

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**Half Yearly Report
31 December 2018**



FIRST DAWOOD INVESTMENT BANK LIMITED

CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز کی رپورٹ:	4
Auditor's Report to the Member Of Interim Financial Information	5
Condensed Interim Financial Position (Unaudited)	7
Condensed Interim Profit & Loss Account (Unaudited)	8
Condensed Interim Statement of Comprehensive Income (Unaudited)	9
Condensed Interim Statement of Changes in Equity (Unaudited)	10
Condensed Interim Cash Flow Statement (Unaudited)	11
Notes to the Financial Statement (Unaudited)	12

CORPORATE INFORMATION

Board of Directors	Mr. Christopher John Aitken Andrew	Chairman
	Mr. Rafique Dawood	Director & CEO (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Asad Hussain Bokhari	Director
	Mr. Khurshid A. Khair	Director
	Mr. Abu Khursheed M. Ariff	Director
	Mr. Syed Iqbal Hussain Rizvi	Director (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Muhammad Saeed	Director
Audit Committee	Mr. Asad Hussain Bokhari	Chairman
	Mr. Khurshid A. Khair	Member
	Mr. Abu Khursheed M. Ariff	Member
HR&R Committee	Mr. Khurshid A. Khair	Chairman
	Mr. Asad Hussain Bokhari	Member
	Mr. Abu Khursheed M. Ariff	Member
Chief Financial Officer & Company Secretary	Mr. Syed Musharaf Ali	
Auditors	Reanda Haroon Zakaria & Company Chartered Accountants	
Head of Internal Audit	Sohail Ahmed	
Legal Advisor	Nishtar & Zafar	
Legal counsels	A.Q. Abbasi & Associates	
	Ansari AG Legal	
	Kabraji & Talibuddin	
	Khalil Asif Ejaz & Co.	
Bankers	Al-Baraka Islamic Bank Ltd.	
	Bank Al-Habib Ltd.	
	Habib Metropolitan Bank Ltd.	
	MCB Bank Ltd.	
Registered Office Head Office	18 th Floor, B.R.R Tower, Hasan Ali Street	
	Off: I. I. Chundrigar Road, Karachi-74000	
	PABX: +92 (21) 32602401-06	
	Email: fdib@firstdawood.com	
	URL : www.firstdawood.com	
Share Registrar	F.D. Registrar Services (SMC-Pvt) Ltd.	
	1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000	
	Tel: +92 (21) 3547 8192-93 / 021-32771906	
	Fax : +92 (21) 3262 1233 / 021-32271905	
	Email: fdregistrar@hotmail.com, fdregistrar@yahoo.com	

DIRECTORS' REPORT

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

Dear Shareholders,

The Board of Directors of First Dawood Investment Bank Limited ("FDIBL" or the "Company") are pleased to present the interim financial statements of the Company for the period ended December 31, 2018.

Your company during the second quarter of the financial year 2018-19 has reported before-tax profit of Rs.9.24 million as compared to profit of Rs.94.66 million during corresponding period last year. However, the net worth of your company has decreased from Rs. 397.34 million to Rs. 376.61 million due to reversal of deferred tax. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.18.48 million to Rs.17.09 million for the period under review in comparison to the corresponding period last year. The profit per share as of December 31, 2018 is 0.078.

The Company has applied for renewal of Investment Finance Services which is pending with Appellate Bench of SECP and a favourable response is expected.

The Board of Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the company.

February 22, 2019
Karachi.

Director

Director

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز ۳۱ دسمبر سنہ ۲۰۱۸ کی دوسری سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ ادارے نے دوسری سہ ماہی ۳۱ دسمبر سنہ ۲۰۱۸ کے مالیاتی گوشوارے منافع بعد ٹیکس ۹.۲۴ روپے ملین اور پچھلے مالیاتی سال کے دوسری سہ ماہی کا منافع ۹.۴۶ روپے ملین روپے منافع ہے۔ جبکہ کمپنی کی اکیوٹی (Equity) کم ہوئی ہے ۳۹۷.۳۴ ملین روپے سے ۶.۶۱ ملین روپے ہو گئی ہے جسکی وجہ ڈیفرڈ ٹیکس کے اثاثہ جات میں کمی واقعہ ہوئی ہے۔ حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متنا سب کم کرنے میں کامیاب ہوا ہے جو کہ ۱۸.۴۸ ملین روپے سے کم ہو کر ۱.۰۹ ملین ہو گئی ہیں۔ ۳۱ دسمبر سنہ ۲۰۱۸ کو منافع فی شیئر ۰.۰۷۸ روپے ہے بینک مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔

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

نئے NBFC's رولز کے تحت ریگولیٹر سے منظور شدہ ہیں اور ان نئے رولز کے تحت یہ ادارہ Equity شرائط کو پورا کرتا ہے۔

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

تاریخ: 22 فروری، 2019
کراچی

بورڈ آف ڈائریکٹر کی طرف سے
چیئرمین

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBER

Introduction

We have reviewed the accompanying condensed interim statement of financial information of First Dawood Investment Bank Limited as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and the condensed interim statement of cash flows and notes to the financial statements for six-month period then ended (here-in-after referred to as the "Interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

(a) The company has recognized deferred tax asset of Rs.376.61 million in respect of carry forward of unused tax losses, various provisions and Alternate corporate tax. As stated in note 10 of the interim financial statements, the management has carried out assessment for recoverability of the said deferred tax asset on the basis of projections for future taxable income taking into account various assumptions regarding future business prospects and conditions. However, we could not substantiate deferred tax assets and relevant projections realization of which is dependent on renewal of license and availability of taxable profit which are uncertain.

Qualified Conclusion

Based on our review, with the exception of the matter described in paragraph (a) above, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the six months period ended December 31, 2018 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

We draw attention to the following:

- i. We draw attention to note 1.3 to the financial statements describes that the Company is facing financial problems, its accumulated losses as at December 31, 2018 are in the tune of Rs.1,459.89 million, and as of that date, the Company's current liabilities exceed its current assets by Rs.55.2 million 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 21.1 to note 21.7 indicate the existence of a material uncertainty that may cast significant doubt 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. Our opinion is not qualified in this respect.

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The Company's interim financial statements have been prepared using the going concern basis of accounting. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our review of the interim financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's interim financial statements is appropriate.

- ii. We draw attention to note 1.3 to the interim financial statements which state that licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008 from the Securities and Exchange Commission of Pakistan (SECP) has been expired and awaiting renewal.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBER

- iii. As stated in note 1.9 and 9.3 of the interim financial statements the company is not in compliance with certain requirements of NBFC Regulations.
- iv. As stated in note 1.2 to the interim financial statements appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulation, 2012 is currently pending at the Honourable High Court of Sindh, Karachi.
- v. Note 6 to the interim financial statements which give details of correction of errors.
- vi. Further we draw attention to note 21.6 of the interim financial statements which state that the company has received assessment order from Sindh Revenue Board (SRB) against which the company has reconciled their records of last six years and made payment of Sindh Sales Tax to SRB of Rs.2.732 million against demand of Rs.14.735 million to dispose of the proceeding. Company expects that no further demand will be arisen.
- vii. Further we draw attention to note 20.1 and 21.5 to the interim financial statements which describes the litigation with HBFC & SBP over the settlement amount of liabilities due to different cost of funds as determined by SBP and JCR-VIS.
- viii. Note 21 to the interim financial statements which gives details of contingencies, the ultimate outcome in this regard cannot presently be determined.

Our conclusion is not qualified in respect of (i) to (viii) above.

Other matter

The figures of the condensed statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

The engagement partner on the review resulting in this independent auditor's review report is Farhan Ahmed Memon

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 22, 2019

CONDENSED INTERIM FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		<i>Unaudited December 31 Dec-18 Rupees</i>	<i>Audited June 30 2018 Rupees</i>
ASSETS	Note		
Non-Current Assets			
Property and equipment	7.	265,482	338,835
Intangibles asset		833,136	883,528
Investment properties		62,805,000	62,805,000
Net investment in lease finance	8.	15,154,707	17,389,608
Long-term investments	9.	146,001,523	151,914,281
Long-term finances	10.	-	-
Long-term deposits		-	2,500,000
Deferred tax asset	11.	376,612,066	397,338,572
		<u>601,671,914</u>	<u>633,169,824</u>
Current Assets			
Current and overdue portion of non-current assets	12.	221,017,253	198,784,579
Short-term investments	13.	15,392,487	19,341,003
Investments held with nazir SHC	14.	41,903,676	42,377,778
Placements and finances	15.	39,025,413	39,025,413
Advance against lease commitments	16.	-	-
Loans and advances		2,140,788	1,320,036
Income tax refund		987,366	-
Deposits and prepayments		93,333	26,673
Mark-up accrued		84,389	46,856
Other receivables	17.	6,000,000	6,000,000
Cash and bank balances		88,631,800	90,515,101
		<u>415,276,505</u>	<u>397,437,439</u>
Total Assets		<u>1,016,948,419</u>	<u>1,030,607,263</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Ordinary shares		1,483,900,230	1,483,900,230
Capital reserves		455,425,501	455,425,501
Accumulated loss		(1,459,892,527)	(1,448,341,458)
		<u>479,433,204</u>	<u>490,984,273</u>
Share of unrealised gain on remeasurement of associates' investments		6,377,366	6,994,953
(Deficit) / Surplus on Revaluation of Investment - At fair value through other comprehensive income		(474,102)	-
		<u>485,336,468</u>	<u>497,979,226</u>
Non-Current Liabilities			
Long-term loans	18.	51,140,000	59,140,000
Long term deposits		10,000,000	10,000,000
		<u>61,140,000</u>	<u>69,140,000</u>
Current portion of long-term liabilities	19.	368,991,536	360,991,536
Mark-up accrued		33,028,644	33,028,644
Short term borrowings-in litigation	20.	56,266,346	56,266,346
Accrued and other liabilities		4,188,731	5,349,014
Taxation		7,996,694	7,852,497
		<u>470,471,951</u>	<u>463,488,037</u>
Contingencies and Commitments	21.		
Total Equities and Liabilities		<u>1,016,948,419</u>	<u>1,030,607,263</u>

The annexed notes from 1 to 27. form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2018

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
<i>Note</i>	<i>----- Rupees -----</i>			
Income				
Lease income	485,193	1,553,332	23	1,182,832
Return on placement, finance deposits and investments	733,165	1,462,479	226,018	127,238
Gain on sale of securities	7,503,087	4,885,675	5,881,802	4,430,519
Income from long-term finances	15,039	44,819	(13,189)	21,523
Other income	233,010	1,015,150	180,987	1,010,900
	<u>8,969,494</u>	<u>8,961,455</u>	<u>6,275,641</u>	<u>6,773,012</u>
Provision / changes in fair value				
Reversal for potential lease losses and other loan losses - net	22. 24,628,158	45,494,641	17,119,322	36,769,459
Deficit on remeasurement at fair value through profit or loss	(1,887,552)	(805,502)	(719,573)	(574,390)
Unrealized gain on remeasurment of investments property	-	2,707,000	-	2,707,000
Impairment on assets held for sale	-	(10,592,960)	-	(10,592,960)
Liabilities written back	-	62,492,349	-	62,492,349
	<u>22,740,606</u>	<u>99,295,528</u>	<u>16,399,749</u>	<u>90,801,458</u>
	<u>31,710,100</u>	<u>108,256,983</u>	<u>22,675,390</u>	<u>97,574,470</u>
Expenditures				
Administrative expenses	(17,095,296)	(18,486,664)	(9,058,246)	(9,670,141)
Share of (loss) / profit from associates	(5,375,726)	4,884,944	(5,375,726)	4,884,944
Profit before taxation	<u>9,239,078</u>	<u>94,655,263</u>	<u>8,241,418</u>	<u>92,789,273</u>
Taxation	23. (20,790,148)	32,902,637	(20,779,943)	(14,216,407)
(Loss) / Profit after taxation	<u>(11,551,069)</u>	<u>127,557,901</u>	<u>(12,538,524)</u>	<u>78,572,867</u>
(Loss) / Earning per share - basic	<u>(0.078)</u>	<u>0.86</u>	<u>(0.084)</u>	<u>0.53</u>
(Loss) / Earning per share - diluted	<u>(0.078)</u>	<u>0.86</u>	<u>(0.084)</u>	<u>0.53</u>

The annexed notes from 1 to 27. form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND QUARTERS ENDED DECEMBER 31, 2018

	<i>Six months ended December 31,</i>		<i>Quarter ended December 31,</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>----- Rupees -----</i>			
(Loss) / Profit after taxation	(11,551,069)	127,557,901	(12,538,524)	78,572,867
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Unrealized remeasurement loss on investment in associate	(537,032)	(9,822,760)	(537,032)	141,763
Deficit on revaluation of investments - At fair value through other comprehensive income	(474,102)	14,679,069	(474,102)	14,679,069
Deffered tax - OCI	(80,555)	-	(80,555)	-
	(1,091,689)	4,856,309	(1,091,689)	14,820,832
Total comprehensive (loss) / income for the period	<u>(12,642,758)</u>	<u>132,414,210</u>	<u>(13,630,213)</u>	<u>93,393,699</u>

The annexed notes from 1 to 27. form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Note	Share Capital	Capital Reserves					Accumulated loss	Total
	Ordinary shares	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Company's share of unrealised gain / (loss) on remeasurement of associates' investments	(Deficit) / Surplus on Revaluation of Investment - At fair value through other comprehensive income		
----- Rupees -----								
Balance at December 31, 2017	1,483,900,230	379,076,942	53,426,910	2,596,484	3,060,506	10,293,792	(1,390,487,522)	541,867,342
Total comprehensive income for the period								
- Loss for the period							(25,932,078)	(25,932,078)
Other comprehensive income								
- Unrealized remeasurement gain / (loss) on investment in associate					3,114,411			3,114,411
- Surplus on revaluation of investment - At fair value through OCI	-					(23,936,960)		(23,936,960)
- Reclassification of gain to profit and loss account					(208,195)			(208,195)
- Transferred to statutory reserves	-	20,325,165					(20,325,165)	
Deferred Tax OCI					1,028,231	2,046,475		3,074,706
	-	20,325,165			3,934,447	(21,890,485)	(46,257,243)	(43,888,116)
Balance at June 30, 2018- As previously reported	1,483,900,230	399,402,107	53,426,910	2,596,484	6,994,953	(11,596,693)	(1,436,744,765)	497,979,226
Impact of correction of error	6.	-	-	-	-	11,596,693	(11,596,693)	-
Balance at June 30, 2018- After impact of correction of error	1,483,900,230	399,402,107	53,426,910	2,596,484	6,994,953	-	(1,448,341,458)	497,979,226
Total comprehensive income for the period								
- Loss for the period							(11,551,069)	(11,551,069)
Other comprehensive income								
- Unrealized remeasurement gain / (loss) on investment in associate					(537,032)			(537,032)
- Surplus on revaluation of investment - At fair value through OCI						(474,102)		(474,102)
- Deferred tax- OCI					(80,555)			(80,555)
	-				(617,587)	(474,102)	(11,551,069)	(12,642,758)
Balance at December 31, 2018	1,483,900,230	399,402,107	53,426,910	2,596,484	6,377,366	(474,102)	(1,459,892,527)	485,336,468

The annexed notes from 1 to 27, form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	<i>Six months ended December 31, 2018 Rupees</i>	<i>Six months ended December 31, 2017 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,239,078	94,655,264
Adjustments for:		
Depreciation	73,352	323,549
Amortization	50,392	50,392
Impairment on assets held for sale	-	10,592,960
Unrealized gain on remeasurement of investments property	-	(2,707,000)
Liabilities written back	-	(62,492,349)
Gain on sale of securities	(7,503,087)	(4,885,675)
Share of loss on investment in associates	5,375,726	(4,884,944)
Gain on sale of property and equipment	-	(175,150)
loan losses - net	(24,628,158)	(45,494,641)
Unrelaised loss on remeasurement of securities		
fair value through profit or loss	1,887,552	805,502
	(24,744,223)	(108,867,356)
	(15,505,145)	(14,212,092)
Changes in operating assets and liabilities		
(Increase) / decrease in operating assets		
Net investment in lease finance	1,634,016	4,304,360
Long term deposits	2,500,000	-
Long-term finances	-	244,756
Placements and finances	-	3,060,000
Short term investment	9,410,021	-
Assets classified as fair value through profit or loss	-	57,600,000
Deposits and prepayments	(66,660)	(3,739,735)
Mark up accrued	(37,533)	(17,800)
Other receivables	-	270,000
Loans and advances	(820,752)	(683,462)
	12,619,092	61,038,119
	(2,886,052)	46,826,027
Increase / (decrease) in operating liabilities		
Accrued and other liabilities	(1,160,283)	(3,329,635)
	(1,160,283)	(3,329,635)
Tax paid	(987,366)	(521,584)
Net cash (used in) / generated from operating activities	(5,033,701)	42,974,808
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(90,000)
Proceeds from disposal of property and equipment	-	175,150
Reversal of provision for lease losses	3,117,000	-
Long and short-term investments made - net	-	36,855,550
Net cash generated from investing activities	3,117,000	36,940,700
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	33,400	(57,600,000)
Net cash generated / (used in) financing activities	33,400	(57,600,000)
Net (decrease) / increase in cash and cash equivalents	(1,883,301)	22,315,508
Cash and cash equivalents at beginning of the period	90,515,101	4,084,278
Cash and cash equivalents at end of the period	88,631,800	26,399,786

The annexed notes from 1 to 27. form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

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 repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated in 18th floor B.R.R Tower Hassan Ali Street off: I.I. Chundrigar Road, Karachi -74000 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 expired and awaiting renewal.

1.2 The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before Honourable High Court of Sindh, Karachi. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited, Bunny's Limited, and Pak Hy-Oils Limited. The value of assets under trustee as at December 31, 2018: Rs. 9.04 billion (as at June 30, 2018: Rs. 9.04 billion).

1.3 The Company earned a net loss of Rs. 11.55 million for the period ended Dec 31, 2018, its accumulated losses reached to Rs. 1459.89 million as at Dec 31, 2018 and its current liabilities exceed current assets by Rs 55.2 million. The Company started facing financial difficulties from financial year 2008-09 as a result of unwarranted liquidity crunch in the financial sector mainly due to closure of PSX for all practical purpose for 109 days and erosion of values in the stock market by approximately 60% which resulted in withdrawal of money market lines of NBFC sector. The clean money market lines of the Company of over Rs. 5 billion from the banking sector were abruptly withdrawn and hence Company was unable to meet its commitments on time due to liquidity crunch. Since, the Company was unable to repay as per schedule of payment, certain banks and financial institutions filed cases and / or served legal notices against the Company. These unprecedented conditions resulted in down grading of credit rating and non compliance of requirements of NBFC Regulations regarding minimum capital. Further, license for leasing business and investment and finance services has not been renewed and the Company since then has not been able to raise funds under certificates of investment or through banks. Presently, the equity of the Company is Rs. 485.34 million. However as per SECP order dated May 24, 2018, for the purpose of calculation of MCR, SECP has excluded deferred tax asset and reversal of markup of Rs 62.49 million, but against the aforesaid order, the company has filed an appeal before the appellate Bench of SECP and awaits for the hearing date. Above factors indicate existence of uncertainties which may cast doubts on the Company's ability to continue as a going concern and accordingly Company may not be able to realize its assets and discharge its liabilities at stated amount but the company through innovative means has been able to settle various liabilities and has also covering all expenditures. Similarly and going forward, the management of the Company is confident that it will continue with the mitigation plan, as explained in the following paragraphs, which will also ensure that the company continues as going concern owing to these factors financials statement are prepared on going concern basis.

1.4 Mitigation plan

- a. The Company has successfully able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding current liabilities i.e. around Rs. 458.29 million.
- b. The Company has been able to restructure a major portion of its liabilities at zero percent mark up and now settlement of the same against its assets is underway.
- c. 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 next twelve months and more.
- d. The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collateral assets. In this respect, the management has realigned its strategy accordingly.
- e. During the half year ended December 31, 2018 the Company made recoveries amounting Rs. 5.11 million which is below the expected recovery amount of Rs. 20 million. Major reason for the difference was slow litigation system in the country. The management is expecting to recover the amount either through auction of the collateralized assets or transfer of title of the collateralized asset through the Court order or out of court settlement.
- f. The Company expects recovery of approximately Rs. 100 to 130 million in the next three financial years.

1.5 Expected NBF sector reforms / regime

The requirement of minimum equity will be resolved soon by strong prospects of recovery and reversal of provision. It is pertinent to mention that as per new rules of NBF sector, 'SECP' has reduced minimum capital requirements & to Rs 100 million (for investment financial services and leasing licenses). Upon renewal of license, the company will be eligible to restart business operations. The management is confident that renewal of the license may assist in induction of foreign or local partner. Presently, the net equity & stands at Rs. 485.34 which exceeding the MCR by Rs. 385.34 millions in case deferred tax asset or its portion is materialized..

1.6 Future prospects

During the period recovery of Rs. 5.11 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.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

1.7 Cases under litigation

Funded exposure

As at December 31, 2018, only two case is pending in the court of law. The financial institution has filed a recovery suit aggregated to Rs. 147.0 million in Honourable High Court.

Unfunded exposure

Total amount of letters of comfort / guarantees as at December 31, 2018 amounting to Rs. 1.088 million are under litigations. The legal counsel of the Company is confident that no funded claim will arise out of these guarantees due to non-completion of formalities prior to its issuance and some basic flaws in guarantee documentation and not meeting terms of the guarantees by the beneficiaries.

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 NBFI sector of the Country. Management will seek fresh credit rating once the licenses are renewed and all liabilities are settled.

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

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, the repealed Companies Act, 2017 and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2 This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2018 except for the policies enumerated in para # 3.1.
- 2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.
- 2.4 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchanges and section 237 of the repealed Companies Act, 2017. The figures for the six months period ended December 31, 2018 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30, 2018 Except financial instruments which are being measured in accordance with IFRS 9.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's operation and are therefore not detailed in this condensed interim financial statements except for IFRS 9 whose adoption is summarised below.

3.1 Change in accounting policy

Effective 01 July, 2018, the company adopted IFRS 9 "Financial Instruments", which has replaced IAS 39 "Financial Instruments: Recognition and Measurement".

IFRS 9 prescribes the rules for the classification and measurement of financial instruments, measuring impairment allowances for financial assets, and hedge accounting. Unlike IAS 39 where multiple classification categories were permitted, this standard has simplified the classification of a financial asset either "At Amortised Cost" or "At Fair Value (Through Profit or Loss OR Through Other Comprehensive Income)" based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

As permitted by IFRS 9, the company has not restated comparatives on initial application of IFRS 9. Certain key transitional provisions used to calculate the transitional impact, are summarised below:

- IFRS 9 is not applied to financial instruments that have been derecognised as of 01 July, 2018; and
- The classification and measurement requirements are applied considering facts and circumstances in existence as of 01 July, 2018 for the business model and fair value option elections, and facts and circumstances at the date of initial recognition for the contractual cash flow characteristics of financial assets.
- The change of classification of financial instruments are categorised below:

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	<i>Category as per</i>		<i>Effect on opening Equity Rupees</i>
	<i>IAS 39</i>	<i>IFRS 9</i>	
Financial assets			
Long term investments	Available for sale	At fair value through other comprehensive income	-
Long term deposits	Loans & receivables	Amortized cost	
Short term investments	Available for sale	At fair value through other comprehensive income	
Short term investments	Available for sale	At fair value through profit or loss	
Loans and advances	Loans & receivables	Amortized cost	
Trade receivable	Loans & receivables	Amortized cost	
Accrued markup	Loans & receivables	Amortized cost	
Cash and bank balances	Loans & receivables	Amortized cost	
Financial liabilities			
Accrued expenses		Other financial liabilities	Amortized cost
Unclaimed dividend		Other financial liabilities	Amortized cost

Key Accounting Policies as revised under IFRS 9

Following the application of IFRS 9, the Company's policy for financial instruments stands amended as follows:

3.1.1 Financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order 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.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Gains and losses arising on financial assets at amortised cost and financial assets at fair value through profit or loss are recognised in profit or loss. Interest calculated under effective interest method, dividend, impairment (on debt instrument) and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognised in profit or loss. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and, in case of debt instruments, are reclassified to profit or loss on derecognition or reclassification. Gains and losses from changes in fair value of equity securities designated at fair value through other comprehensive income are not subsequently transferred to profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.1.2 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2018.

5. ACCOUNTING ESTIMATES AND JUDGMENT

The basis for accounting estimates and judgment adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.

6. CORRECTION OF ERROR

During the year ended June 30, 2018 impairment loss were erroneously not transferred to profit or loss account. However the error is corrected retrospectively as follows:

This correction will be duly reported in statement of profit or loss in the forthcoming financial statements for the year ending June 30, 2019.

	<i>As at June 30, 2018</i>
Unrealized gain / (loss) on remeasurement of available for sale investment	
As previously reported	(11,596,693)
Transferred to Accumulated losses	11,596,693
Balance after correction of errors	<u><u>-</u></u>
Accumulated Losses	
As previously reported	(1,436,744,765)
Transferred to Accumulated losses	(11,596,693)
Balance after correction of errors	<u><u>(1,448,341,458)</u></u>

	<i>December 31, 2018</i>	<i>June 30, 2018</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
7. PROPERTY AND EQUIPMENT		
7.1 Additions - at cost		
Vehicles	-	97,000
Office equipment	-	35,000
	<u>-</u>	<u>132,000</u>
7.2 Disposals - at written down value		
Office equipment	7.3 -	-

7.3 The above disposals represented vehicles costing (June 30, 2018 : Rs.3.164 million) which were disposed off for (June 30, 2018 : Rs. 0.3164 million).

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
8. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	8.1	501,056,336	505,623,681
Provision for lease losses	8.2	(363,548,986)	(381,074,829)
		<u>137,507,350</u>	<u>124,548,852</u>
Current and overdue portion of net investment in lease finance	8.3 & 12	(122,352,643)	(107,159,244)
		<u>15,154,707</u>	<u>17,389,608</u>
8.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		549,959,254	555,011,792
Residual value of leased assets		61,167,875	61,167,875
		<u>611,127,129</u>	<u>616,179,667</u>
Mark-up held in suspense		(110,070,793)	(110,555,986)
Net investment in lease finance		<u>501,056,336</u>	<u>505,623,681</u>
<p>8.1.1 As at December 31, 2017, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounts to Rs. 434.41 million (June 30, 2018 : Rs.434.3 million). The forced sale value benefit considered against these non-performing lease portfolio amounting to Rs 51.79 million (June 30, 2018 : Rs 53.23 million).</p> <p>8.1.2 The lease finances carry mark up ranging from 6 months KIBOR plus spread of 2% to 5% (June 30, 2018: 6 months KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.</p>			
	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
8.2 Provision for lease losses			
Balance at beginning of the period / year		381,074,829	418,783,376
Charge / (reversal) during the period / year - net		(17,525,843)	(37,708,547)
Balance at end of the period / year		<u>363,548,986</u>	<u>381,074,829</u>
8.3 Current portion of lease finance			
Finance Lease		485,901,629	488,234,073
Provision for potential lease losses		(363,548,986)	(381,074,829)
		<u>122,352,643</u>	<u>107,159,244</u>
9. LONG TERM INVESTMENTS			
Investment in:			
- associates - equity method	9.1 - 9.4	145,651,737	151,564,495
- Defence Saving Certificates- Held to maturity		349,786	349,786
		<u>146,001,523</u>	<u>151,914,281</u>
9.1 Investment in associates			
Balance at beginning of the period / year		151,564,495	202,865,262
Share of profit		(5,375,726)	6,140,443
Disposal of investment		-	(19,471,444)
Transferred to short term investment held with nazir SHC	9.2	-	(31,261,426)
Share of reversal of deficit on revaluation of investments recognized in other comprehensive income		(537,032)	(6,708,340)
Balance at end of the period / year	9.4	<u>145,651,737</u>	<u>151,564,495</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

- 9.2** This represents 6,466,010 shares of Dawood Family Takaful Limited which have been pledged with Nazir High Court of Sindh in pursuant to litigation with HBFC. Refer note No.21
- 9.3** As per Regulation 19 (g) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), an NBFC shall not hold shares of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity, whichever is less. As at December 31, 2018, the Company holds 41.63% shares of B.R.R. Investments (Private) Limited and 21.18% shares of Dawood Family Takaful Limited. The management is in process of taking steps to reduce investments in these associates in order to comply with the requirements of NBFC Regulations.
- 9.4** This amount include investment in Dawood Family Takaful Limited which is based on unaudited financial statements as on September 30, 2018 due to the annual audit is in progress. Further associates also includes BRR Investments (Pvt) Ltd of which value is based on equity method applied for the half yearly December 31, 2017.

	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
10. LONG-TERM FINANCES			
Term finance facilities	10.1 & 10.2	254,173,979	254,505,140
Provision for doubtful finances	10.3	(155,509,369)	(162,879,805)
		<u>98,664,610</u>	<u>91,625,335</u>
Current portion	12	<u>(98,664,610)</u>	<u>(91,625,335)</u>
		<u>-</u>	<u>-</u>

- 10.1** The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2018: 13.5% to 15.1%) per annum subject to change in SBP discount rate and KIBOR. These are secured against mortgage of immovable properties.
- 10.2** As at December 31, 2018, long term finance of Rs.253.46 million (June 30, 2018 : Rs. 253.46 million) which have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounting to Rs. 97.95 million (June 30, 2018 Rs. 90.58 million).

	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
10.3 Particulars of provision for doubtful finances		
Balance at beginning of the period / year	162,879,805	177,494,611
Charge during the period / year	-	29,539,194
Reversal for the year	(7,370,436)	(44,154,000)
Balance at end of the period / year	<u>155,509,369</u>	<u>162,879,805</u>

11. 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 consequently it is expected that the deferred tax amounting to Rs. 376.61 million will be realized in near future.

	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
12. CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	8.	122,352,643	94,436,806
Long-term finances	10.	<u>98,664,610</u>	<u>77,539,731</u>
		<u>221,017,253</u>	<u>171,976,537</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
13. SHORT TERM INVESTMENTS			
At cost			
Term finance certificates / sukuk bonds		-	1,771,862
Preference shares	13.1	<u>377,668</u>	<u>377,668</u>
		<u>377,668</u>	2,149,530
Less: Provision for impairment in preference shares		<u>(377,668)</u>	<u>(377,668)</u>
		<u>-</u>	<u>1,771,862</u>
At fair value through profit or loss			
Quoted equity securities		<u>15,392,487</u>	<u>17,569,141</u>

13.1 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (June 30, 2018: 0%) per annum. These were matured on November 21, 2010. However, due to default in repayment at maturity dates, full provision has been made against these preference shares.

14 INVESTMENTS HELD WITH NAZIR SHC

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 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.

	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>June 30, 2018 Rupees</i>
15. PLACEMENTS AND FINANCES			
Placement and finance- unsecured	15.1	-	-
Financing against shares	15.2	<u>155,185,306</u>	<u>155,185,306</u>
Provision for doubtful finance	15.2.1	<u>(155,185,306)</u>	<u>(155,185,306)</u>
		-	-
Short-term finance - secured	15.3	<u>11,300,000</u>	<u>11,300,000</u>
Provision for doubtful finance		<u>(11,300,000)</u>	<u>(11,300,000)</u>
		-	-
Certificates of deposit		<u>5,000,000</u>	<u>5,000,000</u>
Provision for doubtful finance		<u>(5,000,000)</u>	<u>(5,000,000)</u>
		-	-
Morabaha / musharika finances	15.4	<u>86,684,717</u>	<u>86,684,717</u>
Provision for doubtful finance		<u>(47,659,304)</u>	<u>(47,659,304)</u>
		<u>39,025,413</u>	<u>39,025,413</u>
		<u>39,025,413</u>	<u>39,025,413</u>

15.2.1 Movement in provision for doubtful financing against shares

Balance at beginning of the period / year	155,185,306	155,185,306
Written off/ Reversal during the period / year	-	-
Balance at end of the period / year	<u>155,185,306</u>	<u>155,185,306</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

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

15.4 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 matured on June 30, 2009.

15.5 As at December 31, 2018, an amount of Rs. 258.17 million (June 30, 2018: Rs 258.17 million) has been placed under non performing status. Provision against non performing finances is made after netting off forced sale values of the collateral assets which amounted to Rs. 39.03 million (June 30, 2018 : Rs. 39.03 million).

		<i>December 31, 2018</i>	<i>June 30, 2018</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
16. ADVANCE AGAINST LEASE COMMITMENTS			
Considered doubtful		35,696,247	35,696,247
Less: Provision for doubtful advances		(35,696,247)	(35,696,247)
		-	-

17. OTHER RECEIVABLES

Considered good

Cash held with Nazir SHC	17.1	6,000,000	6,000,000
--------------------------	------	------------------	-----------

Considered doubtful

Decretal amount receivable	17.2	32,302,430	32,302,430
Receivable against lease termination		70,342,130	70,375,530
Receivable against KSE card transaction-net	17.3	45,515,114	45,515,114
Accounts receivables-others		5,295,096	5,295,096
Brokerage receivable		636,660	636,660
		154,091,430	154,124,830
Less : Provision for doubtful receivables	17.4	(154,091,430)	(154,124,830)
		6,000,000	6,000,000

17.1 This represents amount receivable from Nazir high court Sindh against TFCs of Gharibwal cement limited pledged with nazir SHC against a loan from HBFC. Gharibwal cement limited has confirmed to pay Rs.6,000,000 in respect of TFCs having book value of Rs, 5,550,000 by a letter dated October 13, 2015. As per High Court order dated June 9, 2018 the cash amount of Rs. 6.0 million held with Nazir against redemption of Gharibwal Cement should be transferred to HBFC.

17.2 This relates to decree of recovery for Rs. 64.412 million which was awarded by the Banking Court under the Banking Companies (Recovery of Loans, Advances, Credits and Finance), Act of 1997. The Company has the possession of assets, the forced sale value of which is fairly higher than the carrying value. Further, the Company also holds additional security by way of equitable mortgage on factory land and building, the possession of which is in the Company's hands. A partial amount was received by the Bank and PICL on sale of machinery of Regent Dyeing. Sale of land and building has yet to be accomplished by FDIBL and PICL, which is under process. However, as a matter of prudence the Company has made provision in this regard.

17.3 The Company had purchased Pakistan Stock Exchange Limited (PSX) membership card on behalf of one of its customer amounting to Rs.149.7 million. The customer paid an advance amounting Rs.104.2 million to the Company for this purchase which is netted off against this receivable. Recently, Mr. Hassan Naqvi fraudulently changed the Form-29 on 08-10-2015; removed First Dawood Group Nominee (Mr. Mohammad Ahmed), appointed some Mr. Syed Mohsin Hasan in place of Mr. Ahmad and took away the money which was being paid to all brokers of stock exchange by the Chinese company, who has taken-over the management & major stakes of KSE (now Pakistan Stock Exchange). In view of the above, the company had lodged FIR for; fraud, forgery and theft, against Mr. Hassan Naqvi to recover an amount of Rs.212.463M (Rs.152.463 + Rs.60.0M). The Company has made provision against this receivable as a matter of prudence. After June 30, 2018 there was no change in the status of case as it was fixed for hearing of application.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

		December 31, 2018	June 30, 2018
	Note	Rupees	Rupees
17.4 Movement of provision is as under:			
Balance at beginning of the period / year		154,124,830	159,709,830
Charge / (reversal) during the period / year		(33,400)	(5,585,000)
Balance at end of the period / year		154,091,430	154,124,830
18. LONG TERM LOANS - Secured			
Commercial Banks	18.1 & 18.2	369,213,673	369,213,673
Current and overdue portion	19.	(318,073,673)	(310,073,673)
		51,140,000	59,140,000
18.1 These are secured against hypothecation of assets including book debts of the Company ranking pari passu, with the charge created in favour of other lenders to secure short term borrowings. These are subject to mark-up rate ranging from 0% to 5% (2018: 0% to 5%) per annum payable on quarterly / half yearly basis.			
18.2 During the previous year, loan liability of United bank limited (UBL) was rescheduled and FDIBL has paid down payment of Rs. 5.76 million whereby during the current year five offices located in business avenue were adjusted for Rs. 57.6 million, remaining liability will be repaid in 15 quarterly installments starting from November 25, 2018. However, the company is seeking to settle the entire liability in lumpsum and company offered various proposals to UBL for settlement of Liability and settlement is still in negotiation phase.			
18.3 This loan was reclassified in long term,, based on agreement dated June 22nd, 2017.			
		December 31, 2018	June 30, 2018
	Note	Rupees	Rupees
19. CURRENT AND OVERDUE PORTION OF LONG TERM LIABILITIES			
Long term loans	18.	318,073,673	301,073,673
Long term deposits		50,917,863	60,917,863
		368,991,536	361,991,536
20. SHORT TERM BORROWINGS - IN LITIGATION			
Unsecured			
Development Financial Institution		56,266,346	56,266,346
20.1 The investment arrangement got matured on June 30, 2009, but due to the then liquidity crunch the company could not timely settle the repayment. Since, the investing 'Development Financial Institution' (DFI) didn't agree to settle the out standings against available assets of the company (like other financial institutions), therefore it filed a legal suit. It obtained a decree of Rs.75.0M plus cost of fund 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 & 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-installments were duly paid by the company i.e. from April 2016 until March 2017, after settling the value of securities that were not released. Thus to create an unnecessary dispute, the DFI has filed a fresh case in the High court, which is pending. The company is seeking legal advice to properly close this matter in the books of account.			
		December 31, 2018	June 30, 2018
		Rupees	Rupees
21. CONTINGENCIES AND COMMITMENTS			
21.1 Letters of comfort / guarantees		1,088,000,000	1,088,000,000

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

The guarantees worth Rs. 1,088 million (June 30, 2018: Rs. 1,088 million) are under litigations and are being defended by lawyers of the Company. Based on the opinion of legal advisors of the Company, the management is confident that adequate legal grounds are available to defend these cases. Accordingly, no provision is required to be made for the said cases in this condensed interim financial information. Brief detail of the guarantees under litigations is as under:

A guarantee of Rs. 245 million was given against a Letter of Commitment and not against a guarantee which is currently in litigation. The beneficiary has restructured its facilities to the customer, hence the amount is disputed. The beneficiary has filed a recovery case and winding up petition against the Company in the Sindh High Court (SHC). According to the Company's legal advisors, the Company has good merits to defend both recovery case and winding up petition.

- i) 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 the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational on technical grounds.
- ii) 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. 128 million against the bridge finance facility was called as the party in favour of which guarantee was issued defaulted in making payment to the beneficiary bank. The beneficiary has filed winding up petition and suit for recovery in the SHC, which is pending adjudication. According to the Company's legal advisor, the Company has good merits to defend both the recovery case and the winding up petition.

- 21.2 Commissioner of Income Tax (CIT) disallowed certain expenses while allocating expenses for the assessment year 2001-02 resulting in increase in tax liability by Rs.0.58 million with reduction in lease losses for the year by Rs. 10.75 million. The Company filed appeals in Appellate Tribunal Inland Revenue (ATIR) which were decided in favor of the Company. However, ATIR subsequently recalled its appellate order through Miscellaneous Application filed by the tax department, who insisted that the matter of proration required a review in the light of ATIR's another order. Based on the opinion of the tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favour and accordingly no provision is required to be made in this regard in this condensed interim financial information.

- 21.3 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 Honourable Court.

- 21.4 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.

- 21.5 The matter with House Building Finance Corporation Limited - HBFCL is discussed in Notes in with related liability.

The company has reversed markup upto Rs.62.49 million based on legal advice for which SECP Order states that it is inappropriate. But, since as per the Legal Opinion; the case has been settled as per the order of Honourable 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.

The company has also filed a petition in the Honorable Hgh 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.

- 21.6 The company is regularly filing return of Sindh Sales Tax to Sindh Revenue Board Government of Sindh (SRB). The Company has received a letter from SRB in which they intimated for short payment of Sindh Sales Tax and instructed for reconcile the record. The company has reconciled the six years record with SRB and make payment of SST to SRB of Rs.2.732 millions against demand of Rs. 14.735 millions to dispose of the proceeding.

- 21.7 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.

		December 31,	December 31,
		2018	2017
	Note	Rupees	Rupees
22. REVERSAL OF PROVISION FOR LEASE LOSSES AND DOUBTFUL RECOVERIES - NET			
Net investment in lease finance	8.2	17,525,843	13,858,335
Long term finances	10.3	7,370,436	31,366,306
Other receivable	17.4	33,400	270,000
		24,628,158	45,494,641

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	<i>Note</i>	<i>December 31, 2018 Rupees</i>	<i>December 31, 2017 Rupees</i>
23. TAXATION			
Current year	23.1	(144,197)	(14,856,740)
Deferred tax		(20,645,951)	47,759,377
		<u>(20,790,148)</u>	<u>32,902,637</u>

23.1 The current tax represents the Alternate corporate tax for the period under section 113C of the Income Tax Ordinance, 2001.

24. TRANSACTIONS WITH RELATED PARTIES

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

Details of balances and transactions with related parties, other than those disclosed elsewhere in the condensed interim financial information, as at / for the period end / year end are as follows:

	<i>December 31, 2018</i>		<i>June 30, 2018</i>	
	<i>Key management personnel / executives</i>	<i>Associates/ related parties</i>	<i>Key management personnel / executives</i>	<i>Associates/ related parties</i>
	<i>----- Rupees -----</i>			
Investment in associate				
Balance at beginning of the period / year		254,825,921	-	202,865,262
Gain on purchase and sale of securities		3,586,070	-	-
Share of (loss) / profit from associate comprehensive income	-	(5,375,726)	-	6,140,443
Addition of Investment in:				
Dawood Income Fund	-	-	-	72,000,000
Disposal of Investment in DFTL	-	-	-	(19,471,444)
Share of unrealised gain/(loss) from associates on remeasurement of investment in other comprehensive income	-	(537,032)	-	(6,708,340)
Balance at end of the period / year	-	<u>252,499,233</u>	-	<u>254,825,921</u>
Long term finances / loans / short term investment				
Short term loan	-	-	965,250	-
Term finance certificates/ sukuk bond	-	-	-	1,771,862
Settlement of transaction				
Vehicle sold	-	-	3,079,000	-
	-	-	<u>4,044,250</u>	<u>1,771,862</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	December 31, 2018		June 30, 2018	
	<i>Key management personnel / executives</i>	<i>Associates/ related parties</i>	<i>Key management personnel / executives</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Settlement transactions				
Gain on purchase and sale of securities	-	3,586,070	-	-
Common expenses paid	-	-	-	168,326
Share of (loss) / profit from associate	-	(5,912,758)	-	6,140,443
Rental income	-	233,010	-	840,000
Rental expense	-	-	-	818,400
Takaful expense	-	-	-	96,651
Brokerage expense	-	155,532	-	192,538
	-	(1,938,146)	-	8,256,358

25. SEGMENT ANALYSIS

Segment information for the six months period ended December 31, 2018 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long term finances</i>	<i>Placements & finances</i>	<i>Fee, commission & other income</i>	<i>Total</i>
	----- Rupees -----					
External operating revenue	485,193	525,558	15,039	-	-	1,025,790
Segment results	(5,463,590)	(5,918,130)	(169,349)	-	-	(11,551,069)
Segment assets	137,507,350	213,158,960	98,664,610	39,025,413	-	488,356,333
Unallocated assets	-	-	-	-	-	528,592,086
Total assets						1,016,948,419
Segment liabilities	193,452,024	205,449,700	95,096,235	37,613,992	-	531,611,951

Segment information for the six months period ended December 31, 2017 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long term finances</i>	<i>Placements & finances</i>	<i>Fee, Commission & other income</i>	<i>Total</i>
	----- Rupees -----					
External operating revenue	1,553,332	6,348,154	44,819	-	1,015,150	8,961,455
Segment results	22,110,223	90,360,014	637,956	-	14,449,708	127,557,901
Segment assets	103,990,781	259,393,257	108,661,281	38,965,413	-	511,010,732
Unallocated assets	-	-	-	-	-	564,619,803
Total assets						1,075,630,535
Segment liabilities	157,141,977	240,020,185	100,545,793	36,055,238	-	533,763,193

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **February 22, 2019** by the Board of Directors of the Company.

27. GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Chief Financial Officer

Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

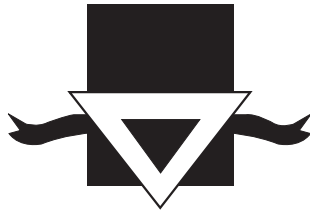
@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

BOOK POST

If undelivered, Please return to:

FIRST DAWOOD INVESTMENT BANK LTD
18th Floor, B.R.R Tower, Hasan Ali Street Off:
I. I. Chundrigar Road, Karachi-74000



FIRST DAWOOD INVESTMENT BANK LIMITED

Head Office:

18th Floor, B.R.R Tower, Hasan Ali Street Off: I. I. Chundrigar Road, Karachi-74000
PABX +92 (21) 32602401-06 Fax: +92 (21)3227-1912
Email: fdib@firstdawood.com, URL: www.firstdawood.com