
(LOSS) / PROFIT BEFORE TAXATION	24,884,909	71,415,564	2,392,302	12,740,810
TAXATION	(428,500)	(8,088,918)	-	377,651
Prior Year	-	-	-	-
Deferred Tax	(6,667,809)	-	-	-
Taxation	(7,096,309)	(8,088,918)	-	377,651
PROFIT/ (LOSS) AFTER TAXATION	17,788,600	63,326,646	2,392,302	13,118,461
Earning per share - basic	0.120	0.427	0.016	0.088
Earning per share - diluted	0.120	0.427	0.016	0.088

The annexed notes from 1 to 19 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 PERIOD ENDED MARCH 31, 2023

	Nine Months Ended March 31		Quarter Ended March 31	
	2023	2022	2023	2022
	<----- Rupees ----->			
(Loss) / profit after taxation	17,788,600	63,326,646	2,392,302	61,429,724
Other comprehensive income				
Unrealized remeasurement gain/ (loss) on investment in associates	28,866,065	18,557,755	-	-
Unrealised gain/ (loss) on remeasurement of investment held with Nazir	4,967,292	963,437	-	-
	<u>33,833,357</u>	<u>19,521,192</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the period	<u>51,621,957</u>	<u>82,847,838</u>	<u>2,392,302</u>	<u>61,429,724</u>

The annexed notes from 1 to 19 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 PERIOD ENDED MARCH 31, 2023

	Share Capital		2022		Revenue Reserve		Total	
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Capital Reserve on Acquisition	Deficit on Revaluation of Investments		Accumulated Losses
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	-	-	-	-	-	-	-	-
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	8,692,921	7,460,834	7,460,834
- Surplus on revaluation of investment - At fair value through OCI	-	-	-	-	-	-	-	-
Reclassification of gain to profit and loss account	-	-	-	-	-	-	-	-
Deferred Tax-OCI	-	-	1,492,167	-	-	-	(1,492,167)	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	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	-	-	-	-	-	-	-	-
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	33,833,357	-	33,833,357
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Reclassification of gain to profit and loss account	-	-	-	-	-	-	-	-
Deferred Tax-OCI	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	1,483,900,230	-	402,527,235	53,426,910	2,596,484	81,766,478	(1,442,316,451)	581,900,886

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Nine Months Ended March 31	
	2023	2022
	Rupees	Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	24,884,909	71,415,564
Adjustments:		
Depreciation	1,126,236	996,302
Finance Income	445,968	30,000
Lease Income	94,755	213,626
Gain on sale of investments	(371,261)	270,000
Share of Loss on Investment in Associates	2,581,536	8,601,720
Amortization	-	-
Finance cost	16,736	45
Depreciation on Right of Use Assets	(87,245)	
Gain / Loss on sale of property and equipment	-	
Unwinding discount	1,822,235	2,833,284
Provision / (reversal of provision potential lease	(26,702,936)	(32,162,703)
Liabilities Written back	-	2,923,600
Unrealised (gain)/loss on remeasurement of investment property	-	
Exchange Gain	(43,504)	
	<u>(21,117,480)</u>	<u>(16,294,126)</u>
	3,767,429	55,121,438
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	3,600,244	2,678,978
Other Receivable Net	-	5,004,181
Long-term finances	19,051,537	50,714,080
Assets Classified Held For Sale	-	-
Placements and finances	-	39,025,413
Advances and prepayments	(374,123)	3,007,611
Mark up accrued	773,747	(29,080)
	<u>23,051,405</u>	<u>100,401,183</u>
	26,818,834	155,522,621
<i>Increase / (decrease) in operating liabilities</i>		
Amortization of interest free loan	-	-
Short Term Borrowings	-	-
Accrued and other liabilities	-	7,041,882
	-	7,041,882
Tax paid	-	8,088,918
Net cash (used)/generated from operating activities	<u>26,818,834</u>	<u>170,653,421</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	16,869,515	(52,605,810)
Proceed from sale of Shares	-	5,805,000
Long-term investments	(30,761,854)	(799,694)
Long-term deposits	-	-
Short-term investments	3,020,723	(104,417,974)
Net cash (used)/generated from investing activities	<u>(10,871,616)</u>	<u>(152,018,478)</u>

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Nine Months Ended March 31	
	2023	2022
	Rupees	Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(14,800,000)	(17,936,716)
Lease liabilities	(60,000)	-
Net cash (used in) from financing activities	<u>(14,860,000)</u>	<u>(17,936,716)</u>
Net increase / (decrease) in cash and cash equivalents	1,087,218	698,227
Cash and cash equivalents at beginning of the period	345,564	1,088,577
Cash and cash equivalents at end of the period	<u><u>1,432,782</u></u>	<u><u>1,786,804</u></u>

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



Chief Executive



Director



Chief Financial Officer



**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 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.
- 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 March 31, 2023 amounted to Rs. 9.04 billion (June 30, 2022: Rs. 9.04 billion).

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), The Companies Act, 2017 (the Ordinance) and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2** This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 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.

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 year ended June 30, 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.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2023

	Note	March 31, 2023 Rupees	June 30, 2022 Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE			
Equipment and appliances		-	3,653
Vehicles		3,484,812	4,607,391
Intangible asset		-	-
		<u>3,484,812</u>	<u>4,611,044</u>
		<u>-</u>	<u>-</u>
7. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	7.1	417,905,266	421,505,510
Provision for potential lease losses		(364,541,307)	(366,029,165)
		53,363,959	55,476,345
Current portion		<u>(53,363,959)</u>	<u>(55,476,345)</u>
		<u>-</u>	<u>-</u>
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		524,378,148	528,073,148
Residual value of leased assets		<u>250,012</u>	<u>250,012</u>
		524,628,160	528,323,160
Unearned finance income		-	-
Markup held in Suspense		<u>(106,722,894)</u>	<u>(106,817,650)</u>
Net investment in lease finance		<u>417,905,266</u>	<u>421,505,510</u>
7.1.1			
The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2021): 6M KIBOR plus spread of 2% to 5% per annum having maturity up to 5 years and are secured against leased assets.			
7.2 Provision for potential lease losses			
Opening balance		366,029,165	367,979,428
(Reversal) / charge for the period - net		(1,487,858)	(1,950,263)
Written off during the period		-	-
Closing balance		<u>364,541,307</u>	<u>366,029,165</u>
7.3 Current portion of lease finance			
Maturing within one year		417,905,266	421,505,510
Provision for potential lease losses		(364,541,307)	(366,029,165)
More Than One Year & Less Than Five Years		-	-
		<u>53,363,959</u>	<u>55,476,345</u>
8.2 Investment held with Nazir SHC at FVOCI			
31-Mar-23	30-Jun-22		
Number of Shares			
6,466,010	6,466,010	Dawood Family Takaful	40,896,378
1,477,823	1,477,823	Al Baraka Bank Pakistan Limited	14,505,413
			55,401,791
			55,401,791
		Remeasurement gain/ (loss) on investment of ABPL	877,913
			204,987
		Share of gain/(loss) on investment of DFTL	3,795,961
			902,179
			<u>60,075,665</u>
			<u>56,508,957</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	March 31, 2023 Rupees	June 30, 2022 Rupees
9. LONG-TERM FINANCES			
Term finance facilities		166,325,037	185,376,574
Provision for doubtful finances		(96,387,594)	(105,102,672)
		69,937,443	80,273,902
Current portion	11	(69,937,443)	(80,273,902)
		-	-
9.1 Particulars of provision for doubtful finances			
Opening balance		105,102,672	121,308,672
(Reversal) / charge for the period - net		(8,715,078)	(16,206,000)
Provision during the period		-	-
Closing balance		96,387,594	105,102,672
10. DEFERRED TAX ASSET			
Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realizability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and deferred tax amounting to Rs. 252.09 million will be realised in the future.			
		March 31, 2023 Rupees	June 30, 2021 Rupees
10.1 TAXATION	Notes		
Current Year		428,500	7,309,764
Deferred Tax		6,667,809	31,539,752
Prior Year		-	(4,618,898)
		7,096,309	34,230,618
11. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7	53,363,959	55,476,345
Long-term finances		69,937,443	80,273,902
Long-term loans		-	-
		123,301,402	135,750,247
12. SHORT TERM INVESTMENTS			
Held-for-trading			
Listed ordinary shares		377,664	377,664
Available-for-sale			
Term finance certificates / sukuk bonds/ Musharaka		156,020,719	153,000,000
Unquoted securities		15,383,326	14,710,400
		171,404,045	167,710,400
Less: provision for impairment in preference shares		(377,664)	(377,664)
Held with Nazir of SHC agianst HBFC Case		(15,383,326)	(14,710,400)
		156,020,719	153,000,000

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	March 31, 2023 Rupees	June 30, 2022 Rupees
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		-	-
Provision for doubtful finances		-	-
		-	-
Financing against shares		155,158,994	155,185,305
Provision for doubtful finances		(155,158,994)	(155,185,305)
		-	-
Short-term finance - secured		11,300,000	11,300,000
Provision for doubtful finances		(11,300,000)	(11,300,000)
		-	-
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances		12,980,667	86,684,717
Provision for doubtful finances		(12,980,667)	(47,659,304)
		-	39,025,413
		-	39,025,413
14 LONG TERM LOANS			
<i>Secured</i>			
Commercial Banks	15	263,444,381	276,422,146
		263,444,381	276,422,146
Current portion		(258,790,158)	(259,319,450)
		4,654,223	17,102,696
15 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	14	260,990,158	259,319,450
Repayment During the Quarter		(2,200,000)	-
Lease Liabilities		-	-
		258,790,158	259,319,450
15.1 The markup has been reversed based on legal opinion sought and no markup is shown in the external confirmation circulated by the external auditor.			
15.2 SHORT TERM BORROWINGS			
<i>Unsecured</i>			
Development Financial Institution		49,774,280	49,774,280
		49,774,280	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.			

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

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.

	March 31, 2023	June 30, 2022
	Rupees	Rupees

16 CONTINGENCIES AND COMMITMENTS**16.1 Contingent liabilities**

Letters of comfort / guarantee	<u>715,000,000</u>	<u>1,088,000,000</u>
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The guarantees worth Rs. 715.0 million (June 30, 2022: 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.
- 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: -

	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>
	----- Rupees -----			
Investment in associate				
Balance at beginning of the period / year	-	139,115,611	-	164,809,126
Share of Loss from Associate	-	-	-	(32,842,270)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	31,447,602	-	7,148,755
Balance at end of the period / year	<u>-</u>	<u>170,563,213</u>	<u>-</u>	<u>139,115,611</u>
Long term finances / loans				
Short term Loan	601,172	140,000,000	1,650,000	150,000,000
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	-	-	-
Disposal of Fixed Asset Cost	-	-	-	-
	<u>601,172</u>	<u>140,000,000</u>	<u>1,650,000</u>	<u>150,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	March 31, 2023		June 30, 2022	
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
Charge to profit and loss account				
Common expenses paid	-	341,377	-	280,376
Share of (loss) / profit from associate	-	2,581,536	-	(25,693,515)
Share of common expenses received	-	-	-	-
Rental income	-	-	-	-
Rental expense	-	90,000	-	120,000
Takaful expense	-	73,981	-	63,975
	-	3,086,894	-	(25,229,164)

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 27, 2023 by the Board of Directors of the Company.

19 GENERAL

Figures have been rounded off to the nearest Rupee.




Chief Executive


Director

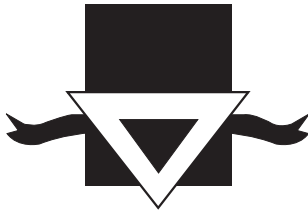

Chief Financial Officer

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