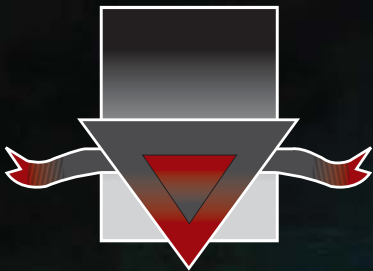


FIRST DAWOOD INVESTMENT BANK LIMITED

Serving Since 1994



ANNUAL REPORT
June 30, 2023



FIRST DAWOOD INVESTMENT BANK LIMITED

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FIRST DAWOOD INVESTMENT BANK LIMITED

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	



FIRST DAWOOD INVESTMENT BANK LIMITED

VISION AND MISSION STATEMENT / CORPORATE STRATEGY

VISION STATEMENT

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

MISSION STATEMENT

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

CORPORATE STRATEGY

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



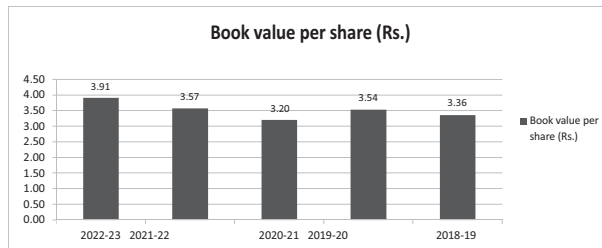
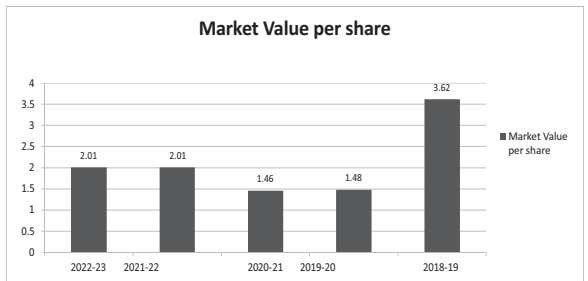
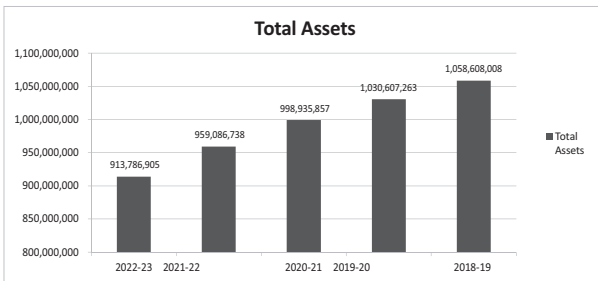
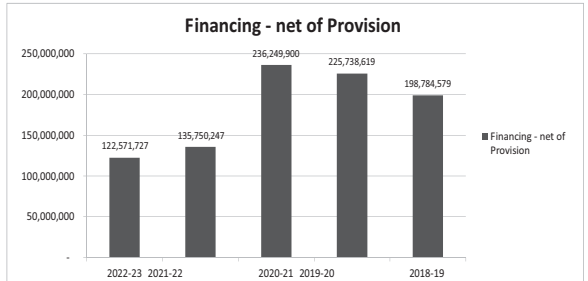
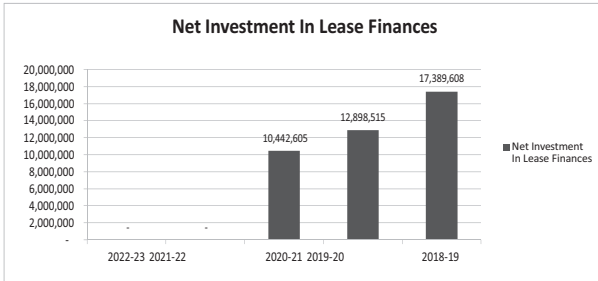
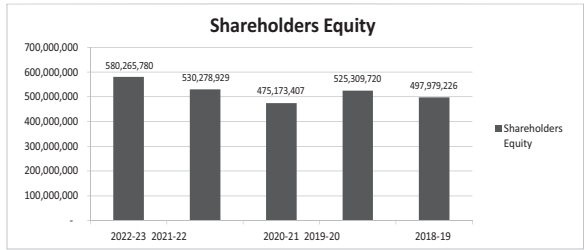
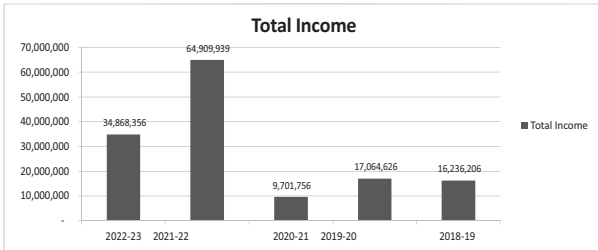
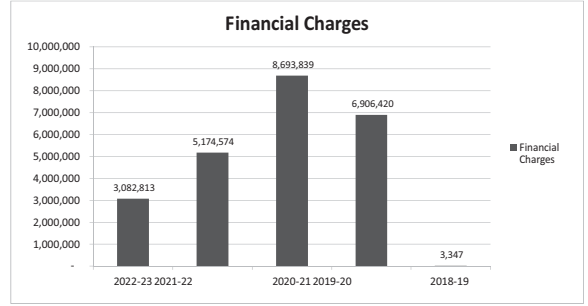
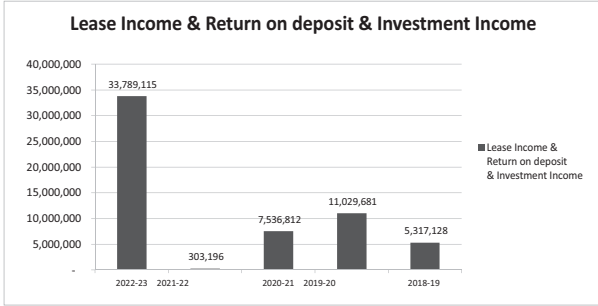
FIRST DAWOOD INVESTMENT BANK LIMITED

FINANCIAL HIGHLIGHTS

	2022-23	2021-22	2020-21	2019-20	2018-19
	Rupees	Rupees	Rupees	Rupees	Rupees
PROFIT & LOSS					
Lease Income & Return on deposit & Investment	33,789,115	303,196	7,536,812	11,029,681	5,317,128
Financial Charges	3,082,813	5,174,574	8,693,839	6,906,420	3,347
Fee, commission, brokerage & others	1,067,854	63,647,925	2,111,760	2,147,960	688,682
Dividend & capital gain/(loss)	11,387	958,818	53,184	3,869,751	10,230,396
Total Income	34,868,356	64,909,939	9,701,756	17,064,626	16,236,206
Provisions / (Surplus) / Deficit	34,375,651	33,273,133	25,771,459	65,840,183	129,348,336
Operating expenses	(35,248,868)	(34,317,773)	(28,064,301)	(33,414,518)	39,216,290
Other operating charges	(13,946)	6,352	-	-	-
Operating profit/ (loss) before tax and provision	59,856,969	8,418,320	(27,056,384)	23,256,312	(21,229,880)
Profit (loss) after taxation	15,038,847	7,460,834	(63,409,122)	29,336,089	101,625,823
Profit/(loss) before taxation	59,489,786	41,691,453	11,125,714	39,138,324	103,474,969
Dividends	-	-	-	-	-
Bonus shares	-	-	-	-	-
BALANCE SHEET					
Shareholder's equity	580,265,780	530,278,929	475,173,407	525,309,720	497,979,226
Deficit I surplus on Revaluation of Investment	82,881,125	47,933,121	6,372,708	4,268,291	(4,601,740)
Certificate of Investment I Deposits	-	-	-	-	-
Borrowings from financial institutions	305,193,185	326,196,426	414,352,803	425,609,599	426,200,019
Net Investment In Lease Finances	-	-	10,442,605	12,898,515	17,389,608
Financing - net of Provision	122,571,727	135,750,247	236,249,900	225,738,619	198,784,579
Investment - net of provision	150,235,436	152,999,996	50,629,084	757,328	19,341,003
Total Assets	913,786,905	959,086,738	998,935,857	1,030,607,263	1,058,608,008
FINANCIAL RATIOS					
Income / expense ratio (Times)	-1.08	-2.23	-0.50	-0.5009	-0.64375
Return on Average Equity (ROE) (%)	1.95%	1.00%	-8.60%	-8.42%	4%
Return on Average Assets (ROA) (%)	1.61%	0.78%	-6.53%	-6.25%	2.81%
Profit / (Loss) before tax ratio	1.71	0.64	1.15	1.15	2.2935
Total assets turnover ratio /Fixed assets turnover ratio (Times)	0.0035	0.0033	0.0029	0.000	0.000
Price Earning ratio	39.98	39.98	(3.42)	7.47	5.25
Market Value per share	2.01	2.01	1.46	1.48	3.62
Earning per share (Rs.)	0.05	0.05	(0.43)	0.20	0.69
Book value per share (Rs.)	3.91	3.57	3.20	3.54	3.36
Employees remuneration (Rs. In Million)	19.12	19.12	15.38	17.462	19.939
Number of employees	5	6	6	8	8



FIRST DAWOOD INVESTMENT BANK LIMITED





FIRST DAWOOD INVESTMENT BANK LIMITED

Notice of 29th Annual General Meeting (AGM) First Dawood Investment Bank Limited

Notice is hereby given that the 29th AGM of First Dawood Investment Bank Limited will be held at its Registered Office, 19th Floor, Tower-B, Saima Trade Towers, I. I. Chundrigar Road, Karachi on Monday, October 02, 2023 at 09:30 a.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XXVIII Annual General Meeting held on October 24, 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2023 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of External Auditors and to fix their remuneration for the financial year ending June 30, 2024.

Special Business:

4. To consider and if deemed fit, approve by way of a special resolution, to take an exit from Non-Banking Finance Company sector and operate as a listed company with a change in its principal line of business in Memorandum of Association of the Company and Company's Article of Association under Section 32 of the Companies Act, 2017, and in that connection to pass the following resolutions (with or without modifications):

"RESOLVED THAT approval of the members of the company is accorded for the change in principal line of business Memorandum of Association of the Company and accordingly alter, by replacing, its existing object clause III and Sub-clauses numbered 1 to 56 of Memorandum of Association of the Company in accordance with the provisions of the Companies Act, 2017 be substituted by adopting following main new object clause III and its sub clause numbers (i) to (iv), accordingly,

- (i) To carry on and undertake the business of legally permissible, Real Estate (property), sale purchase, import, export, and to act as general traders, general order suppliers of products, commodities, material legally permissible in any form or shape, manufactured, semi manufactured, raw materials supplied by any company, firm, association of persons, body whether incorporated or not, individuals, Government, Semi-government or any local authority and to engage in business of food and beverages or enter into joint arrangement for furtherance of business and to acquire or merge other business/entities to consolidate the Company's business and to engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority(ies) as may be required under any law for the time being in force.
- (ii) Except for the business mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful business and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of banking Company, Non-Banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, managing agency, business of providing the services of security guard or any other business restricted under any law for the time being in force or as may be specified by the Commission.

"FURTHER RESOLVED THAT representatives of the Company, as authorized by the Board of Directors, be and are hereby jointly and/or severally authorized to prepare, finalize, execute and file all necessary documents, and take all necessary steps and to do all such acts, deeds and things for and on behalf of, and in the name of the Company, as may be necessary or required as they may think fit for or in connection with or incidental for the purposes of the abovementioned resolutions, as well as carry out any other act or step which may be ancillary and/or incidental to, and necessary to fully achieve the objects of the aforesaid resolutions, including without limitation, the submission of all necessary applications and documents, and obtaining all required approval and permissions."

5. **To consider and approve the change of Company Name and if thought fit, to pass the following resolutions as special resolution, with or without modifications, addition or deletion,**

"RESOLVED THAT subject to the approval of Securities and Exchange Commission of Pakistan under section 12 of the Companies Act, 2017, the name of the Company be changed from "First Dawood Investment Bank Limited" to "Dawood Company Limited" and consequently the name be hereby changed in the Memorandum and Articles of Association of the Company and all other formalities be completed in respect thereof.



FIRST DAWOOD INVESTMENT BANK LIMITED

"**RESOLVED FURTHER THAT** the name "First Dawood Investment Bank Limited", wherever appearing in the Memorandum and Articles of Association of the Company and/or any other Deed, Document, Titles etc. be substituted with name "Dawood Company Limited" or any other name available with SECP.

"**RESOLVED FURTHER THAT** representatives of the Company, as authorized by the Board of Directors, be and are hereby jointly and/or severally authorized to prepare, finalize, execute and file all necessary documents, and take all necessary steps and to do all such acts, deeds and things for and on behalf of, and in the name of the Company, as may be necessary or required as they may think fit for or in connection with or incidental for the purposes of the abovementioned resolutions, as well as carry out any other act or step which may be ancillary and/or incidental to, and necessary to fully achieve the objects of the aforesaid resolutions, including without limitation, the submission of all necessary applications and documents, and obtaining all required approval and permissions."

6. To consider, approve and divest shares of following unlisted / listed companies and associated companies and pass the following resolution with or without modification, as recommended by the Directors.

RESOLVED THAT the Company be and is hereby authorized to dispose-off wholly or partially the shares given below of unlisted / listed companies and associated companies to any person or interested party; at market price, break-up value, negotiated price for internal cash generation to settle outstanding loans & liabilities, and to invest in businesses as per modified memorandum of association to support profitability of the company.

7. To approve the circulation of Annual Report (including the Audited Financial Statements, Auditor's Report, Directors' Report, Chairman's Review Report) to the Members of the Company through QR enabled code and weblink in accordance with Section 223(6) of the Companies Act, 2017 read with S.R.O. 389(1)/2023 dated March 21, 2023.

8. **Any other Business with the permission of the Chair.**

Statement under Section 134(3) of the Companies Act 2017 is annexed to the notice being sent to the members.

By Order of the Board

September 08, 2023

Karachi

Notes

Syed Musharaf Ali
CFO & Company Secretary

1. The share transfer books of the Company shall remain closed from September 25, 2023 to October 02, 2023 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (Pvt.) Ltd at 1705, 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi, if any change of address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. **Un Claimed Bonus Shares**
Shareholders who could not collect their bonus shares are advised to contact our share Registrar to collect / enquire about their unclaimed bonus shares, if any. In compliance with section 244 of the Companies Act 2017, after having the stipulated procedure, all such bonus shares outstanding for a period of three years or more from the date due shall be delivered to the SECP.
4. The Securities and Exchange Commission of Pakistan has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.
5. In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.



FIRST DAWOOD INVESTMENT BANK LIMITED

6. Member wishing to attend in person must also provide a copy of their vaccination certificates.
7. The Company reserves the right to refuse entry for physical attendance to any member who is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.
8. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. For Attending the Meeting:

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

CONSENT FOR VIDEO CONFERENCING FACILITY

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

Signature of the Member(s)

B. For Appointing Proxies:

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

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

The Annual Report of the Company for the year ended June 30, 2023 has been placed on the Company's website at the given link: <http://www.firstdawood.com>

STATEMENT UNDER SECTION 166 (3) & 134 (3) OF THE COMPANIES ACT, 2017

This statement set out material facts pertaining to Special Business Agenda Item No, 4 & 5 on the notice to be transacted at the 29th Annual General Meeting.

AGENDA ITEM NO. 4, 5, 6 & 7

Under the provisions of the Companies Act, 2017 a Company may carry on or undertake any lawful business or activity and do any act or enter into any transaction being incidental and ancillary thereto which is necessary in attaining its business activities. The decision to convert FDIBL from an NBFC operating company into a non-licensed publicly listed company. While continuing to undertake business under the altered scope of its proposed amended Articles and Memorandum. Under the provisions of the Company's Act, 2017, a company may carry on or undertake any lawful business or activity and do any act or enter into any transaction being incidental and ancillary thereto which is necessary in attaining its business activities, however, the principal line to business of the company shall be mentioned in the Memorandum of Association of the company which shall not be inconsistent or contradictory with name of the Company. The "principal line of business" has been defined to mean the business in which substantial assets are held or likely to be held or substantial revenue is earned or likely to be earned by a company, whichever is higher. Accordingly, the Board of Directors of the company has recommended the alteration in Memorandum of Association by replacing its existing object clause with the new clause. For the purpose aforesaid, it is proposed to consider and, if thought fit, to pass the following resolutions as special resolutions, with or without modification to amend the Memorandum of Association of the Company.



FIRST DAWOOD INVESTMENT BANK LIMITED

Due to change in the main principal business of the Company as stated above, it is essential for the Company to ensure that name of company commensurate with the main line of business. Change of name shall not effect any legal proceedings that might have commenced by or against the company under its former name. It would also not affect rights & obligations of the Company. The company will continue to repay it's outstanding loans & liabilities over time and / or as mutually agreed with its lenders. Similarly, the company will recover all it's outstanding loans, leases etc as per executed agreement with its borrowers either directly or through court of law in case of defaults. Further, the company will continue to manage trustee business for a few outstanding / defaulted TFCs / Sukuks with approval of SECP and / or through the stay-order, unless a new 'Trustee' agrees to take over the business along with underlined securities / collateral with mutual consent of the issuer(s) and respective investors.

"RESOLVED THAT approval of the members of the Company for the change of principal line of business in Memorandum of Association of the Company and accordingly alter, by replacing, its existing object clause of the Memorandum of Association of the Company in accordance with the provisions of the Companies Act, 2017. The name of the Company change from "First Dawood Investment Bank Limited" to "Dawood Company Limited" in accordance with the section 12 of Companies Act, 2017

"RESOLVED FURTHER THAT the pursuant to provisions of section 38 of the Companies Act, 2017 (including any amendments thereto or re-enactment thereof) and subject to the approval of shareholders and Securities and Exchange Commission of Pakistan, permission and consents as may be required, the Company's Article of Association be and hereby altered as per the provisions of the Company's Act, 2017."

"RESOLVED FURTHER THAT the aforesaid alteration in the Memorandum of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate by the authorized person or as may be suggested, directed and advice by the Securities and Exchange Commission of Pakistan which suggestions, direction or advice shall be deemed to have been approved as part of the special resolution without the need of the members to pass as special resolution."

"RESOLVED FURTHER THAT the Chief Executive Officer and/or Company Secretary and/or Chief Financial Officer be and is/are hereby authorized and empowered on behalf of the Company to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental for altering Memorandum rephrase/ change the main object clause of principal line of business in Memorandum of Association of the Company and Company's Article of Association whenever or wherever it may require."

"RESOLVED FURTHER THAT the certified copies of these resolutions be communicated to the concerned authorities, wherever required and shall remain in-force until notice in writing to the contrary be given."

INTEREST OF DIRECTORS AND THEIR RELATIVES

No Directors or Chief Executive of the Company or their relatives have any interest in the proposed alterations of the Memorandum of Association of the Company except in their capacities as Directors/Chief Executive/Shareholders.

"RESOLVED THAT The Securities & Exchange Commission of Pakistan (SECP) through its Notification No. S.R.O. 389(1)/2023 dated March 21, 2023 has allowed the Companies to circulate the Audited Financial Statements to its Members/Shareholders through Quick Response (QR) enabled code and weblink instead through CD/DVD/USB. Considering the optimum use of advancement of technology and Members approval is sought for the circulation of Annual Report (including the Audited Financial Statements, Auditor's Report, Directors' Report, Chairman's Review Report) to the Members of the Company through QR enabled code and weblink in accordance with Section 223(6) of the Companies Act, 2017 read with S.R.O. 389(1)/2023 dated March 21, 2023.

RESOLVED THAT the Company be and is hereby authorized to dispose-off wholly or partially the shares given below of unlisted / listed companies and associated companies to any person or interested party; at market price, break-up value, negotiated price for internal cash generation to settle outstanding loans & liabilities, and to invest in businesses as per modified memorandum of association to support profitability of the company.

Name of Company:	No. of Shares to be divested:	Holding in the company:
Unlisted companies:		
B.R.R Investment (Private) Limited	4,762,100	35.27%
Dawood Family Takaful Limited	2,280,000	11.66%
Listed Company:		
786 Investment Ltd.	2,246,070	15.00%

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



FIRST DAWOOD INVESTMENT BANK LIMITED

Chairman Review Report

Dear Shareholders,

I hereby present the 29th Annual Accounts along with the audited financial statements of First Dawood Investment Bank Limited showing all over performance of the Company and effectiveness of the leadership in attaining the Company's aims and objectives for the year ended June 30, 2023.

Economic Overview

Despite a tough operating environment amongst continued macroeconomic challenges and inflationary pressures, the Bank continued the focus on its strategic and operational priorities, as we remain committed to deliver on our key performance indicators.

Furthermore, inflationary pressure has surged in many economics as commodity prices escalated, resulting in tightened monetary policies by many central banks. The global macro-economic instability has impacted on the Country's economy resulting in high inflation and also increases in the current account deficit of the Country. With the increase in inflation, the Government has opted tight fiscal and monetary policies, in order to secure IMF deal, which will help the Country in over the next few quarters in the form of stabilized reserves, controlled fiscal balance and sustainable economic growth. Looking ahead we remain optimistic and confident about the future of the Company.

Financial Performance

In view of the aforementioned scenario prevailing in the country, it was promising to note that the Bank was able to further improve the recovery of non performing loans, your company's after tax profit during the year is Rs. 15.039 million only. However, a net of reversal of provision against 'Non Performing Assets' amounted to Rs.34.37 million. Due to prevailing recessionary conditions in the country, the majority of company's debtors cannot manage their businesses' commitments; therefore the only ray of hope for the company is through the sale / adjustment of collateral and recovery from litigation. Nevertheless your company took aggressive measures to transform company's operations and today it is in a much better state.

It is encouraging and noteworthy that without any external assistance your company has been maintaining its liquidity and making payments to its creditors and meeting its administrative expenses. The management and the Board are confident that all these measures will translate into growth of your company. Whilst summing-up, it may be reiterated that despite extremely unfavourable economic & financial conditions, your company with the support of its Board, new management, its creditors / lenders and shareholders have so far been able to sustain its business during all these years.

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

Acknowledgement

I would like to acknowledge team efforts and the Company's accomplishments and present standing could not have been possible without the commitment and efforts of our employees who deserve full compliments. I am also grateful to our bankers, shareholders, the SECP, Pakistan Stock Exchange, and other regulators for their cooperation and support.

Christopher John Aitken Andrew
Chairman



FIRST DAWOOD INVESTMENT BANK LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present to you the 29th Annual Report annexed with Audited Financial Statements of the Company for the year ended June 30, 2023.

Board Composition and Remuneration

1. The total number of directors are 7 as per the following:

- a. Male: 06
- b. Female: 01

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)

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

The Remuneration of Chief Executive and director fee for attending the Board meeting paid to the Non- Executive Directors is disclosed on page no. 66 of Financial Statements for the year ended June 30, 2023.

Business Performance

During the year the company's results for 2023 reflect another year of sound performance that was enabled by aggressive strategy well executed by our management team in an environment where the banking industry facing economic turmoil. The management continued its recovery drive with assertiveness resulted after taking effect of provision made and reversal / recovery against already provided classified portfolio, the company earned before tax profit to Rs.59.490M, and after tax profit to Rs. 15.039M as opposed to a before tax profit to Rs.41.691M, and after tax Profit to Rs. 7.461M last year. However, the net worth of your company has increased from Rs. 530.278M to Rs.580.266M due to reversal of provision and surplus on revaluation of investment.

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

Company Overview

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



FIRST DAWOOD INVESTMENT BANK LIMITED

portfolio of the company is down to its most chronic defaulters. However, your management is confident that the trend for the year's profit shall improve in coming years through recoveries.

Financial Performance

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

	2023	2022
	<i>Rupees</i>	<i>Rupees</i>
Lease and financing (loss) / income <i>net of provision and impairment</i>	60,850,286	34,535,147
Return on deposits and investments	33,376,750	12,925,750
Other gain / (loss)	5,584	63,647,925
Total (Loss) / Income	94,232,620	111,108,822
Administrative and Operating Expenses	(35,248,868)	(34,317,773)
Finance cost	(2,864,509)	(5,180,926)
Total Expenditure	56,119,243	(39,498,699)
Share of (loss) / profit of associates	548,524	(32,842,270)
Liability Written Back	2,822,019	2,923,600
(Loss) / Profit before Taxation	59,489,786	41,691,453
Taxation	(44,450,939)	(34,230,619)
(Loss) / Profit after Tax	15,038,847	7,460,834
(Loss) / Earnings Per Share – Basic	0.101	0.050
(Loss) / Earnings Per Share – Diluted	0.101	0.050

Economic Review

Due to convergence of developing uncertainties spanning macroeconomic, political, and policy domains, during the year 2023 remained significantly volatile. However, the Russia-Ukraine conflict, started since late February 2022, further exacerbated the situation globally. Pakistan entered 2022 reeling from the collapse of the regime next door in Afghanistan and the beginnings of an economic crisis. A climate catastrophe also struck Pakistan with the monsoon season, as heavy rains submerged large swaths of Pakistan's south. Increase in global commodity prices, supply chain disruptions, continued pressure on Pak Rupee and political uncertainty has further exacerbated the challenges. Resultantly, inflation started to surge and forced central banks to tighten monetary policy. Delay in transition of higher energy prices to domestic consumers also deferred the critical 7th review of IMF Extended Fund Facility during this period. Moreover, higher energy prices, elevated imports, and foreign debt repayments caused an impulsive fall in foreign exchange reserves from USD 23.9B at the start of CY2023 to USD 14.5B by June 30, 2023. Resultantly, PKR also depreciated over the period.

Future Outlook

During current year recovery of up to Rs.40.0 million has been made against non-performing lease and advances portfolio. Further recoveries are also expected from the existing portfolio, which will provide adequate cash flows for next 12-18 months. Hence, there are no issue of going concern for your company in the near future. The management is confident that it will continue to write back provisions as a result of expected recoveries which will not only result in better cash flows, but will also enhance profitability and the net worth of your company. The departments have been restructured and rationalized / right sized to reduce the payroll cost and overhead expenses. The proposed reduction in financing cost through restructuring / settlements with the lenders will assist in further reducing the losses and improving the equity. The company has applied for renewal of its license. The renewal of license will make the Company attractive for equity participation / merger along and / or with an opportunity for the existing shareholders to inject additional equity. The management is confident that the Company will be able to resume its operations upon renewal of business licence and to take advantage of deferred tax by writing new lease facilities.

Internal Control and Audit Function

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



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Accounting Policies & Estimates

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

External Auditors

The present external auditors, M/s J.A.S.B. & Associates., Chartered Accountants were appointed in FY23. The Board Audit Committee (BAC) has recommended reappointment of auditors for FY24 which the Board of Directors have approved.

Related Party Transaction

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

Statement of Corporate Governance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2023. The external auditors review report on the statement of compliance with the Code of Corporate Governance is annexed with this report. As per directives of SECP and Pakistan Stock Exchange, the Directors hereby confirm the following as required:

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

Significant deviations in operating results

The significant deviations in operating results of the Company were mainly due to the fact that during the current year the company made net reversal of provisions on Non Performing Assets (NPAs) amounting to Rs.34.375 million. This was mainly due to settlement / restructuring of outstanding liabilities.

The company has managed to increase its after tax profit by 100.0% i.e. from Rs. 7.461 million to Rs. 15.038 million last year despite the unstable economic situation of the country.

Key Financial Highlights

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

Dividend

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

Taxes, duties, levies and charges

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

Provident Fund

The Company and its employees contribute equally in a Registered Funded Provident Fund (the Fund) for its employees. The assets of the Fund as per the unaudited financial statement for the year ended June 30, 2023 stood at Rs. 238.683 million.

Meeting of the Board & its Committees

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



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Board Meetings

S. No	Name	Designation	Entitlement to Attend Meeting	Meetings Attended	Leave of Absences
1	Mr. Christopher John Aitken Andrew	Chairman	4	4	-
2	Mr. Muhammad Rizwan-ul Haque	CEO & Director*	-	-	-
3	Mr. Abu Khursheed M. Ariff	Director	4	4	-
4	Mr. Khurshid Abul Khair	Director	4	4	-
5	Mrs. Farhat Ali	Director	4	4	-
6	Mr. Iqbal Ahmed	Director*	-	-	-
7	Mr. Asad Ali Sheikh	Director*	-	-	-

* Subject to SECP approval

Audit Committee Meetings

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

Human Resources & Remuneration Committee Meetings

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

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

Directors Training Programme

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

Pattern of Share holding

The pattern of shareholding and additional information regarding pattern of shareholding is annexed on page 83 of the Annual Report.



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Auditor's Report

The Auditors have given their opinion on the financial statements of the company for the year ended June 30, 2023, wherein they have expressed their opinion on Deferred Tax Asset amounting Rs.212.017 million and material uncertainty relating to going concern. Further, they draw attention to Note 1.10 to financial statements.

The Company's response to the observations is as under:

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

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

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

Trading / Dealing in Company Shares

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

Post Balance Sheet Events

There has been no occurrence of significant events between the financial year ends June 30, 2023 of the company to date.

Acknowledgement

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

Chief Executive Officer

Director



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کمپنی کے حصص میں تجارت/ڈیلنگ

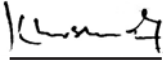
ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، انٹرنل آڈیٹر، دیگر ملازمین اور ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں لین دین نہیں کیا۔


بیلنس شیٹ کے واقعات پوسٹ کریں۔

کمپنی کے 30 جون 2023 کو ختم ہونے والے مالی سال کے درمیان آج تک کوئی اہم واقعہ نہیں ہوا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کمپنی کو درپیش اس مشکل وقت میں انتظامیہ اور ملازمین کی لگن، عزم کے لیے سراہتے ہیں۔ بروقت فیصلوں اور کمپنی کو شدید مالی بحران سے نکلنے کی مسلسل کوششوں میں انتظامیہ کے کردار کو سراہا اور سراہا جا رہا ہے۔ ہم اس موقع کو اپنے قابل قدر صارفین، کاروباری شراکت داروں، بیرونی آڈیٹرز، اسٹیک ہولڈرز، بینکرز اور سینئر ہولڈرز کے تعاون، اعتماد اور سرپرستی کے لیے ان کا شکریہ ادا کرنے کے لیے بھی استعمال کرتے ہیں۔ آخر میں، لیکن کم از کم، ہم عاجزی کے ساتھ اپنے ریگولیٹر SECP کا شکریہ ادا کرتے ہیں، جنہوں نے FDIB کو ان مشکل چیلنجوں کا سامنا کرنے کے قابل بناتے ہوئے، اپنا بے پناہ تعاون اور سہولت کاری کا کردار ادا کیا۔


ڈائریکٹر


چیف ایگزیکٹو آفیسر





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شیر ہولڈنگ کا بیٹرن

شیر ہولڈنگ کا بیٹرن اور شیر ہولڈنگ کے بیٹرن سے متعلق اضافی معلومات ہے۔ منسلک صفحہ پر 94 سالانہ رپورٹ کے۔

آڈیٹ کی رپورٹ

آڈیٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی گوشواروں پر اپنی رائے دی ہے، جس میں انہوں نے 212.017 ملین روپے کے ڈیفرد ٹیکس اثاثہ اور جانے والی تشویش سے متعلق مادی غیر یقینی صورتحال پر اپنی رائے کا اظہار کیا ہے۔ مزید، وہ مالی بیانات کی طرف نوٹ 1.10 کی طرف توجہ مبذول کراتے ہیں۔

مشاہدات پر کمپنی کا جواب حسب ذیل ہے:

ڈیفرد ٹیکس کے حوالے سے، کمپنی کے پاس مالی تخمینہ ہیں جن کی بنیاد پر موخر ٹیکس اثاثہ کو تسلیم کیا گیا ہے۔ تاہم یہ توقع کی جاتی ہے کہ تخمینوں میں کوئی مادی تبدیلی نہیں آئے گی اور کمپنی تخمینوں کے مطابق منافع پیدا کرنے کے قابل ہو گی جسے لائسنس کی تجدید کے بعد، ڈیفرد ٹیکس اثاثہ کو سیٹ آف کرنے کے لیے استعمال کیا جائے گا۔ نتیجتاً، مالیاتی گوشواروں میں موخر ٹیکس اثاثہ کو مستقبل میں مکمل طور پر پورا کیا جائے گا۔

کمپنی ریکوری اور سیٹلمنٹ کے ذریعے اپنی بہت سی مالی ذمہ داریوں کو کامیابی کے ساتھ پورا کرنے میں کامیاب رہی ہے اور گزشتہ چند سالوں میں اپنی زیادہ تر ذمہ داریاں اپنے اثاثوں کے ذریعے طے کرنے میں کامیاب رہی ہے۔

(i) کمپنی دسمبر 2017 سے Minimum Equity Requirement (MER) کی تعمیل کر رہی ہے اور اس نے SECP کو انوسٹمنٹ فنانس سروسز کے لائسنس کی تجدید کے لیے درخواست دی ہے اور کمپنی نے SECP اپیلٹ بنچ کے فیصلے کے خلاف معزز ہائی کورٹ سندھ میں اپیل دائر کی ہے۔

(ii) ڈیبٹ سیکورٹیز ٹرسٹی ریگولیشنز کے ضابطہ 6(2) کے تحت بطور ڈیبٹ سیکورٹیز ٹرسٹی رجسٹریشن کی تجدید کی اپیل ایس ای سی پی کے اپیلٹ بنچ میں زیر التوا ہے۔

(iii) ایک فریق کی نمائش کمپنی کی ایکویٹی کے 20% سے زیادہ ہے اور اتنی ہی رقم قانونی چارہ جوئی کے تحت ہے۔ اس موجودہ مالی سال میں کمپنی حصص کو آف لوڈ کرنے کی توقع رکھتی ہے۔ متعلقہ کمپنی اور کمپنی این بی ایف سی کے ضوابط میں بیان کردہ حد کے مطابق ایسوسی ایٹ میں سرمایہ کاری کو کم کرنے کی کوشش کرتی ہے۔

(iv) DFI نے 'فنڈ کی لاگت' کا اشتراک کیا جس میں شامل ہیں؛ انتظامی اور فراہمی کے اخراجات (فنڈز کی لاگت کے علاوہ)۔ مذکورہ بالا کو مدنظر رکھتے ہوئے، کمپنی نے 'فنڈ کی لاگت' کے لیے ریٹنگ ایجنسی کی رپورٹ کی مدد لی اور 'ادائیگی کا شیڈول' تشکیل دیا۔ DFI نے قبول کر لیا۔

پہلا چیک، جس نے پیشکش کے مطابق، ادائیگی کے شیڈول کو متحرک کیا۔ اس کے بعد کمپنی کی طرف سے 12 اقساط کی ادائیگی کی گئی یعنی اپریل 2016 سے مارچ 2017 تک، سیکورٹیز کی مالیت طے کرنے کے بعد جو جاری نہیں کی گئیں۔

(v) غیر فعال قرضوں کے خلاف اصل رقم فراہم کی گئی ہے اور جمع شدہ مارک اپ ہے۔ قواعد و ضوابط کے مطابق معطل۔ مزید، کمپنی وصولی کے خلاف ضمانت کی بنیاد پر FSV فائدہ لیتی ہے۔



FIRST DAWOOD INVESTMENT BANK LIMITED

بورڈ اور اس کی کمیٹیوں کا اجلاس

سال کے دوران منعقد ہونے والے بورڈ اور کمیٹیوں کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری درج ذیل ہے:

بورڈ میٹنگز

سیریل نمبر	نام	عہدہ	میٹنگ میں شرکت کا حق	میٹنگ میں شرکت	غیر حاضریوں کی چھٹی
1	مسٹر کرسٹوفر جان ایٹکن اینڈریو	چیئرمین	4	4	-
2	جناب محمد رضوان الحق	سی ای او اور ڈائریکٹر*	-	0	-
3	جناب ابو خورشید ایم عارف	ڈائریکٹر	4	4	-
4	جناب خورشید ابو الخیر	ڈائریکٹر	4	4	-
5	مسز فرحت علی	ڈائریکٹر	4	4	-
6	جناب اقبال احمد	ڈائریکٹر*	-	-	-
7	جناب اسد علی شیخ	ڈائریکٹر*	-	-	-

آڈٹ کمیٹی کے اجلاس

سیریل نمبر	نام	عہدہ	میٹنگ میں شرکت کا حق	میٹنگ میں شرکت	غیر حاضریوں کی چھٹی
1	جناب ابو خورشید ایم عارف	چیئرمین	4	4	-
2	جناب خورشید اے خیر	رکن	4	4	-
3	مسز فرحت علی	رکن	4	4	-

انسانی وسائل اور معاوضے کی کمیٹی کے اجلاس

سیریل نمبر	نام	عہدہ	میٹنگ میں شرکت کا حق	میٹنگ میں شرکت	غیر حاضریوں کی چھٹی
1	جناب خورشید اے خیر	چیئرمین	1	1	-
2	مسز فرحت علی	رکن	1	1	-
3	جناب ابو خورشید ایم عارف	رکن	1	1	-

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے ڈائریکٹرز تجربہ کار اور تجربہ کار کارپوریٹ پیشہ ور ہیں اور کمپنی پر لاگو متعلقہ قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورنڈم اور ایسوسی ایشن کے مضامین کی دفعات سے بخوبی واقف ہیں اور اپنے فرائض اور ذمہ داریوں سے آگاہ ہیں۔ بورڈ کے دونوں ڈائریکٹرز کو ریگولیشنز کے ریگولیشن 19(2) میں بیان کردہ معیار کے مطابق ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہے۔ باقی ڈائریکٹرز کاروباری لائسنس کی تجدید کے بعد مطلوبہ ڈائریکٹر کی تربیت کا سرٹیفیکیشن حاصل کریں گے۔



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کارپوریٹ گورننس کا بیان

آپ کی کمپنی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے متعلقہ کوڈ آف کارپوریٹ گورننس کی دفعات کو نافذ کیا ہے۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان پر بیرونی آڈیٹرز کی جائزہ رپورٹ اس رپورٹ کے ساتھ منسلک ہے۔ ایس ای سی پی اور پاکستان اسٹاک ایکسچینج کی ہدایات کے مطابق، ڈائریکٹرز حسب ضرورت درج ذیل کی تصدیق کرتے ہیں:

- لِسٹڈ کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالیاتی بیانات، اس کے معاملات کی صورتحال، اس کے آپریشنز، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کے نتائج کو پیش کرتے ہیں۔
- لِسٹڈ کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی روانگی کے بارے میں مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔ اور

آپریٹنگ نتائج میں اہم انحراف

کمپنی کے آپریٹنگ نتائج میں نمایاں انحرافات بنیادی طور پر اس حقیقت کی وجہ سے تھے کہ موجودہ سال کے دوران کمپنی نے 34.375 ملین روپے کی نان پرفارمنگ اثاثہ جات (NPAs) کی دفعات کو خالص تبدیل کیا۔ یہ بنیادی طور پر بقایا واجبات کی تصفیہ / تنظیم نو کی وجہ سے تھا۔

کمپنی نے اپنے بعد از ٹیکس منافع میں 100.0% یعنی روپے سے اضافہ کر لیا ہے۔ 7.461 ملین روپے ملک کی غیر مستحکم معاشی صورتحال کے باوجود گزشتہ سال 15.038 ملین روپے۔

اہم مالیاتی جھلکیاں

پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ سالانہ رپورٹ کے صفحہ 4 پر ظاہر کیا گیا ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے کمپنی کی مالی حالت کا جائزہ لینے کے بعد، سال کے لیے ڈیویڈنڈ کی ادائیگی یا بونس حصص کے اجراء کی سفارش نہ کرنے کو سمجھداری سمجھا۔

ٹیکس، ڈیویڈنڈ، لیویز اور چارجز

مالی بیانات میں ظاہر کیے جانے کے علاوہ کوئی بقایا ٹیکس، ڈیویڈنڈ، لیویز اور چارجز نہیں ہیں۔ مزید یہ کہ ان ہاؤس ٹیکسیشن ڈیپارٹمنٹ سروسز پر سلیز ٹیکس کے اطلاق تک رسائی حاصل کر رہا ہے اور طریقہ کار پر نظر ثانی کر رہا ہے یا ٹیکس کے ضوابط میں تبدیلیاں کر رہا ہے۔

پراویڈنٹ فنڈ

کمپنی اور اس کے ملازمین اپنے ملازمین کے لیے رجسٹرڈ فنڈڈ پروویڈنٹ فنڈ (فنڈ) میں برابر حصہ ڈالتے ہیں۔ 30 جون 2023 کو ختم ہونے والے سال کے غیر آڈٹ شدہ مالیاتی بیان کے مطابق فنڈ کے اثاثے روپے تھے۔ 209.208 ملین۔



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نمایاں طور پر اتار چڑھاؤ کا شکار رہا۔ تاہم، فروری 2022 کے آخر سے شروع ہونے والے روس-یوکرین تنازعہ نے عالمی سطح پر صورتحال کو مزید خراب کر دیا۔ پاکستان افغانستان میں اگلے دروازے پر حکومت کے خاتمے اور معاشی بحران کے آغاز سے 2022 میں داخل ہوا۔ مون سون کے موسم کے ساتھ ایک موسمیاتی تباہی بھی پاکستان پر پڑی، کیونکہ شدید بارشوں سے پاکستان کے جنوب کے بڑے حصے زیر آب آ گئے۔ عالمی اجناس کی قیمتوں میں اضافہ، سپلائی چین میں خلل، پاک روپے پر مسلسل دباؤ اور سیاسی غیر یقینی صورتحال نے چینلجز کو مزید بڑھا دیا ہے۔ نتیجتاً، افراط زر میں اضافہ ہونا شروع ہو گیا اور مرکزی بینکوں کو مانیٹری پالیسی کو سخت کرنے پر مجبور کر دیا۔ گھریلو صارفین کو توانائی کی اعلیٰ قیمتوں کی منتقلی میں تاخیر نے بھی اس مدت کے دوران آئی ایم ایف کی توسیعی فنڈ سہولت کے اہم ساتویں جائزے کو موخر کر دیا۔ مزید برآں، توانائی کی بلند قیمتوں، بلند درآمدات، اور غیر ملکی قرضوں کی ادائیگیوں کی وجہ سے زرمبادلہ کے ذخائر CY2023 کے آغاز میں 23.9B امریکی ڈالر سے 30 جون 2023 تک USD 14.5B تک گر گئے۔ نتیجتاً، اس عرصے کے دوران PKR کی قدر میں بھی کمی واقع ہوئی۔

مستقبل کا آؤٹ لک

رواں سال کے دوران نان پرفارمنگ لیز اور ایڈوانس پورٹ فولیو کے مد میں 40.0 ملین روپے تک کی ریکوری کی گئی ہے۔ موجودہ پورٹ فولیو سے مزید ریکوری بھی متوقع ہے، جو اگلے 12-18 مہینوں کے لیے مناسب نقد بہاؤ فراہم کرے گی۔ لہذا، مستقبل قریب میں آپ کی کمپنی کے لیے تشویش کا کوئی مسئلہ نہیں ہے۔ انتظامیہ کو یقین ہے کہ وہ متوقع وصولیوں کے نتیجے میں پروویژنز کو واپس لکھنا جاری رکھے گا جس کے نتیجے میں نہ صرف بہتر کیش فلو ہوگا بلکہ آپ کی کمپنی کے منافع اور خالص مالیت میں بھی اضافہ ہوگا۔ بے رول کی لاگت اور اوور ہیڈ اخراجات کو کم کرنے کے لیے محکموں کی تنظیم نو کی گئی ہے اور ان کی معقولیت/درست سائز کی گئی ہے۔ قرض دہندگان کے ساتھ تنظیم نو/تصفیہ کے ذریعے مالیاتی لاگت میں مجوزہ کمی نقصانات کو مزید کم کرنے اور ایکویٹی کو بہتر بنانے میں معاون ثابت ہوگی۔ کمپنی نے اپنے لائسنس کی تجدید کے لیے درخواست دی ہے۔ لائسنس کی تجدید کمپنی کو ایکویٹی شرکت / انضمام کے ساتھ اور / یا موجودہ شیئر ہولڈرز کو اضافی ایکویٹی لگانے کا موقع فراہم کرنے کے لیے پرکشش بنائے گی۔ انتظامیہ کو یقین ہے کہ کمپنی کاروباری لائسنس کی تجدید کے بعد اپنا کام دوبارہ شروع کر سکے گی اور نئی لیز سہولیات لکھ کر موخر ٹیکس کا فائدہ اٹھا سکے گی۔

اندرونی کنٹرول اور آڈٹ فنکشن

اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔ مزید برآں، بورڈ کی نگرانی اور معاونت کے لیے آپ کی کمپنی کا اندرونی آڈٹ فنکشن ہے جو براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

اکاؤنٹنگ پالیسیاں اور تخمینہ

مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے سوائے ان تبدیلیوں کے جو معیارات کے ابتدائی اطلاق، موجودہ معیارات میں ترامیم یا تشریحات کے نتیجے میں، جیسا کہ مالیاتی بیانات کے نوٹ 3 میں بیان کیا گیا ہے۔ اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز، M/s JASB & Associates، Chartered Accountants FY23 میں تعینات کیے گئے تھے۔ بورڈ آڈٹ کمیٹی (BAC) نے FY24 کے لیے آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے جسے بورڈ آف ڈائریکٹرز نے منظور کر لیا ہے۔

متعلقہ پارٹی ٹرانزیکشن

تمام متعلقہ پارٹی ٹرانزیکشنز کو کمپنی کی آڈٹ کمیٹی کے سامنے رکھا گیا ہے اور کمیٹی کی سفارشات پر انہیں بورڈ کے سامنے جائزہ اور منظوری کے لیے رکھا گیا ہے۔



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ان میں سے کچھ قرضوں کی تشکیل نو کی گئی ہے اور ان نادہندگان سے محصولات کا سلسلہ شروع ہو گیا ہے۔ امید کی جاتی ہے کہ ایک بار ایسے تمام کھاتوں کو ریگولرائز کرنے کے بعد، اس سے کمپنی کی مالی صحت اور متعلقہ اقدار میں اضافہ ہوگا۔

ادارے کا عمومی جائزہ

2008 میں مالیاتی گراؤٹ کے نتیجے میں NBFC کا شعبہ بری طرح متاثر ہوا جس نے 2008 میں پورا مالیاتی شعبہ متاثر کیا۔ نتیجہ رعایتی شرح میں تیزی سے اضافے کے ساتھ ساتھ لیکویڈیٹی کی کمی نے کمپنیوں کو مجبور کیا کہ وہ وصولیوں سے دستیاب نقد بہاؤ کو قرضوں کی ادائیگی کے لیے استعمال کریں تاکہ نئے قرضوں کے لیے کوئی گنجائش باقی نہ رہے۔ کاروبار زیر جائزہ مدت کے دوران NBFC سیکنڈری لیکویڈیٹی کی کمی کے ساتھ کئی گنا چینلجوں کا سامنا کرنا پڑا۔ اللہ تعالیٰ کے فضل و کرم سے کمپنی کی مالی حالت کافی عرصے سے مستحکم ہے۔ چونکہ کمپنی اپنے کاروباری اخراجات کا انتظام اندرونی نقد بہاؤ کے ذریعے کر رہی ہے، اس لیے کیش پیدا کرنے کا واحد ذریعہ موجودہ پورٹ فولیو سے وصولیاں ہیں۔ کمپنی کا نان پرفارمنگ پورٹ فولیو اس کے سب سے زیادہ دائمی ڈیفالٹرز کے پاس ہے۔ البتہ،

مالیاتی کارکردگی

پچھلے دو سال این بی ایف سی سیکنڈری کے لیے خاص طور پر انوسٹمنٹ بینکوں کے لیے منفی مارکیٹ اور معاشی حالات، سیاسی عدم استحکام اور ملک میں امن و امان کی مجموعی صورتحال کی وجہ سے تسلی بخش نہیں تھے۔ سرمایہ کاری کے بینکوں کی اکثریت کو لیکویڈیٹی، منافع اور عملداری کے حوالے سے سنگین مسائل کا سامنا ہے۔ قبل ازیں، سیکورٹی اور امن و امان کے مسائل بھی لیز/لون پورٹ فولیو سے ہماری ریکوری مہم کو نقصان پہنچا رہے تھے، لیکن امن و امان کی صورتحال میں مثبت تبدیلی آنے والے سالوں میں فوائد حاصل کرنے کی امید ہے۔ 2008 سے ان سماجی و سیاسی چینلجوں کے باوجود، آپ کی کمپنی FDIB کو ایک فلوٹ رکھنے کے لیے درست سمت میں پیش رفت کر رہی ہے۔ لہذا،

	2023	2022
	روپے	روپے
لیز اور فنانشنگ (نقصان) / رزق اور خرابی کی آمدنی کا جال	60,850,286	34,535,147
جمع اور سرمایہ کاری پر واپسی	33,376,750	12,925,750
دیگر فائدہ / (نقصان)	5,584	63,647,925
کل (نقصان) / آمدنی	94,232,620	111,108,822
انتظامی اور آپریٹنگ اخراجات	(35,248,868)	(34,317,773)
مالیاتی لاگت	(2,864,509)	(5,180,926)
کل اخراجات	56,119,243	(39,498,699)
ساتھیوں کا (نقصان) / منافع کا حصہ	548,524	(32,842,270)
ذمہ داری واپس لکھی گئی۔	2,822,019	2,923,600
(نقصان) / ٹیکس سے پہلے منافع	59,489,786	41,691,453
ٹیکس لگانا	(44,450,939)	(34,230,619)
(نقصان) / ٹیکس کے بعد منافع	15,038,847	7,460,834
(نقصان) / فی شئیر آمدنی - بنیادی	0.101	0.050
(نقصان) / فی حصص کی کمائی - پتلا	0.101	0.050

اقتصادی جائزہ

میکرو اکنامک، سیاسی، اور پالیسی ڈومینز پر پھیلتی ہوئی غیر یقینی صورتحال کی ترقی کی وجہ سے، سال 2023 کے دوران



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ڈائریکٹرز کی رپورٹ:

پیارے شیئر ہولڈرز،

آپ کی کمپنی کے ڈائریکٹرز کو آپ کے سامنے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی بیانات کے ساتھ منسلک 29 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

بورڈ کی تشکیل اور معاوضہ

1. مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد 7 ہے۔

a. مرد:	06
b. عورت:	01

2. بورڈ کی تشکیل حسب ذیل ہے:

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

کمپنی کے پاس کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔ بیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی کی سفارش پر ڈائریکٹرز۔

بورڈ کے اجلاس میں شرکت کے لیے چیف ایگزیکٹو اور ڈائریکٹر فیس کا معاوضہ جو غیر ایگزیکٹو ڈائریکٹرز کو ادا کیا گیا ہے صفحہ نمبر پر ظاہر کیا گیا ہے۔ 30 جون 2023 کو ختم ہونے والے سال کے مالی بیانات کے 77 اور 80۔

کاروبار کی کارکردگی

سال کے دوران 2023 کے لیے کمپنی کے نتائج بہتر کارکردگی کے ایک اور سال کی عکاسی کرتے ہیں جو کہ ایک ایسے ماحول میں جہاں بینکنگ انڈسٹری کو معاشی بد حالی کا سامنا ہے، ہماری انتظامی ٹیم کی جانب سے اچھی طرح سے عمل میں لائی گئی جارحانہ حکمت عملی کے ذریعے فعال کیا گیا تھا۔ انتظامیہ نے ثابت قدمی کے ساتھ اپنی ریکوری مہم کو جاری رکھا جس کے نتیجے میں پہلے سے فراہم کردہ کلاسیفائیڈ پورٹ فولیو کے خلاف کی گئی پروویژن اور ریورسل/ریکوری کے بعد، کمپنی نے ٹیکس سے پہلے کا منافع 41.691M روپے تک کمایا، اور ٹیکس منافع کے بعد روپے تک 30.774M روپے پہلے ٹیکس منافع کے مقابلے میں 7.461M، اور ٹیکس کے بعد نقصان روپے پچھلے سال 6.084 ملین۔ تاہم، آپ کی کمپنی کی خالص مالیت روپے سے بڑھ گئی ہے۔ 514.125M سے 530.278M تک سرمایہ کاری کی دوبارہ تشخیص پر پروویژن اور سرپلس کے الٹ جانے کی وجہ سے۔

ایف ڈی آئی بی ایل کی انتظامیہ ریکوری کے لیے اپنی کوششیں جاری رکھے ہوئے ہے اور منفی معاشی حالات کے باوجود نان پرفارمنگ پورٹ فولیو میں کمی اور کیش ریزرو کے انتظام پر اپنی ترجیحات پر توجہ مرکوز کر رہی ہے۔ اسی طرح، اخراجات کو بھی کنٹرول کیا جا رہا ہے اور اوور ہیڈ کو محدود کیا جا رہا ہے۔ انہی وجوہات کی بنا پر، ہم نے آپریشنز اور فنانس ڈیپارٹمنٹس کی تنظیم نو کی ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ اخراجات متوقع فوائد سے زیادہ نہ ہوں۔ کمپنی کا لون پورٹ فولیو اپنے سب سے دائمی مارکیٹ ڈیفالٹرز کے پاس ہے۔ اب سے 'قانونی محکمہ' ان غیر فعال قرضوں کے ساتھ بات چیت اور تصفیہ کرنے کے لیے ٹھوس کوششیں کر رہا ہے۔ ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ یہ کوششیں پہلے ہی ہو چکی ہیں۔



FIRST DAWOOD INVESTMENT BANK LIMITED

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

Name of the company: FIRST DAWOOD INVESTMENT BANK LIMITED
Year ending: 30 JUNE 2023

1. The total number of directors are 7 as per the following:

- a. Male: 06
- b. Female: 01

2. The composition of the Board is as follows:

Category	Names
Independent Director	Mr. Khurshid Abul Khair Mr. Abu Khurshed 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)

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



FIRST DAWOOD INVESTMENT BANK LIMITED

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer or any two directors in absence of CEO duly endorsed the financial statements before approval of the Board;
12. The Board has formed following mandatory committees comprising of members given below:

AUDIT COMMITTEE

Mr. Abu Khursheed M. Arif	Chairman
Mr. Khursheed A. Khair	Member
Ms. Farhat Ali	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Khursheed A. Khair	Chairman
Ms. Farhat Ali	Member
Mr. Abu Khursheed M. Arif	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meetings (quarterly/half yearly/yearly) of the committee were as per following:
 - a) Audit Committee 04 meeting were held during FY 2022-23
 - b) HR and Remuneration Committee 01 meeting was held during FY 2022-23
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. One casual vacancy occurred in the Board during the year which was filled by the Directors as under; Mr. Asad Ali Sheikh is hereby appointed as Director of First Dawood Investment Bank Limited to fill casual vacancy caused by death of Mr. Syed Iqbal Hussian Rizvi and Mr. Iqbal Ahmed appointed as Director to fill casual vacancy caused by resignation of Mr. Iqbal Shafiq and Mr. Muhammad Rizwan-ul Haque is hereby appointed as Director & Chief Executive Officer of First Dawood Investment Bank Ltd. to fill casual vacancy caused by death of Mr. Rafique Dawood, the approval of all three aforesaid proposed directors & Chief Executive officer is awaited from SECP.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
20. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:



FIRST DAWOOD INVESTMENT BANK LIMITED

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

Christopher John Aitken Andrew
Chairman



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

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Dawood Investment Bank Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of **First Dawood Investment Bank Limited** for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.



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

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

Jas

Chartered Accountants

Engagement Partner: **Basharat Rasool**

Karachi

Dated:

UDIN: CR202310452gK8oYNnCL



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

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRST DAWOOD INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of First Dawood Investment Bank Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the basis of qualified opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As at June 30, 2023, the Company has recognized deferred tax asset of Rs. 212.017 million only in respect of carry forward of unused tax losses and provisions that result in deductible temporary differences. The Company has not recognized deferred tax on account of other temporary differences such as property and equipment, etc. which is non-compliance of the applicable financial reporting framework (refer note 2.1 to the financial statements). Further, as stated in note 12 to the financial statements, the management has carried out assessment of recoverability of the recognized deferred tax asset on the basis of projections for future taxable income taking into account various assumptions regarding future business prospects, which we could not substantiate due to pending renewal of the license and uncertainty regarding availability of future taxable profits. Furthermore, the company has not complied with all disclosure requirements of IAS 12: Income Taxes, which is departure from the applicable financial reporting framework.



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

Material Uncertainty relating to Going Concern

We draw attention to note 1.3 to the financial statements, which states that the Company is facing financial problems, its accumulated losses as at June 30, 2023 are in the tune of Rs. 1,448.073 million, and as of that date, and its licenses to carry out business are not renewed. These conditions along with other matters as stated in note 1.3 and contingencies identified in note 30 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly the Company may not be able to realize its assets and discharge its liabilities at stated amounts. Our opinion is not qualified in respect of this matter.

Emphasis of Matters

We draw attention to note 1.10 to the financial statements, which describes matters in respect of which our opinion is not modified.

KEY AUDIT MATTERS

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Valuation of Investments</p> <p>The Company's investment comprises investments in equity and debt instruments. As at June 30, 2023 total net investment amount to Rs. 336.42 million.</p> <p>The valuation of these investments is made using different valuation techniques as disclosed in note 10 & 14 to the financial statements.</p>	<p>Valuation of investments were addressed by applying following procedures:</p> <ul style="list-style-type: none"> Evaluated the design and implementation of key control around investments; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies;

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S. No.	Key audit matter	How the matter was addressed in our audit
	<p>The Company's accounting policy and movement in the year in the investments balances are disclosed in note no. 5,6, 10 and 14 respectively to the financial statements.</p> <p>We have considered this as a key audit matter in view of the significance of these investments in relation to the total assets of the Company.</p>	<ul style="list-style-type: none"> Performed purchased and sales testing on sample basis of trades made during the year ended and checked that transaction were recorded in the correct period as part of investment in case of purchases/transfers. <p>Checked the existence of the securities from the Central Depository Company's report.</p> <p>We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and</p> <p>Furthermore, we also assessed the adequacy of the respective disclosure relating to investments as disclosed in the financial statements.</p>
2.	<p>Regulatory Provisions against Non-Performing assets</p> <p>Refer to Note #, 9, 11, 15, and 17 to the Statement of financial position; management has made provisions for non-performing net investment in finance lease, long term musharika finances, long term loans, short term musharika finances, short term finances, Ijarah rental receivables, advances and other receivables in accordance with NBFC and Notified Entries Regulations 2008 that require significant judgments including estimates of Forced Sale Value of assets held as collateral.</p>	<p>Our key audit procedures in respect of provision against non-performing assets, amongst others, include the following:</p> <p>We assessed whether all assets are classified appropriately among regular, sub-standard, doubtful and loss category based on period since which they are outstanding.</p> <p>For non-performing receivables eligible for Forced Sale Value benefit of mortgaged properties held as security, we evaluated whether valuation reports are available and valid.</p> <p>We examined that reversal of provision has been made as per specified conditions in the NBFC and Notified Entities Regulations 2008.</p> <p>We inspected mortgage deeds to substantiate existence of leased assets held as collateral.</p>



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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive of those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based in the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Chartered Accountants

Karachi

Dated:

UDIN: AR202310452goECfrdp7



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

		2023	2022
		------(Rupees')-----	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	3,191,066	4,611,042
Right-of-use assets	7	-	87,245
Investment properties	8	131,545,474	83,070,000
Net investment in finance lease	9	-	-
Long-term investments	10	186,185,107	166,924,670
Long-term finances	11	-	-
Deferred tax asset	12	212,017,015	258,757,686
		532,938,662	513,450,643
CURRENT ASSETS			
Current and over-due portion of non-current assets	13	122,571,727	135,750,247
Short-term investments	14	150,235,436	152,999,996
Placement and finances	15	-	-
Investment held with Nazir SHC	16	61,339,620	56,508,957
Asset classified held for sale	17	29,777,000	29,777,000
Loans and advances	18	402,250	2,406,000
Advance tax due from Government	19	4,691,206	520,766
Prepayments	20	404,131	1,032,368
Mark-up accrued	21	554,304	66,506
Cash and bank balances	21	10,872,569	345,564
		380,848,243	379,407,405
TOTAL ASSETS		913,786,905	892,858,048
EQUITY AND LIABILITIES			
Authorized Capital	22.1	1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	22.2	1,483,900,230	1,483,900,230
Capital reserves			
Reserves		461,558,398	458,550,629
Revenue reserves			
Accumulated loss		(1,448,073,974)	(1,460,105,051)
Share of unrealized gain on remeasurement of investments in associates		497,384,654	482,345,808
Unrealised gain on remeasurement of investment at FVOCI		60,116,361	31,511,562
		22,764,764	16,421,559
		580,265,781	530,278,929
NON CURRENT LIABILITIES			
Long-term loans	23	-	17,102,696
Lease liabilities	24	10,029	130,029
		10,029	17,232,725
CURRENT LIABILITIES			
Current portion of long-term liabilities	25	255,418,905	259,319,450
Mark-up accrued	26	25,256,644	25,756,644
Short-term borrowings	27	49,774,280	49,774,280
Advances, accrued and other liabilities	28	2,622,802	3,186,256
Taxation	29	438,465	7,309,764
		333,511,096	345,346,394
CONTINGENCIES AND COMMITMENTS	30	-	-
		913,786,905	892,858,048

The annexed notes from 1 to 52 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		------(Rupees')-----	
INCOME			
Lease income		412,365	303,196
Return on deposits and investments	31	33,376,750	12,925,750
Gain on sale of securities	32	574,472	30,000
Income from long-term finances	33	487,798	928,818
Other income	34	5,584	63,647,925
		34,856,969	77,835,689
PROVISION / CHANGES IN FAIR VALUE			
Reversal for lease losses and doubtful recoveries	35	34,375,651	33,273,133
Surplus on Revaluation of Investment Property		25,000,000	-
		59,375,651	33,273,133
		94,232,620	111,108,822
EXPENDITURES			
Administrative expenses	36	(35,248,868)	(34,317,773)
Unwinding Discount	37	(3,096,759)	(5,174,574)
Liability Written Back		2,822,019	2,923,600
Exchange Gain		246,196	-
Finance cost		(13,946)	(6,352)
		(35,291,358)	(36,575,100)
Share of profit/(loss) from Associates	38	548,524	(32,842,270)
PROFIT BEFORE TAXATION		59,489,786	41,691,453
Taxation	39	(44,450,939)	(34,230,619)
PROFIT AFTER TAXATION		15,038,847	7,460,834
Earning per share – basic	40	0.101	0.050
Earning per share – diluted		0.101	0.050

Note

The annexed notes from 1 to 52 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	------(Rupees')-----	
Note		
Profit after taxation	15,038,847	7,460,864
Other comprehensive income		
Unrealized remeasurement gain on investment in associates	28,604,799	7,148,756
Unrealised gain on measurement of investment at FVOCI	6,343,205	1,544,165
	34,948,004	8,692,921
Total comprehensive income for the period	<u>49,986,851</u>	<u>16,153,785</u>

The annexed notes from 1 to 52 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	------(Rupees')-----	
Note		
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,489,786	41,691,453
Adjustments:		
Depreciation	1,503,976	1,372,245
Finance Income	(487,798)	30,000
Lease income	417,949	303,196
Gain on sale of investments	(574,472)	270,000
Share of loss on investment in associates	(548,524)	32,842,270
Finance cost	13,946	5,180,926
Depreciation of right-of-use assets	(87,245)	(87,250)
Unwinding discount	3,096,759	2,833,284
Provision / (reversal of provision potential lease)	(34,375,651)	(32,162,703)
Liabilities Written back	(2,822,019)	(2,923,600)
Exchange Gain	(246,196)	-
	(34,109,275)	4,373,472
	25,380,511	46,064,925
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets		
Net investment in lease finance	3,807,634	-
Other receivables – net	-	5,004,181
Long term finances	33,141,946	50,984,080
Placements and finances	-	39,025,413
Advances and prepayments	(1,538,452)	555,814
Mark up accrued	487,798	(29,080)
	35,898,926	98,729,816
	61,279,437	144,794,741
Increase in operating liabilities		
Accrued and other liabilities	563,454	8,580,708
	563,454	8,580,708
Taxes paid	(6,896,048)	-
Net cash generated from operating activities (A)	54,946,843	153,375,449
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(47,055,498)	(52,719,810)
Proceed from sale of Shares	-	(15,322,500)
Long term investments	24,091,100	38,782,630
Short-term investments	2,764,560	(94,526,107)
Net cash (used in) from investing activities (B)	(20,199,838)	(123,785,844)



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	------(Rupees')-----	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(24,100,000)	(30,226,916)
Lease liabilities	(120,000)	(105,702)
Net cash (used in) financing activities (C)	<u>(24,220,000)</u>	<u>(30,332,618)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	10,527,005	(743,013)
Cash and cash equivalents at beginning of the year	345,564	1,088,577
Cash and cash equivalents at end of the year	<u>10,872,569</u>	<u>345,564</u>

The annexed notes from 1 to 52 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Capital Reserves				Revenue Reserves			Total
	Share Capital	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Share of unrealised gain/(loss) on remeasurement of associates' investments	Unrealised gain/(loss) on remeasurement of available – for – sale investments	Accumulated Loss	
(Rupees)								
Balance as at July 1, 2021	1,483,900,230	401,035,068	53,426,910	2,596,484	24,362,806	14,877,394	(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 Unrealized gain on remeasurement of associates investment	-	-	-	-	7,148,756	-	-	7,148,756
- Surplus on revaluation of investment – At fair value through OCI	-	-	-	-	-	1,544,165	-	1,544,165
	-	-	-	-	7,148,756	1,544,165	-	8,692,921
Transfer to Statutory Reserve	-	1,492,167	-	-	-	-	(1,492,167)	-
Balance as at June 30, 2022	1,483,900,230	402,527,235	53,426,910	2,596,484	31,511,562	16,421,559	(1,460,105,051)	530,278,929
Balance as at July 1, 2022	1,483,900,230	402,527,235	53,426,910	2,596,484	31,511,562	16,421,559	(1,460,105,051)	530,278,929
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	15,038,847	15,038,847
Other comprehensive income								
- Share of Unrealized gain on remeasurement of associates investment	-	-	-	-	28,604,799	-	-	34,948,004
- Surplus on revaluation of investment – At fair value through OCI	-	-	-	-	-	6,343,205	-	-
	-	-	-	-	28,604,799	6,343,205	-	34,948,004
Transfer to Statutory Reserve	-	3,007,770	-	-	-	-	(3,007,770)	-
Balance as at June 30, 2023	1,483,900,230	405,535,005	53,426,910	2,596,484	60,116,361	22,764,764	(1,448,073,974)	580,265,781

The annexed notes from 1 to 52 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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 Act, 2017 (formerly Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 19th Floor, Tower B, Saima Trade Towers, I.I Chundrigar Road, Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which 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 New Allied Electronics Industries (Private) Limited, Dewan Cement Limited, Saudi Pak Leasing Company Limited, Security Leasing Company Limited, and House Building Finance Company Limited (sukuk issue). The value of assets under trustee as at June 30, 2023 amounted to Rs. 8.60 billion (June 30, 2022: Rs. 8.60 billion).
- 1.3 The Company has earned a net Profit of Rs. 15,038,847 during the year ended June 30, 2023, its accumulated losses reached to Rs. (1,448,073,974) as at June 30, 2023. The 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. 305.19 million is outstanding for which the Company is making efforts to settle in a similar manner. Presently, the equity of the Company is Rs. 580.265 million. However, as per SECP Order dated May 24, 2018, MCR shall exclude deferred tax asset and markup of Rs. 62.49 million for which appeal has been filed. Above factors indicate existence of uncertainties which may cast significant doubts on the Company's ability to continue as a going concern and accordingly Company may not be able to realize its assets and discharge its liabilities at stated amount but the Company through innovative means has been able to settle various liabilities and has also been covering all expenditures. Similarly, and going forward, the management of the Company is confident that it will continue with the mitigation plan, as explained in the following paragraphs, which will also ensure that the Company continues as going concern owing to these factors financials statement are prepared on going concern basis.

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

1.4 Mitigation Plan

- The Company has successfully been able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. Rs. 305.19 million.
- The Company is hopeful to restructure/ settle the residual amount of liabilities in the near future.
- The Company is meeting all of its expenses since the financial turmoil of 2008-09 without any external financial support or a bail-out package. Further, the Company has adequate liquid assets in the form of bank balances and short term investments to meet its obligations/ expenses in the near future.
- The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collateralized assets. In this respect, the management has realigned its strategy accordingly.
- During the year, the Company made recoveries amounting Rs. 40 million which is under the expected recovery amount of Rs. 75 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- The Company expects recovery of approximately Rs. 120.0 million in the next two financial years.

1.5 Expected NBF sector reforms/ regime

The requirement of minimum equity is expected to be resolved with the support from group companies and company may apply on the same basis for renewal of license. It is pertinent to mention that as per new rules of NBFC sector; 'SECP' has reduced minimum capital requirements to Rs 100 million (for investment financial services and leasing licenses). Upon renewal of license, the company will be able to fulfill a procedural formality. The management is confident that after renewal of the license, induction of foreign or local partner will be possible and / or the company may also evaluate the option of merger or acquisition.

1.6 Future prospects

During the year, recovery of Rs. 40 million has been made against non-performing lease and advances portfolio and further recovery is also expected which will provide cash flow cushion within next two - three years. The management is confident that it will manage to continue writing back provisions as a result of expected recoveries which will result in better cash flows. Administrative expenses have been curtailed and departments have been restructured and rationalized/ right sized to reduce the payroll cost and overhead expenses. The proposed reduction in financing cost through restructuring/ settlements with the lenders will assist in further reducing the losses and improving the equity. This will make the Company attractive for equity participation/ merger along with an opportunity for the existing shareholders to inject additional equity. The main sponsors are committed to subscribe their portion of right issue. The management is confident that the Company will be able to resume its operations upon renewal of licenses and take advantage of deferred tax by writing new lease facilities.

1.7 Cases under litigation

Cases under litigations have been disclosed in note # 30.

1.8 Credit rating

The Company has not sought fresh credit rating from credit rating agencies; since PACRA downgraded Company's rating to "D" in December 2009 i.e. due to prevailing 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.

1.9 Funded exposure

The Company could not meet certain regulatory requirements of NBFC Regulations, 2008 including Regulation 17 (1) of NBFC Regulation, 2008 which states that "the total outstanding exposure to a single person (fund based and non-fund based) by an NBFC to a single person shall not exceed 20% of the equity of an NBFC (as disclosed in the latest financial statements) provided that maximum outstanding fund based exposure does not exceed 15% of equity of an NBFC".

1.10 Other matters

1.10.1 The licenses for Leasing Business and Investment and Finance Services under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non- Banking Finance Companies & Notified Entities Regulations, 2008 from the Securities and Exchange Commission of Pakistan (SECP) has been expired and awaiting renewal (refer note 1.1).

1.10.2 Appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 is currently pending at the Honourable High Court of Sindh (refer note 1.2).

1.10.3 Company is in non-compliance with certain requirements of Non-Banking Finance Companies & Notified Entities Regulations, 2008 (refer note 1.9).

1.10.4 Effect of forced sale valuation based on valuation report was considered to determine the provision against doubtful balances. Further, unearned finance income of Rs. 106 million has been transferred to suspense income (refer note 9.1.1).



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 1.10.5** Effect of forced sale valuation based on valuation report was considered to determine the provision against doubtful balances (refer note 11.3).
- 1.10.6** Balance of placement and finances including finance against shares, short-term finance, certificate of deposit, morabaha/musharika finances is considered doubtful and accordingly provision for doubtful balances has been made for entire balance (refer note 15.4).
- 1.10.7** Mark-up accrued on placement and finance amounting to Rs. 910 million has been suspended and transferred to suspense income (refer note 20).
- 1.10.8** Litigation with HBFCL over the settlement amount of liabilities due to different cost of funds as determined by State Bank of Pakistan (SBP) and JCR-VIS (refer note 29.1).
- 1.10.9** The company has defaulted in repayment of loan from banking Company and accordingly not accrued the markup on such loan since default in repayment of principal amount. (refer note 23.4).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain investments which are measured at fair value as described in note 4.5 and certain staff retirement benefits which are carried at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest thousand rupees.

3 NEW STANDARDS INTERPRETATIONS AND AMMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

3.1 Standards, interpretation and amendments to published accounting and reporting standards that are effective in the current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2022. These are considered either to not be relevant or do not have any significant impact on the Company's financial statements and are therefore, not detailed in these financial statements.

3.2 Standards, interpretations and amendments to published accounting and reporting standards are not yet effective

The following new standards and interpretations of and amendments to existing published accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

AMENDMENTS:	Effective date accounting period beginning on or after
- IAS 8, - 'Accounting policies, changes in accounting estimates and errors' (amendments)	Jan 01, 2023
- IAS 12, - 'Income Taxes' (amendments)	Jan 01, 2023
- IAS 1, - 'Presentation of financial statements' (amendments)	Jan 01, 2024

The above amendments are not expected to have any material impact on financial statements of the company.

There are certain new standards, amendments to the published accounting and reporting standards and new interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023. However, these will not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Classification of investments (note 5.7 and 10).
- Accounting for defined benefit plan note 5.10.
- Depreciation / amortization and impairment of operating fixed assets and intangible assets (note 5.1, 5.2., 6 and 7).
- Provision for taxation (current and prior years) and deferred taxation (note 5.14, 29 and 39).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property and equipment

Owned

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

Depreciation is charged to the statement of profit or loss on straight line basis over the estimated useful life of the assets at the rates specified in note 6 to these financial statements after taking into account residual value, if significant. Depreciation on additions is charged from the month when the asset is available for use and on disposals up to the preceding month.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

5.2 Intangible assets

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

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

5.3 Investment property

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

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

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

5.4 Net investment in lease finance

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

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

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

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

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.6 Financial instruments

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

A. Financial assets

a) Initial recognition and measurement

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

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

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

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

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

b) Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

c) Derecognition

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

The transferred asset and the associated liability are measured on a basis that rejects the rights and obligations that the Company has retained.

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

d) Impairment of financial assets

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

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

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

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

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

B. Financial liabilities

a) Initial recognition and measurement

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

b) Subsequent measurement

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

i) Financial liabilities at fair value through profit or loss

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

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

ii) Financial liabilities at amortized cost

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

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

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

C. Off-setting of financial assets and financial liabilities

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

5.7 Investment in associates

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

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

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

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

5.8 Long term finances and loans

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

5.9 Sale and repurchase agreements

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

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

5.10 Staff retirement benefits

Defined contribution plan

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

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

5.11 Borrowing costs

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.12 Provisions

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

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

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

5.13 Contingent liabilities

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

5.14 Taxation

Current

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

Deferred

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

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

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

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.15 Impairment

Non-financial assets

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

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

Financial assets other than covered under IFRS 9

Loans and net investment in finance lease

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

5.16 Revenue recognition

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.17 Foreign currency transactions and translation

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

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

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

5.18 Fiduciary assets

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

5.19 Assets classified as held for sale

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

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

5.20 Cash and cash equivalents

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

5.21 Trade and other payables

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.22 Earnings per share

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

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

5.23 Segment reporting

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

5.24 Dividend distributions and appropriations

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

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>
	----- (Rupees) -----				
<i>Year ended June 30, 2023</i>					
Opening net book value as at June 30, 2022	(2)	4,607,391	3,655	(2)	4,611,042
Additions (at cost)	-	84,000	-	-	-
<i>Disposals</i>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<i>Net Book value</i>					
Depreciation charge	-	1,500,321	(3,655)	-	(3,655)
Closing netbook value	(2)	3,191,070	-	(2)	3,191,066
<i>Gross carrying value basis</i>					
Cost	171,235	8,243,070	3,644,189	4,829,099	16,887,593
Accumulated depreciation / impairment	(171,237)	(5,052,000)	(3,644,189)	(4,829,101)	(13,696,527)
Net book value	(2)	3,191,070	-	(2)	3,191,066
Depreciation Rates % per annum	10%	20%	33.33%	20%	



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Description	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
	----- (Rupees) -----				
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
		6,016,873			6,016,873
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)	-	(1,372,245)
Closing netbook value	(2)	4,607,391	3,655	(2)	4,611,042
Gross carrying value basis					
Cost	-	8,207,570	3,644,189	-	11,851,759
Accumulated depreciation / impairment	-	(3,600,179)	(3,640,534)	-	(7,240,713)
Net book value	(2)	4,607,391	3,655	(2)	4,611,042
Depreciation Rates % per annum	10%	20%	33.33%	20%	

7 RIGHT-OF-USE ASSETS

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

	2023	2022
	----- (Rupees) -----	
Office building		
As at July 01	87,245	174,495
Additions	-	-
Transfers	-	-
Depreciation charge	(87,245)	(87,250)
As at June 30	-	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.

	2023	2022
	----- (Rupees) -----	
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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

8 INVESTMENT PROPERTIES

	2023	2022
	------(Rupees')-----	
Land	30,297,000	30,297,000
Fair value gain	25,000,000	-
	<u>55,297,000</u>	<u>30,297,000</u>
Building- work in progress	76,248,476	52,773,000
Balance at end of the year	<u><u>131,545,474</u></u>	<u><u>83,070,000</u></u>

8.1 Fair value of the investment properties as at June 30, 2023 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, 2024. 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. 30.297 million at the time of revaluation.

8.3 The details of investment property are as follows:

Description	Address and location	Area
Land	Ayubi Commercial Plot # 27 C, DHA Phase 7 extension, Karachi.	100 (yds.)
Land	Hadbast Mouza Kamogill, Tehsil Patoki, District Kasur.	8.656 (acres)

9 NET INVESTMENT IN LEASE FINANCE

	Note	2023	2022
		------(Rupees')-----	
Net investment in lease finance	9.1	417,697,876	421,505,510
Provision for potential lease losses	9.2	(364,333,917)	(366,029,165)
		<u>53,363,959</u>	<u>55,476,345</u>
Current portion	9.3	53,363,959	(55,476,345)
		<u>-</u>	<u>-</u>

9.1 Particulars of net investment in lease finance

Minimum lease payments receivable	523,895,969	528,073,148
Residual value of leased assets	250,012	250,012
	<u>524,145,981</u>	<u>528,323,160</u>
Unearned finance income	-	-
Markup held in Suspense	(106,448,105)	(106,817,650)
Net investment in lease finance	<u><u>417,697,876</u></u>	<u><u>421,505,510</u></u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

9.1.1 As at June 30, 2023, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 417.697 million (June 30, 2022: Rs. 421.504 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs. 53.363 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.

9.2 Provision for potential lease losses

	2023	2022
	------(Rupees')-----	-----
Opening balance	366,029,165	367,979,428
(Reversal) for the year – net	(1,695,248)	(1,950,263)
Written off during the period	-	-
Closing balance	364,333,917	366,029,165

9.3 Current portion of lease finance- net

Maturing within one year	417,697,876	421,505,510
Provision for potential lease losses	(364,333,917)	(366,029,165)
More than one year and less than five years	-	-
	53,363,959	55,476,345

10 LONG-TERM INVESTMENTS

		2023	2022
	Note	------(Rupees')-----	-----
- Associates – equity method	10.1	168,268,934	139,115,611
- Dawood Family Takaful		60,936,526	67,720,604
- Defence Saving Certificates- at amortized cost		2,079,184	1,887,012
- Investment transfer to Nazir		(45,099,537)	(41,798,557)
		186,185,107	166,924,670

10.1 Investment in associates

Opening balance		139,115,611	164,809,125
Share of reversal of deficit on revaluation of investments recognised in other income		-	-
Share of (loss) / gain		(5,794,681)	(32,842,270)
Disposal of Investment		-	-
Share of reversal of deficit on revaluation of investments at FVOCI recognised in other comprehensive income		34,948,004	7,148,755
		168,268,934	139,115,611

10.2 Carrying value of investment in associates

	2023	2022		2023	2022
No. of shares				----- (Rupees) -----	-----
2,246,070	2,246,070	786 Investment Limited		38,051,731	36,043,984
4,762,100	4,762,100	B.R.R Investment (Private) Limited		130,217,204	103,071,627
				168,268,934	139,115,611



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

11	LONG-TERM FINANCES	Note	2023 ------(Rupees')-----	2022 -----
	Term finance facilities		152,234,628	185,376,574
	Provision for doubtful finances		<u>(83,026,860)</u>	<u>(105,102,672)</u>
			69,207,768	80,273,902
	Current portion	13	<u>(69,207,768)</u>	<u>(80,273,902)</u>
			<u>-</u>	<u>-</u>
11.1	Particulars of provision for doubtful finances			
	Opening balance		105,102,672	121,308,672
	(Reversal) for the year		(22,075,812)	(16,206,000)
	Provision during the year		-	-
	Closing balance		<u>83,026,860</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 June 30, 2023, long term finance of Rs. 152.234 (June 30, 2022: Rs. 185.376 million) which have been placed under non-performing status. The forced sale value benefits considered against these non-performing finances amounting to Rs. 83.026 (June 30, 2022: Rs. 105.10 million).			
12	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. 212.017 million will be realised in the future.			
13	CURRENT AND OVER DUE PORTION OF NON-CURRENT ASSETS			
		Note	2023 ------(Rupees')-----	2022 -----
	Net investment in lease finance	9	53,363,959	55,476,345
	Long-term finances		<u>69,207,768</u>	<u>80,273,902</u>
			<u>122,571,727</u>	<u>135,750,247</u>
14	SHORT-TERM INVESTMENTS			
	Held for trading			
	Listed ordinary shares		377,664	377,664
	Available for sale			
	Term finance certificates / sukuk bonds / Musharaka		150,235,436	151,500,000
	Unquoted securities		16,240,083	14,710,400
			166,475,519	167,710,400
	Less: Provision for impairment in preference shares		(377,664)	(377,664)
	Held with Nazir of SHC against HBFC case		(16,240,083)	(14,710,400)
			<u>150,235,436</u>	<u>152,999,996</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

14.2 Term finance certificates/ sukuk bond

2023	2022		2023	2022
Number of Certificates / Bonds			----- (Rupees) -----	
		<i>Quoted</i>		
1,976	1,976	Invest Capital Investment Bank Ltd.	3,580,000	3,580,000
82	82	Trust Investment Bank Limited	186,276	186,276
			<u>3,766,276</u>	<u>3,766,276</u>
		<i>Un-quoted</i>		
1,023	1,023	New Allied Electronics (Pvt.) Ltd.	4,348,775	4,348,775
			<u>8,115,051</u>	<u>8,115,051</u>
			<u>(8,115,051)</u>	<u>(8,115,051)</u>
			<u>-</u>	<u>-</u>

15 PLACEMENTS AND FINANCES

	Note	2023 ------(Rupees')-----	2022 ------(Rupees')-----
Financing against shares	15.1	155,158,994	155,185,305
Provision for doubtful finances		(155,158,994)	(155,185,305)
		-	-
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		7,980,667	86,684,717
Provision for doubtful finances		(7,980,667)	(47,659,304)
		-	39,025,413
		-	<u>39,025,413</u>

15.1 These financings were made to a company and individuals in the normal course of business and matured.

15.2 These are secured by mortgage of properties and ranking charge over hypothecation of stock and matured.

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.

15.4 As at June 30, 2023, an aggregate amount of Rs 179.439 million (June 30, 2022: Rs 218.465 million) related to placement and finances has been placed under non-performing status. Provision against non-performing finances is made against entire balance as per NBFC, NE Regulation.



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

16 INVESTMENT HELD WITH NAZIR SHC AT FVOCI

<u>2022</u>			<u>2023</u>	<u>2022</u>
<u>No. of shares</u>			----- (Rupees) -----	
6,466,010	6,466,010	Dawood Family Takaful Limited	41,798,557	40,896,378
1,477,823	1,477,823	Al Baraka Bank Pakistan Limited	14,710,400	14,505,413
<u>7,943,833</u>	<u>7,943,833</u>		<u>56,508,957</u>	<u>55,401,791</u>
Remeasurement gain on investment – DFTL			3,300,980	902,179
Remeasurement gain on investment- ABPL			1,529,683	204,987
			4,830,663	1,107,166
			<u>61,339,620</u>	<u>56,508,957</u>

16.1 These securities are held by Nazir of Honorable High court in pursuant to the litigation with HBFC since May 2011. However, as per the order of Honorable 'Supreme Court of Pakistan' (SCP), HBFC was ordered to arrange for the release of those securities on a pro-rata basis i.e. on receipt of periodical installments from FDIBL. As per the order of 'SCP'; FDIBL made two cash payments but, HBFC remained in default to the order and did not release any security owing to the fact that HBFC has taken cost of fund @ 14.33% as per SBP letter which is significantly higher than the market norms and same is verified in JCR-VIS calculation i.e. 4.70%. In view of the above, FDIBL was compelled to adjust securities held by the Nazir and paid balance amount in cash to settle the liability as per legal opinion sought. The liability was fully settled in March, 2017, but since HBFC has filed a fresh application with High court (and not 'SCP') and because the securities continues to remain with the Nazir. Therefore, FDIBL is showing these securities under a separate account head to show the realistic position of books of accounts.

16.2 Fair value of investment with Al-Baraka Bank Pakistan Limited is measured on the basis of unaudited financial statements for the quarter ended March 31, 2023 using FVOCI model.

17 LOANS AND ADVANCES

		<u>2023</u>	<u>2022</u>
	Note	----- (Rupees) -----	
<i>Considered good</i>			
Loan to employees	17.1	134,000	2,086,750
Others		268,250	319,250
		<u>402,250</u>	<u>2,406,000</u>

17.1 This includes loan to key management personnel. The maximum amount outstanding at the end of any month during the period stands at Rs. 0.402 million.

18 ADVANCE TAX DUE FROM GOVERNMENT

	<u>2023</u>	<u>2022</u>
	----- (Rupees) -----	
Opening balance	520,766	1,548,362
Add: Tax paid during the year	4,608,905	1,821,112
	5,129,671	3,369,474
Less: Provision for taxation during the year	(438,465)	(2,853,707)
Transfer to provision for taxation	-	-
	<u>4,691,206</u>	<u>520,766</u>

19 PREPAYMENTS

Prepaid insurance	404,131	1,032,368
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FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

20	MARK-UP ACCRUED	Note	2023	2022
			----- (Rupees) -----	
	Mark-up accrued on Placement and finances		911,409,051	907,737,306
	Less: Transferred to suspense income		<u>(910,854,747)</u>	<u>(907,670,800)</u>
			<u>554,304</u>	<u>66,506</u>
21	CASH AND BANK BALANCES			
	<i>Cash at banks</i>			
	<i>Local currency</i>			
	- In current accounts		10,021,987	45,353
	<i>Foreign currency</i>			
	- In deposit accounts	21.1	850,582	300,211
	- In current accounts		-	-
			<u>850,582</u>	<u>300,211</u>
			<u>10,872,569</u>	<u>345,564</u>
21.1	These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 10% to 20% (June 30, 2022 7.5% to 9%).			
22	SHARE CAPITAL			
22.1	AUTHORIZED SHARE CAPITAL			
	2023	2022	2023	2022
	<u>No. of shares</u>		----- (Rupees) -----	
	150,000,000	150,000,000	1,500,000,000	1,500,000,000
	<u>150,000,000</u>	<u>150,000,000</u>	<u>1,500,000,000</u>	<u>1,500,000,000</u>
			Ordinary shares for Rs. 10 each	
22.2	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	2023	2022	2023	2022
	<u>No. of shares</u>		----- (Rupees) -----	
	Fully paid ordinary shares of Rs. 10 each issued			
	35,685,382	35,685,382	356,853,820	356,853,820
	26,491,821	26,491,821	264,918,210	264,918,210
	85,740,733	85,740,733	857,407,330	857,407,330
	472,087	472,087	4,720,870	4,720,870
	<u>148,390,023</u>	<u>148,390,023</u>	<u>1,483,900,230</u>	<u>1,483,900,230</u>
22.1.1	As at June 30, 2023, related parties hold 3,833,153 (June 30, 2022: 3,833,153) ordinary shares of Rs. 10 each.			
22.1.2	There is only one class of ordinary shares issued fully paid in cash.			
22.1.3	Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.			



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

23 LONG-TERM LOANS

		2023	2022
		------(Rupees')-----	
Secured			
Commercial Banks	25.1	255,418,905	276,422,146
		<u>255,418,905</u>	<u>276,422,146</u>
Current portion		<u>(255,418,905)</u>	<u>(259,319,450)</u>
		<u>-</u>	<u>17,102,696</u>
23.1 Repayments			
Repaid during the year		<u>(24,100,000)</u>	<u>(30,150,000)</u>
23.2	During the previous year Company restructured its outstanding loans with ABL and UBL resulting into interest free liabilities. Present value of these loans are calculated using interest rate of 10.04% and 14.25% for UBL and ABL.		
23.3	These are secured against hypothecation of assets including book debts of the Company ranking paripassu, with the charge created in favour of other lenders to secure short term borrowings.		
23.4	This includes loan from The Bank of Khyber amounting to Rs. 228.62 M as at June 30, 2023 (June 30, 2022: 228.62 M). The repayment period has expired and the Company has defaulted in repayment of the loan.		

24 LEASE LIABILITIES

		2023	2022
		------(Rupees')-----	
Related party BRR Guardian Modaraba			
24.1 Below is the carrying amount of lease liabilities			
As at July 1 st		130,029	250,029
Addition		-	-
Disposal		<u>(120,000)</u>	<u>(120,000)</u>
As at June 30		<u>10,029</u>	<u>130,029</u>
Current portion		-	-
Non current portion		<u>10,029</u>	<u>130,029</u>
		<u>10,029</u>	<u>130,029</u>

25 CURRENT PORTION OF LONG-TERM LIABILITIES

		2023	2022
		------(Rupees')-----	
Long term loans		279,518,905	259,319,450
Repayment during the year		(24,100,000)	-
Lease Liabilities		-	-
		<u>255,418,905</u>	<u>259,319,450</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

26 MARK-UP ACCRUED

	2023	2022
	------(Rupees')-----	
Secured		
Short term borrowing	25,756,644	25,756,644
	25,756,644	25,756,644

27 SHORT-TERM BORROWINGS

Unsecured

Development Financial Institution	27.1	49,774,280	49,774,280
		49,774,280	49,774,280

27.1 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.

27.2 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 High 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.

28 ADVANCES, ACCRUED AND OTHER LIABILITIES

	2023	2022
	------(Rupees')-----	
Accured liabilities	2,622,802	3,186,256

29 PROVISION FOR TAXATION

Opening	7,309,764	7,471,203
(Adjustment) during the year	(6,871,299)	(161,439)
Closing	438,465	7,309,764

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingent liabilities

Letters of comfort / guarantee	715,000,000	715,000,000
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30.2 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 financial statements. Brief detail of the guarantees under litigations is 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 30.2.1** 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.
- 30.2.2** The matter with House Building Finance Corporation Limited - HBFCL is discussed in note 29.1 with related liability. During the year ended 30 June 2018, the Company had reversed markup up to Rs. 62.49 million based on legal advise for which SECP Order states that it is inappropriate. But, since as per the Legal Opinion; the case has been settled as per the order of Honorable Supreme Court, therefore in the current accounts; the mark-up has been determined as per the rate used by an independent firm i.e. JCR-VIS (the credit rating agency). This is an acceptable and justified rate, because it can be verified / recalculated from books of account of HBFC as well. The sum as per aforesaid calculation i.e. as per JCR continues to reflect as accrued liability in the company's account.
- 30.2.3** Various other cases which are at hearing stage are also pending for which outcome could not be determined and in various cases compromise has been reached.

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
High Court Sindh of Karachi	A guarantee of Rs. 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of the trustee of the sukuk issue.	First Credit and Investment Bank Vs. Three Star Hosiery Mills Ltd.	9/17/2012
Banking Court No. II Karachi	A suit filed by the Company under the Financial Institutions (Recovery of Finance) Ordinance 2001 seeking a decree in the sum of Rupees 15 million plus markup of Rupees 7,398,493 calculated from 5 August 2008 at the Second Skkuk Facility rate of 17% together with cost of funds from 30 June 2011 till date of payment. Initially, this claim was filed as a counter-claim in Suit No. 445 of 2010 (instituted by the Defendant against the Company and decreed on 16 December 2011). However, in view of recent judgments of the High Court and instructions received the counter claim was not passed and these new proceedings were filed on the basis of the same cause of action.	FDIBL Vs. Bank Islami Pakistan Limited	8/5/2008
Sindh High Court Karachi	A guarantee of Rs. 250 million against the repayment of sukuk was called as the principal debtor defaulted in payment of installments of the said sukuk. The Trustee of the sukuk has filed a recovery suit against the Company in the SHC, which is pending adjudication. Based on opinion of the legal advisors of the Company, the Company has good merits to defend the case as in its view the guarantee never became operational on technical grounds of non-fulfillment of pre-conditions.	FDIBL versus New Allied Electronics (Pvt) Ltd.	3/14/2009
Pak Kuwait versus FDIBL	Objections filed by the Company against the claim of Rs. 32.87 million by Pak Kuwait Investment Company Limited-PKICL are pending for adjudication before the Honorable Court. The HC passed order in favor of Company and dismissed the claim of PKICL.	PKICL (Pak Kuwait Investment Company Limited) Vs. FDIBL	7/15/2013
FDIBL Vs. Bank of Punjab	The civil appeal no. 1003 of 2019 in Honorable Supreme Court FDIBL vs Bank of Punjab against order of the Honorable High Court of Sindh January 23, 2019 where by a petition filed by bank of Punjab, conditional order of the winding up of the company was passed. The Honorable Supreme Court had allowed the appeal, set aside the impugned order of the Honorable High Court and dismiss the winding up petition of the respondent bank. Subsequently, the Review Petition No. 332 of 2022 filed by BOP in August 2022, the same petition was dismissed Honorable Supreme Court Islamabad through order dated February 16, 2023.	Supreme Court Islamabad	3/11/2010



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
Banking court No. 1 at Karachi	Suit with the Bank Alfalah Limited - BAFL is pending for property for which title documents have been transferred by the Company and require the BAFL to coordinate directly with the title owner. The suit is currently pending for hearing of leave to defend application before the learned judge banking court No. 1 at Karachi.	Bank Alfalah versus FDIBL	3/6/2017
Sindh High Court Karachi	<p>The investment of DFI matured on June 30, 2009, but due to liquidity crunch the company could not timely make the repayment. Since, the investing 'Development Financial Institution' (DFI) did not agree to settle the outstandings against available assets of the company (like other financial institutions), therefore it filed a legal suit. It obtained a decree in March 2016 of Rs. 75.0M plus cost of fund, which was payable within a year (i.e. by March 2017) in 12-installments. Further as per the Order of Honorable 'Supreme Court of Pakistan' (SCP), the DFI was to release the cash & securities on a pro-rata basis, which were held by the Nazir of High court in this case. The DFI shared a 'cost of fund' inclusive of; Administrative expenses and Provision costs (in addition to actual cost of funds). In view of the above, the Company took assistance of report of the Credit Rating Agency for 'cost of fund' and structured the 'Schedule of Repayment'. The DFI accepted the first cheque (upfront payment), which triggered the repayment schedule, as per the offer and later 2nd installment was also duly paid in cash. Thereafter, 11-installments were duly paid by the company i.e. from May 2016 until March 2017, after adjusting the value of securities, which were to be released as per the order of SCP (but were not released by DFI). Later DFI has filed a fresh case in the High court, and Court has passed an order to sell the attached securities in the market.</p> <p>In the year ended 30 June 2018, the Company had reserved markup up to Rs. 62.49 million based on legal advise for which SECP Order states that it is inappropriate. But, since as per the Legal Opinion; the case has been settled as per the order of Honorable Supreme Court, therefore in the current accounts; the mark-up has been determined as per the rate used by an independent firm i.e. JCR-VIS (the credit rating agency). This is an acceptable and justified rate, because it can be verified / recalculated from books of account of HBFC as well. The sum as per aforesaid calculation i.e. as per JCR continues to reflect as accrued liability in the Company's account.</p>	House Building Finance Corporation versus FDIBL	10/23/2009
Sindh High Court Karachi	The company filed an appeal at Sindh High Court against the order of Appellate Bench of SECP, Islamabad for renewal of business license due to non-compliance of MER, as per SECP's criteria. In September 2022 the case was remanded-back for 60 days with mutual consent of FDIBL & SECP in order to review the case of renewal of license by 'Licensing Department' (LD) of SECP, because FDIBL was fully complied then with respect to MER. Although, 'LD' responded after 60-days, but has again refused to renew the business license (without making any reference to MER), but raising other issues, which are minor and a couple of cases are in litigation, hence beyond FDIBL's control. Subsequent to the above, 'Adjudication Department' (AD) of SECP issued 'Show Cause Notice' (SCN) for liquidation of company, despite the fact that FDIBL is a profitable going concern beside being MER complaint. In view of the above, a hearing was conducted with 'AD', and FDIBL was directed to give a timeline to reform the company to circumvent the liquidation.	FDIBL Vs. Commissioner (Specialized Company Division), Securities and Exchange Commission of Pakistan	09/28/2020



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
Lahore High Court	<p>The suit was instituted in March 2013 by the National Bank of Pakistan under the provisions of the Financial Institutional (Recovery of Finances) Ordinance, 2001, for recovery of Rs. 1,487,666,500. However, no relief has been sought against the Company and had been joined as a pro-forma Defendant No. 16 along with the other pro-form Defendant Nos. 6 to 15. The basis on which the Company has been joined as a party to the proceedings is the fact that it is a joint pari-passu charge holder on certain properties belonging to Amtex limited. As per management the Company has been joined as a formal party and no relief is sought against only a brief formal leave application was filed on behalf of the Company as matter of procedure.</p>	National bank of Pakistan Vs. Amtex limited & others	3/1/2013
High Court Sindh of Karachi	<p>The suit has been filed by the Plaintiff bank under the provisions of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and sought the recovery of Rupees 896,926,626 from (i) New Allied Electronics Industries (Private) Limited (Defendant No. 1) (ii) Mian Pervaiz Akhtar (Defendant No. 2) (iii) Mr. Abdul Rauf (Defendant No. 3) and the Company (Defendant No. 4).</p> <p>The underlying transaction for the suit is a privately placed Musharaka facility in the sum of Rupees 750 Million provided to the Defendant No. 1 by the Plaintiff and other investors. While the capacity in which the plaintiff has filed the above suit has not been made clear in the Plaintiff itself, the Plaintiff is at once an investor, the Investment Agent and also a Trustee under the Transaction Documents. The suit has been instituted against the Defendant Nos. 2, 3 and 4 in their alleged capacity as guarantors of the liabilities alleged to be due from the Defendant No. 1. So far as the Company is concerned, the guarantee that is the subject of the claim against the Company is the Modified and Restated Bank Guarantee (No. FDIBL/NAEL/019/2007) dated 14 December 2007. The Company has filed an application seeking leave to defund the above suit.</p>	Bank Islami Vs. New Allied Electronics Industries Pvt. Ltd. & Others	12/10/2009
High Court Sindh of Karachi	<p>A suit was instituted by the Bank of Punjab on or about 10 March 2010 and seeks the recovery of Rupees 193,217,649 from AMZ Ventures Limited ("AMZ Ventures). The Company has been Joined the defendant on the basis of certain guarantees issued by it. The Company had filed application seeking leave to defend the above suit along with the documents that the plaintiff has not made a full disclosure of the facts of the case.</p> <p>In essence these documents evidence that on 26 May 2005 AMZ ventures awarded a joint mandate to Orix Investment Bank and the Plaintiff to acts as its advisor and arrangers in connection with a proposed public issue of AMZ Venture preference shares. As originally envisaged a sum of Rupees 300 with a green-shoe option in the sum of rupees 200 million Orix Investment Bank and the Plaintiff also committed to arrange the underwriting of the entire offering and, for that purpose, to at a the placement agent for the offering to underwriters or private investors; On 27 May 2005 the Plaintiff conveyed its in principal agreement to underwriter the transaction up to the amount of Rupees 150 million. At this time 27 May 2005 the Company was not involved in the above transaction in any manner. However, what is clear from these documents that there was an inordinate delay in giving effect to the transaction for one reason or the other.</p>	Bank of Punjab Vs. AMZ Venture limited and others	3/10/2010



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
Lahore High Court	<p>A suit was instituted by the National Bank of Pakistan under the provisions of (the Financial Institutional (Recovery of Finances) Ordinance, 2001 on or about 5 December 2012, for recovery of Rs. 106,924,484. However, no relief has been sought against the Company and it has been joined as a pro-forma Defendant No. 15 along with the other pro-forma Defendant Nos. 5 to 14, all of which are financial institutions.</p> <p>The basis on which the Company has been joined as a party to the proceedings is the fact that it is a Joint pari-passu charge holder on certain properties belonging to Amtex Limited. The charge recorded in favour of the Company in this document is the sum of Rupees 454,000,000.</p> <p>The Company has been joined as a formal party and no relief is sought against it. Only a brief formal leave application was filed on behalf of the company as a matter of procedure.</p>	National bank of Pakistan Vs. Amtex limited & others	12/05/2012

30.3 Commitments

There are no major commitments outstanding as at June 30, 2023.

	2023	2022
	------(Rupees')-----	
Income on Musharaka Placements	23,103,739	11,600,611
Income from long term finances	4,667,828	247,463
Income on DSCs	192,172	381,712
Profit on bank deposits	5,401,624	641,785
Dividend income	11,387	54,179
	<u>33,376,750</u>	<u>12,925,750</u>
32 INCOME FROM LONG-TERM FINANCES		
Income from long-term finances	487,798	30,000
	<u>487,798</u>	<u>30,000</u>
33 GAIN ON SALE OF SECURITIES - NET		
Gain on sale of shares	574,472	928,818
	<u>574,472</u>	<u>928,818</u>
34 OTHER INCOME		
Gain on disposal of fixed asset	4,850	262
Other income	42,821	3,250,000
Fee and commission and other charges	-	59,333,364
Rental income from investment properties	1,260,000	600,000
Trustee fee income	-	874,236
Exchange gain	246,196	81,023
	<u>1,553,867</u>	<u>64,138,885</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		------(Rupees')-----	
35	REVERSAL FOR POTENTIAL LEASE LOSSES AND OTHER LOAN LOSSES - NET		
	Net investment in finance lease	48.1 & 9.1	9,675,651
	Long term finances	11	8,200,000
	Placements and finances	15.1.1	16,500,000
	Other receivables		-
	Short term investment	14.3	603,466
			-
		<u>34,375,651</u>	<u>33,273,133</u>

35.1 This represents impact of changes in forced sale value of securities held and the amount received against loans and finances.

35.2 This represented waiver of markup accrued on long term loans payable to commercial banks resulting from restructuring arrangements made during the previous year.

		2023	2022
		------(Rupees')-----	
36	ADMINISTRATIVE EXPENSES		
		Note	
	Salaries and benefits	36.1	16,368,665
	Benefits & Allowances		16,540,176
	Bonus to employees		2,512,609
	Directors' meeting fees		2,566,138
	Rent, rates and taxes		1,419,500
	Legal, professional and consultancy		780,000
	Vehicles running and maintenance		725,000
	Fees and subscription		136,098
	EX- Gratia		392,377
	Postage and telephone		1,963,094
	Printing and stationery		3,528,045
	Insurance		2,772,959
	Entertainment		1,313,840
	Advertisement		2,731,327
	Repairs and maintenance		2,702,004
	Depreciation		700,000
	Depreciation on right-of-use asset		-
	Auditors' remuneration		21,921
	Share registrar service		238,590
	Other expenses		537,272
			66,893
			189,924
			92,763
			11,157
			313,775
			1,503,976
			1,372,245
			87,245
			87,250
			1,055,000
			1,604,200
			400,188
			407,500
			660,902
			951,070
			<u>35,248,868</u>
			<u>34,317,774</u>

36.1 It includes Rs. 994,278(2022: Rs. 826,307/-) in respect of Company's contribution in defined contribution plan.

36.2 Auditors' remuneration

		2023	2022
		------(Rupees')-----	
		Note	
	Statutory audit fee		500,000
	Half yearly review fee		866,000
	Review report on Code of Corporate Governance		392,000
	Other services and certification		540,000
	Out of pocket expenses		108,000
			-
			-
			55,000
			90,200
			<u>1,055,000</u>
			<u>1,604,200</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees')-----	2022 -----
37 FINANCE COST			
Bank charges		13,946	1,545
Unwinding of discount on interest free loan		3,096,759	5,174,574
Interest expense relating to lease liabilities		-	-
		<u>3,110,705</u>	<u>5,176,119</u>
38 SHARE OF PROFIT/ (LOSS) FROM ASSOCIATES-NET			
786 Investment Limited		423,362	499,672
B.R.R. Investment (Private) Limited		125,162	(33,341,943)
		<u>548,524</u>	<u>(32,842,270)</u>
39 TAXATION			
Current period		438,465	7,309,764
Deferred tax	12	46,740,671	31,539,752
Prior year		(2,728,197)	4,618,898
		<u>44,450,939</u>	<u>34,230,618</u>
39.1	Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:		
39.2 Major components of current tax expenses			
		2023 ------(Rupees')-----	2022 -----
Charge for current year		(438,465)	7,309,764
		<u>(438,465)</u>	<u>7,309,764</u>
39.3 Reconciliation between tax expense and accounting profit			
		2023	2022
Tax rate		29%	29%
		------(Rupees')-----	-----
Profit before tax		<u>59,489,786</u>	<u>41,691,453</u>
Tax on accounting (Loss)/profit		17,252,038	12,090,521
Minimum tax charge "current" year		(438,465)	7,309,764
Effect of deffered tax on incremental depreciation		46,740,671	31,539,752
Reversal of deffered tax recorded in prior year – (net)		(2,728,197)	4,618,898
Effect due to charging of minimum tax		(17,252,038)	(12,090,521)
Tax charge for the year		<u>44,450,939</u>	<u>34,230,618</u>
40 EARNINGS PER SHARE			
40.1 Basic earnings per share			

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted / average number of ordinary shares outstanding.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Profit after taxation – basic	Rupees 15,038,847	7,460,864
Weighted average number of ordinary shares–basic EPS	Numbers 148,390,023	148,390,023
Earning per share – basic	Rupees 0.101	0.050

40.1.1 Weighted average number of ordinary shares (basic)

	2023	2022
	------(Rupees')-----	
Issued ordinary shares at 1 July	148,390,023	148,390,023
Effect of shares issued	-	-
Effect of share options exercised	-	-
Effect of treasury shares held	-	-
Weighted-average number of ordinary shares at 30 June	<u>148,390,023</u>	<u>148,390,023</u>

40.2 Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted/average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2023	2022
Profit after taxation – basic	Rupees 15,038,847	7,460,864
Weighted average number of ordinary shares–basic EPS	Numbers 148,390,023	148,390,023
Earning per share – basic	Rupees 0.101	0.050

40.2.1 Weighted average number of ordinary shares (diluted)

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

41 REMUNERATION TO CHAIRMAN, DIRECTORS AND EXECUTIVES

	2023				2022			
	Chief Chairman	Executive Director	Director	Executives	Chief Chairman	Executive Director	Director	Executives
	----- (Rupees) -----				----- (Rupees) -----			
Managerial Remuneration	-	400,000	-	8,229,624	-	2,400,000	-	6,891,512
Provident fund	-	-	-	1,205,532	-	-	-	699,156
Utilities	-	-	-	3,495,756	-	75,558	-	3,495,756
Medical	-	1,000,000	-	115,203	-	1,701,755	-	144,000
Fuel	-	-	-	1,504,260	-	-	-	1,020,000
Maintenance	-	-	-	65,310	-	134,204	-	54,000
Bonus	-	-	-	685,802	-	-	-	873,000
Other expense	-	-	-	-	-	-	-	-
	<u>-</u>	<u>1,400,000</u>	<u>-</u>	<u>15,301,487</u>	<u>-</u>	<u>4,311,517</u>	<u>-</u>	<u>13,177,424</u>
Number of persons	-	1	-	2	-	1	-	2



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 41.1 The position of Chief Executive Officer is still vacant after the death of Mr. Rafique Dawood on August 19, 2022.
- 41.2 The executives are also provided with free use of Company maintained cars.
- 41.3 Executive means an employee other than director and Chief Executive Officer, whose basic salary exceeds Rs. 1,200,000 in a financial year.

42 DISCLOSURES RELATED TO PROVIDENT FUND

- 42.1 The following information is based on the latest financial statements of the Fund:

	2023	2022
	------(Rupees')-----	
Size of the fund – total assets	240,118,646	209,208,362
Cost of investments made	<u>200,063,012</u>	<u>129,403,874</u>
Percentage of investments made	62.79%	61.85%
Fair value of investments	<u>200,063,012</u>	<u>129,403,874</u>

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

	2023		2022	
	Rupees	---- % ----	Rupees	---- % ----
Investment in listed securities	46,572,204	23	46,122,500	36
Investment in Government securities	47,610,189	24	43,000,000	33
Investment in Debt securities	30,990,906	15	6,127,200	5
Investment in Commercial Papers	-	-	5,979,309	5
Investment in Mutual funds	25,587,055	13	23,458,242	18
Bank balances	49,302,658	25	4,716,623	4
	<u>200,063,012</u>	<u>100</u>	<u>129,403,874</u>	<u>100</u>

The investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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

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

43 NUMBER OF EMPLOYEES

	2023	2022
	------(Rupees')-----	
Average number of employees during the year	<u>5</u>	<u>5</u>
Number of employees at year end	<u>5</u>	<u>5</u>

44 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Name of related party	Relationship and percentage shareholding	Transactions made during the year	June 30, 2023	June 30, 2022
786 Investments Limited	- Associated Company - Percentage shareholding: 15% (2022: 15%)	- Gain/(loss) on remeasurement of investment	423,362	1,015,510
B.R.R. Investment (Private) Limited	- Associated Company - Percentage shareholding: 35.27% (2022: 35.27%)	- Gain/(loss) on remeasurement of investment	125,162	(26,709,024)
Dawood Family Takaful Limited	- Related Party - Percentage shareholding: 11.66% (2022: 13.97%)	- Shares sold during the year	11,597,600	15,322,500
		- Gain/(loss) on remeasurement of investment	382,300	1,179,407
		- Insurance premium paid during the year	193,896	63,975
B.R.R. Guardian Modaraba	- Related party	- Musharaka placement made during the year	2,000,000	101,500,000
	- Personal relationship of director	- Musharaka placement redeemed during the year	60,000,000	60,000,000
		- Mark-up accrued during the year	23,103,739	11,600,611
		- Mark-up received during the year	23,103,739	11,600,611
		- Common expenses paid during the year	487,456	-
		- Rent expense	120,000	120,000
Mr. Syed Musharaf Ali	Key management personal	Receipt against sale of fixed asset	-	-
		- Loan extended during the year	402,000	-
		- Loan repaid during the year	(268,000)	-



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

45 SEGMENT ANALYSIS

45.1 Operating segments are reported in a manner consistent with the internal reporting used by chief operating decision maker. Chief Executive Officer (CEO) has been identified as the chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments. The CEO with his team is responsible for the business of the Company which is divided into four categories:

1. Leasing;
2. Investments;
3. Long term finances; and
4. Placements and finances.

Primary segment information

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

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

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

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

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

45.2 Segment information for the year ended June 30, 2023

	2023					Total
	Leasing	Investments	Long term finances	Placements & finances	Fee commission & other income	
	----- Rupees -----					
External operating revenue	303,196	13,845,393	30,000	-	63,566,902	<u>77,745,491</u>
Segment results	12,890	588,618	1,275	-	2,702,458	<u>3,305,241</u>
Segment assets	-	374,933,636	80,273,902	-	-	455,207,538
Unallocated assets	-	-	-	-	-	469,104,883
Total assets						<u>924,312,421</u>
Segment liabilities	-	328,773,043	70,390,844	-	-	399,163,887
Net Assets						<u>525,148,534</u>

	2022					Total
	Leasing	Investments	Long term finances	Placements & finances	Fee commission & other income	
	----- Rupees -----					
External operating revenue	421,365	33,376,750	487,798	-	580,056	<u>34,856,969</u>
Segment results	39,102	3,164,882	46,254	-	55,003	<u>3,305,241</u>
Segment Assets	-	186,185,107	-	-	-	186,185,107
Unallocated assets	-	-	-	-	-	727,601,798
Total assets						<u>913,786,905</u>
Segment liabilities	-	33,521,125	-	-	-	33,521,125
Net Assets						<u>880,265,780</u>

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Segment by class of business

	2023					%
	Leasing Operations	Investments	Long term finances	Placements & finances	Total	
	----- Rupees -----					
Chemicals, fertilizers and pharmaceuticals	67,172,921	-	40,910,127	-	108,083,048	11.13
Construction	8,799,225	-	37,209,018	-	43,008,243	4.43
Electrical goods	14,779,300	4,348,775	-	-	19,128,075	1.97
Energy, oil and gas	576,620	-	3,077,500	-	3,654,120	0.38
Food, tobacco and beverages	-	-	-	-	-	-
Individuals	37,702,630	-	29,867,038	150,043,712	215,613,380	22.21
Cement	-	-	-	-	-	-
Steel, engineering and automobile	7,464,447	-	-	-	7,464,447	0.77
Sugar and allied	-	-	-	-	-	-
Textile	157,288,425	377,668	-	-	157,666,093	16.22
Transport and communication	156,975,340	-	10,521,065	2,100,000	169,596,405	17.47
Financial	-	110,186,272	1,620,233	15,795,949	127,602,454	13.14
Leather and Tanneries	-	-	-	-	-	-
Miscellaneous	75,587,073	-	32,029,647	11,500,000	119,116,720	12.27
	524,145,981	114,912,715	152,234,628	179,439,661	970,732,985	



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2022						
Leasing Operations	Investments	Long term finances	Placements & finances	Total	%	
----- Rupees -----						
Chemicals, fertilizers and pharmaceuticals	67,172,921	-	46,910,127	-	114,083,048	10.32
Construction	8,799,225	-	37,446,462	-	46,245,687	4.18
Electrical goods	14,779,300	4,348,775	-	-	19,128,075	1.73
Energy, oil and gas	576,620	-	3,077,500	-	3,654,120	0.33
Food, tobacco and beverages	-	-	-	-	-	-
Individuals	37,007,631	-	29,867,038	168,043,712	234,918,381	21.25
Cement	-	-	-	-	-	-
Steel, engineering and automobile	7,464,447	-	-	-	7,464,447	0.68
Sugar and allied	-	-	-	-	-	-
Textile	159,288,425	377,668	-	-	159,666,093	14.45
Transport and communication	156,975,340	-	10,521,065	2,100,000	169,596,405	15.34
Financial	-	186,186,276	4,625,235	17,795,949	208,607,460	18.87
Leather and Tanneries	-	-	-	-	-	-
Miscellaneous	76,009,239	-	52,929,147	13,000,000	141,938,386	12.84
	528,073,148	190,912,719	185,376,574	200,939,661	1,105,302,102	



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

46 FINANCIAL INSTRUMENTS BY CATEGORY

46.1 Financial assets as per statement of financial position

		2023	2022
	Note	------(Rupees')-----	
<i>At fair value through profit or loss</i>			
Quoted equity securities		-	-
<i>At fair value through OCI</i>			
Investment held with Nazir SHC at FVOCI	16	16,240,083	14,710,400
		<u>16,240,083</u>	<u>14,710,400</u>
<i>At amortized cost</i>			
Term finance certificates	14	110,000,000	150,000,000
Net investment in lease finance	9	53,363,959	55,476,345
Defence Saving Certificates – at amortized cost	10	2,079,184	1,887,012
Long-term finances	11	69,207,768	80,273,902
Placements and finances	15	-	-
Loans and advances	18	402,250	2,406,000
Mark-up accrued	20	554,304	66,506
Cash and bank balances	21	10,872,569	264,541
		<u>246,480,034</u>	<u>290,374,306</u>

Financial liabilities as per statement of financial position

<i>At amortized cost</i>			
Long term loans	23	255,418,905	276,422,146
Mark-up accrued	26	25,756,644	25,756,644
Short-term borrowings	27	49,774,280	49,774,280
Accrued and other liabilities	28	2,622,802	1,622,056
		<u>333,572,631</u>	<u>353,575,126</u>

46.2 Reconciliation of financial assets and liabilities with total assets and liabilities

		2023	2022
		------(Rupees')-----	
Total financial assets	46.1	246,480,034	290,374,306
Add: Non-financial assets			
Property and equipment	6	3191066	4,611,042
Right-of-use-assets	7	-	87,245
Investment properties	8	131,545,474	83,070,000
Investment in associates – equity method	10	168,268,934	139,115,611
Investment held with Nazir – equity method	10	61,339,620	41,798,557
Prepayments	19	404,131	1,032,368
Advance tax due from Government	18	4,691,206	520,766
Deferred tax asset	12	212,017,015	258,757,686
		<u>581,457,446</u>	<u>528,993,275</u>
Total assets		<u>827,937,480</u>	<u>892,858,048</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees')-----	2022 -----
Total financial liabilities	46.1	333,572,631	353,575,126
Add: Non-financial liabilities			
Lease liabilities	24	10,029	130,029
Advance against sale of shares		-	-
Advance rent against investment property		-	-
Provision for taxation	39	438,465	7,471,203
Total liabilities		<u>334,021,125</u>	<u>362,562,418</u>

47 FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

47.1 Market risk

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

47.1.1 Interest rate risk

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

Cash flow and fair value interest rate risks

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

	Note	2023 ------(Rupees')-----	2022 -----
Fixed rate instruments at carrying amount:			
Financial assets			
Bank Balances	21	10,872,569	345,564
Financial liabilities			
Loan term loans and related current portion	23	255,418,905	259,319,450
Short-term borrowings	27	49,774,280	49,774,280
		<u>316,065,754</u>	<u>309,358,271</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Variable rate instruments at carrying amount:	Note	2023 ------(Rupees')-----	2022 -----
Financial assets			
Net investment in lease finance	9	53,363,959	55,476,345
Long term finances	11	69,207,768	80,273,902
Placement and finances	15	-	-
		<u>122,571,727</u>	<u>135,750,247</u>

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

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

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

	Effective interest rate	2023						Not exposed to interest risk	Total
		One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years		
----- Rupees -----									
Financial Assets									
Net investment in lease finance	8% - 29.17%	53,363,959	-	-	-	-	-	-	53,363,959
Long term investments	6.85% - 10.845%	-	-	-	-	1,887,012	-	-	1,887,012
Long-term finances	13.5% - 15.1%	69,207,768	-	-	-	-	-	-	69,207,768
Short term investments	8.69% - 8.97%	211,575,056	-	-	-	-	-	-	211,575,056
Investment held with Nazir SHC	-	-	-	-	-	-	16,240,083	-	16,240,083
Placement and finances	8.5% - 2.4%	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	436,997	-	436,997
Mark-up accrued	-	-	-	-	-	-	554,304	-	554,304
Other receivables	-	-	-	-	-	-	-	-	-
Cash and bank balances	4.52% - 7%	10,872,569	-	-	-	-	-	-	10,872,569
		<u>345,019,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,887,012</u>	<u>17,231,384</u>	<u>-</u>	<u>364,137,748</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		2023							
Effective interest rate	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years	Not exposed to interest risk	Total	
----- Rupees -----									
Financial Liabilities									
Long term loans	0%-6.31%	-	305,193,185	-	-	-	-	305,193,185	
Long-term deposits	-	-	-	-	-	-	-	-	
Mark-up accrued	-	-	-	-	-	-	25,256,644	25,256,644	
Short-term borrowings	17.00%	-	-	-	-	-	-	-	
Accrued and other liabilities	-	-	-	-	-	-	2,622,802	2,622,802	
			305,193,185				27,879,446	333,072,631	
On statement of financial position gap									
			39,826,167				1,887,012 (10,648,062)	31,065,117	
		2022							
Effective interest rate	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years	Not exposed to interest risk	Total	
----- Rupees -----									
Financial Assets									
Net investment in lease finance	8% - 29.17%	55,476,345	-	-	-	-	-	55,476,345	
Long term investments	6.85% - 10.845%	-	-	-	-	1,887,012	-	1,887,012	
Long-term finances	13.5% - 15.1%	80,273,902	-	-	-	-	-	80,273,902	
Short term investments	8.69% - 8.97%	150,000,000	-	-	-	-	0	150,000,000	
Investment held with Nazir SHC	-	-	-	-	-	-	14,710,400	14,710,400	
Placement and finances	8.5% - 2.4%	-	-	-	-	-	-	-	



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2022								
	Effective interest rate	One year or less	More than one year but less than two years	More than two years but less than three years	More than three years but less than four years	More than four years but less than five years	More than five years	Not exposed to interest risk	Total
	----- Rupees -----								
Loans and advances	-	-	-	-	-	-	-	1,650,004	1,650,004
Mark-up accrued	-	-	-	-	-	-	-	66,506	66,506
Other receivables	-	-	-	-	-	-	-	-	-
Cash and bank balances	4.52% - 7%	219,118	-	-	-	-	-	45,353	264,471
		285,969,365	-	-	-	-	1,887,012	16,426,910	304,064,169
Financial Liabilities									
Long term loans	0%-6.31%	259,319,340	17,102,696	-	-	-	-	-	276,422,036
Long-term deposits	-	-	-	-	-	-	-	-	-
Mark-up accrued	-	-	-	-	-	-	-	25,756,644	25,756,644
Short-term borrowings	17.00%	-	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	-	-	-	-	1,622,056	1,622,056
		259,319,340	17,102,696	-	-	-	-	27,378,700	303,800,736
On statement of financial position gap		26,377,025	(17,102,696)	-	-	-	1,075,532	(10,951,790)	263,433

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

47.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. As the Company does not have any foreign currency asset and liabilities except for foreign currency accounts amounting to Rs. 850,582/- (2022: Rs. 300,211/-) therefore, the Company is not materially exposed to foreign currency risk as at June 30, 2023.

The Company is mainly exposed to US Dollar and Euro. As at June 30, 2023, had Pakistani rupees weakened / strengthened by 1% against the USD and Euro with all other variables held constant, profit (2022: profit) before taxation for the year would have been higher / lower by Rs. 24,449/- (2022: Rs. 5,000/-).



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

47.1.3 Price risk

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

47.2 Credit risk

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

		2023	2022
		------(Rupees')-----	
	Note		
Net investment in lease finance	9	53,363,959	55,476,345
Defense Saving Certificates – at amortized cost	10	2,079,184	1,887,012
Long term finances	11	69,207,768	80,273,902
Term finance certificates	14	110,000,000	150,000,000
Placements and finances	15	-	-
Loans and advances	18	402,250	2,406,000
Mark-up accrued	20	554,304	66,506
Cash and bank balances	21	10,872,569	345,564
		246,480,034	291,874,306

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

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

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

47.3 Liquidity risk

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

47.4 Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3
	----- Rupees -----		
June 30, 2023			
Investments at fair value through profit or loss			
Quoted equity securities	629,084	-	-
Investment at fair value through OCI			
Investment held with Nazir SHC at FVOCI	-	16,240,083	-
June 30, 2022			
Investments at fair value through profit or loss			
Quoted equity securities	629,084	-	-
Investment at fair value through OCI			
Investment held with Nazir SHC at FVOCI	-	14,505,413	-

48 IFRS 9

SECP has modified the effective date for applicability of IFRS 9 (Financial instrument) in place of IAS 39 to NBFC and Modaraba on reporting period/ year ending on or after June 30, 2024.

49 CAPITAL RISK MANAGEMENT

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

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

50 CORRESPONDENCE FIGURES

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Description	Reclassified from	Reclassified to	2023 (Rupees)
Short-term investment in unquoted shares	Investment held at amortised cost	Investment held at fair value through OCI	36,000,000
Investment held with Nazir of SHC – Dawood Family Takaful Limited	Investment held at fair value through OCI	Investment held under equity method	45,099,537

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 31, August 2023 by the Board of Directors of the Company.

52 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive

Director

Chief Financial Officer



FIRST DAWOOD INVESTMENT BANK LIMITED

Pattern Of Shareholding - Form "34 Shareholders Statistics As At June 30, 2023

Number Of Share Holders	From	Share Holding	To	Total Shares Held
918	1	-	100	30,193
479	101	-	500	152,804
747	501	-	1000	687,327
762	1001	-	5000	2,077,478
283	5001	-	10000	2,334,551
123	10001	-	15000	1,612,212
79	15001	-	20000	1,463,291
77	20001	-	25000	1,819,781
40	25001	-	30000	1,142,506
23	30001	-	35000	746,591
25	35001	-	40000	961,601
18	40001	-	45000	776,573
43	45001	-	50000	2,126,500
12	50001	-	55000	627,000
14	55001	-	60000	806,140
8	60001	-	65000	501,182
11	65001	-	70000	742,000
7	70001	-	75000	519,000
10	75001	-	80000	781,959
6	80001	-	85000	505,743
3	85001	-	90000	267,500
7	90001	-	95000	644,865
24	95001	-	100000	2,396,500
6	100001	-	105000	617,380
3	105001	-	110000	321,180
2	110001	-	115000	221,324
4	115001	-	120000	476,500
2	120001	-	125000	250,000
4	125001	-	130000	511,500
1	135001	-	140000	136,090
1	140001	-	145000	143,000
13	145001	-	150000	1,934,475
1	150001	-	155000	154,000
5	155001	-	160000	798,000
5	160001	-	165000	814,500
2	165001	-	170000	336,000
3	170001	-	175000	517,500
4	175001	-	180000	712,852
4	180001	-	185000	735,870
3	185001	-	190000	562,243
1	190001	-	195000	190,500
3	195001	-	200000	600,000
3	200001	-	205000	609,852
1	205001	-	210000	210,000
2	215001	-	220000	432,791
2	220001	-	225000	443,000
2	225001	-	230000	457,500
1	230001	-	235000	234,000
2	240001	-	245000	488,000
4	245001	-	250000	993,500
2	250001	-	255000	500,596
1	255001	-	260000	257,000
1	260001	-	265000	261,500
1	270001	-	275000	275,000
1	285001	-	290000	286,500
2	295001	-	300000	600,000



FIRST DAWOOD INVESTMENT BANK LIMITED

Number Of Share Holders	From	Share Holding	To	Total Shares Held
2	310001	-	315000	624,000
2	315001	-	320000	634,483
1	330001	-	335000	335,000
1	340001	-	345000	345,000
1	345001	-	350000	350,000
1	375001	-	380000	379,000
1	385001	-	390000	390,000
1	400001	-	405000	400,537
1	420001	-	425000	422,000
1	455001	-	460000	460,000
1	490001	-	495000	492,594
1	495001	-	500000	500,000
1	525001	-	530000	529,000
2	545001	-	550000	1,095,500
1	555001	-	560000	560,000
1	570001	-	575000	570,500
2	595001	-	600000	1,199,276
1	620001	-	625000	625,000
1	655001	-	660000	660,000
1	665001	-	670000	670,000
1	695001	-	700000	700,000
1	770001	-	775000	771,500
1	795001	-	800000	800,000
1	895001	-	900000	900,000
1	1060001	-	1065000	1,064,500
1	1370001	-	1375000	1,373,000
1	1380001	-	1385000	1,384,000
1	1415001	-	1420000	1,418,522
1	1585001	-	1590000	1,585,564
1	1800001	-	1805000	1,800,164
1	1920001	-	1925000	1,921,400
1	1985001	-	1990000	1,985,500
1	2270001	-	2275000	2,274,041
1	2325001	-	2330000	2,327,500
1	2340001	-	2345000	2,341,935
1	2380001	-	2385000	2,381,500
1	2585001	-	2590000	2,585,770
1	2965001	-	2970000	2,966,500
1	3550001	-	3555000	3,552,349
1	7200001	-	7205000	7,200,657
1	8945001	-	8950000	8,947,200
1	10375001	-	10380000	10,378,637
1	16765001	-	16770000	16,768,444
1	19910001	-	19915000	19,914,000
3859				148,390,023



FIRST DAWOOD INVESTMENT BANK LIMITED

Additional Information Of Ordinary Shares As On June 30, 2023

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	3,833,153	2.58
	B.R.R. Guardian Modaraba	3,342,562	
	B.R.R. Investment (Pvt.) Ltd.	490,591	
2	NIT & ICP	1,585,784	1.07
	CDC - Trustee National Investment (UNIT) Trust	1,585,564	
	Investment Corporation of Pakistan	220	
3	Directors, CEO, their Spouses and Minor Children	11,784,229	7.94
	Rafique Dawood	8,947,200	
	Hamida Dawood	2,834,529	
	Mr.Christopher John Aitken Andrew	500	
	Khurshid A. Khair	500	
	Abu Khursheed M. Arif	500	
	Mrs. Farhat Rafique	500	
	Mr. Muhammad Rizwan-ul-Haque (Subject to SECP Approval)	500	
	Mr. Iqbal Ahmed (Subject to SECP Approval)	500	
	Mr. Asad Ali Sheikh (Subject to SECP Approval)	500	
4	Public Sector Companies and Corporation	10,378,637	6.99
5	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	52,185,138	35.17
6	General Public	67,704,981	45.63
		147,472,922	

Shareholders Holding Five Percent Or More In The Company

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



FIRST DAWOOD INVESTMENT BANK LIMITED

FORM OF PROXY 29th Annual General Meeting

First Dawood Investment Bank Limited
Karachi.

I/ we _____ of
_____ (full address)

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

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

being another member of the Company as my/our proxy to attend and vote for me/us on my/our
behalf, at the **29th Annual General Meeting** of the Company to be held on Monday October 02, 2023
at 9:30 a.m. and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2023, signed by the said
_____ in the presence of

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

Revenue Stamp
Rs. 5/-

Signature of Witness

Signature(s) and or Seal

Important Notes:

1. The share transfer books of the Company will remain closed from September 25, 2023 to October 02, 2023 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered Office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of Proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. The signature on the Instrument of Proxy must confirm to the Specimen Signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting.



FIRST DAWOOD INVESTMENT BANK LIMITED

پراکسی فارم

29 سالانہ اجلاس
فرسٹ داؤد انویسٹمنٹ بینک لمیٹڈ

میں انہم _____ ولد/دختر ازجہ _____

کا/کے (مکمل پتہ) _____

فرسٹ داؤد انویسٹمنٹ بینک لمیٹڈ مالک، _____ عام حصص، بذریعہ

بذرا

پتہ _____ محترم/محترمہ _____

(مکمل پتہ) _____

یا اسکی غیر موجودگی میں محترم/محترمہ _____

(مکمل پتہ) _____

کمپنی میں عام شیئرز رکھتا ہے/رکھتی ہے بطور میرا/ہمارے اپراکسی مورخہ 02 اکتوبر 2023ء، بروز پیر کمپنی کے منعقد ہونے والے 29 واں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے،
تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2023ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ریونیویم دستخط
Rs. 5/-

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

گواہان

1- دستخط: _____
نام: _____
پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

2- دستخط: _____
نام: _____
پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پراکسی کا ای میل آئی ڈی (آے و ڈی بلیک فراہم کرنے کے لئے) _____

اہم نوٹ:

- 1- پراکسی فارم، باقاعدہ مکمل اور دستخط شدہ، کمپنی کے رجسٹرار دفتر میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً وصول ہو جانے چاہئیں۔
- 2- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے ہاں ایک سے زیادہ پراکسی آلات جمع کراتا ہے تو پراکسی کے ایسے تمام آلات مسترد کر دیئے جائیں گے۔
- 3- انفرادی سی ڈی سی شیئرز ہولڈر کے پراکسی کی صورت میں بٹنیشنل اوزمہ پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق، اکاؤنٹ اور پارٹیشن کا آئی ڈی نمبر پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔
- 4- بصورت کارپورٹ، ایٹلٹی، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ پراکسی ہولڈر کے نمونہ دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرنا ہوگا (اگر پبلس میٹینس کیا گیا)۔
- 5- کمپنی کی تصدیق کی اندراج کی کتاب بند ہے گی ستمبر 25, 2023 سے اکتوبر 02, 2023۔



FIRST DAWOOD INVESTMENT BANK LIMITED

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AFFIX
CORRECT
POSTAGE

FIRST DAWOOD INVESTMENT BANK LIMITED
19th Floor Tower-B, Sima Trade Tower, I.I. Chundrigar Road, Karachi- 74000

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FIRST DAWOOD INVESTMENT BANK LIMITED

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