

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

Quarter Report
31 March 2019



FIRST DAWOOD INVESTMENT BANK LIMITED

CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز کی رپورٹ:	4
Condensed Interim Financial Position (Unaudited)	5
Condensed Interim Profit & Loss Account (Unaudited)	6
Condensed Interim Statement of Comprehensive Income (Unaudited)	7
Condensed Interim Statement of Changes in Equity (Unaudited)	8
Condensed Interim Cash Flow Statement (Unaudited)	9
Notes to the Financial Statement (Unaudited)	10

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
Audit Committee	Mr. Syed Iqbal Hussain Rizvi	Director (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Muhammad Saeed	Director
	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	
Internal Auditor	Sohail Ahmed	
Legal Advisor	Nishtar & Zafar	
Legal counsels	A.Q. Abbasi & Associates Ansari AG Legal Kabiraji & 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 March 31, 2019.

Your company during the third quarter of the financial year 2018-19 has reported before-tax profit of Rs.4.47 million as compared to profit of Rs.97.12 million during corresponding period last year. The higher profit in corresponding last year is due to reversal of liability no longer payable. However, the net worth of your company has decreased from Rs. 497.98 million to Rs. 480.57 million due to reversal of deferred tax assets. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.28.19 million to Rs.25.34 million for the period under review in comparison to the corresponding period last year.

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.

April 29, 2019
Karachi.

Director

Director

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 مارچ 2019ء کی تیسری سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ ادارے نے تیسری سہ ماہی 31 مارچ 2019ء کے مالیاتی گوشوارے منافع بعد ٹیکس 4.47 ملین روپے اور پچھلے مالیاتی سال کے تیسری سہ ماہی کا منافع 97.12 ملین روپے منافع میں اضافہ کی بنیادی وجہ ڈیفرنڈ ٹیکس اثاثوں میں اضافہ اور قابل ادائیگی مارک اپ کی ادائیگی سے مبرا ہونا ہے۔ آپ کی کمپنی کی مالیت میں کمی 497.98 ملین سے 480.57 ملین ہو گئی ہے اس کی وجہ ڈیفرنڈ ٹیکس اثاثہ جات میں کمی ہے حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متنا سب رکھنے میں کامیاب ہوا ہے۔ اخراجات 28.19 ملین روپے سے کم ہو کر 25.34 ملین روپے ہو گئے ہیں بینک مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔

کمپنی اپنے اخراجات نان پرفارمنگ قرضہ جات کی واپسی کے ذریعے قرضہ جات کے مد میں خاطر خواہ کمی کی جاسکے جو کہ ایک ستون کی حیثیت رکھتی ہے اس ادارے کے لئے۔

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 روزے کے تحت ریگولیٹر سے منظور شدہ ہیں اور ان نئے روزے 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۔

بورڈ آف ڈائریکٹر کی طرف سے

تاریخ: April 29, 2019
کراچی

CONDENSED INTERIM FINANCIAL POSITION

AS AT MARCH 31, 2019

	<i>Note</i>	<i>Unaudited MARCH 31, 2019 Rupees</i>	<i>Audited JUNE 30, 2018 Rupees</i>
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	248,053	338,835
Intangible Asset		808,488	883,528
Investment properties		62,805,000	62,805,000
Net investment in lease finance	7	15,154,707	17,389,608
Long-term investments	8	145,810,553	151,914,281
Long-term finances	9	-	-
Long-term deposits		-	2,500,000
Deferred tax asset	10	376,612,066	397,338,572
		601,438,867	633,169,824
CURRENT ASSETS			
Current portion of non-current assets	11	219,537,514	198,784,579
Short-term investments	12	14,155,407	19,341,003
Available for Sale investment held with Nazir SHC		42,094,645	42,377,778
Placements and finances	13	38,748,917	39,025,413
Loans , advances and prepayments		2,955,932	1,346,709
Mark-up accrued		61,957	46,856
Other receivables		-	6,000,000
Cash and bank balances		78,445,338	90,515,101
		395,999,710	397,437,439
		997,438,577	1,030,607,263
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		455,425,501	455,425,501
Accumulated loss		(1,453,061,533)	(1,436,744,765)
		486,264,198	502,580,966
Surplus / (Deficit) on revaluation of investments		(5,693,429)	(4,601,740)
		480,570,769	497,979,226
NON CURRENT LIABILITIES			
Long-term loans	14	57,000,000	59,140,000
Long term deposits	15	10,000,000	10,000,000
		67,000,000	69,140,000
CURRENT LIABILITIES			
Current portion of long-term liabilities	15	354,991,538	360,991,536
Mark-up accrued		32,981,788	33,028,644
Short term borrowings	15.2	50,266,346	56,266,346
Accrued and other liabilities		3,631,442	5,349,014
Taxation		7,996,694	7,852,497
		449,867,808	463,488,037
CONTINGENCIES AND COMMITMENTS			
	16	997,438,577	1,030,607,263

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Note	----- Rupees -----		----- Rupees -----	
INCOME				
Lease income	274,197	1,553,332	(210,996)	-
Return on deposits and investments	6,651,098	2,968,477	5,917,933	665,998
Gain on sale of securities	5,979,338	5,579,043	(1,523,749)	693,368
Income from long-term finances	17,233	66,665	2,194	21,846
Other income	92,142	422,371	(140,868)	247,221
	13,014,008	10,589,888	4,044,514	1,628,433
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	24,929,679	53,644,641	301,521	8,150,000
Surplus/(Deficit) on Revaluation of Property	-	2,707,000	-	-
Provision for impairment	-	(10,592,960)	-	-
Deficit / Surplus on remeasurement of held for trading securities	(2,746,963)	1,591,777	(859,411)	2,397,279
Liabilities Written back	-	62,492,349	-	-
	22,182,716	109,842,807	(557,890)	10,547,279
	35,196,724	120,432,695	3,486,624	12,175,712
EXPENDITURES				
Administrative expenses	(25,347,617)	(28,199,666)	(8,252,321)	(9,713,003)
Finance cost	-	-	-	-
	(25,347,617)	(28,199,666)	(8,252,321)	(9,713,003)
Share of Profit from Associates	(5,375,726)	4,884,943	-	-
(LOSS) / PROFIT BEFORE TAXATION	4,473,381	97,117,972	(4,765,697)	2,462,709
TAXATION	(20,790,149)	41,546,861	-	8,644,224
(LOSS) / PROFIT BEFORE TAXATION	(20,790,149)	41,546,861	-	8,644,224
PROFIT/ (LOSS) AFTER TAXATION	(16,316,768)	138,664,833	(4,765,697)	11,106,933
Earning per share - basic	(0.11)	0.93	(0.03)	0.075
Earning per share - diluted	(0.11)	0.93	(0.03)	0.07

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	<i>Nine Months Ended March 31,</i>		<i>Quarter Ended March 31,</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>----- Rupees -----</i>			
(Loss) / profit after taxation	(16,316,768)	138,664,833	(4,765,699)	11,106,932
Other comprehensive income				
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	(2,746,963)	14,679,069	-	1,591,777
Share of associates' on reversal of unrealised loss on remeasurement of investments	-	(9,822,760)	-	-
	(2,746,963)	4,856,309	-	1,591,777
Total comprehensive (loss) / income for the period	(19,063,731)	143,521,142	(4,765,699)	12,698,709

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Share Capital		Capital Reserve			Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Capital Reserve on Acquisition	Deficit on Revaluation of Investments	Accumulated Losses	
Balance at July 1, 2017	1,483,900,230	-	379,076,942	53,426,910	2,596,484	8,497,989	(1,518,045,423)	409,453,132
Total comprehensive income for the period	-	-	-	-	-	-	101,625,823	-
- Profit for the period	-	-	-	-	-	-	101,625,823	101,625,823
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	(6,708,349)	-	(6,708,349)
Reclassification of gain to profit and loss account	-	-	-	-	-	(9,466,086)	-	(9,466,086)
Deferred Tax-OCI	-	-	-	-	-	3,074,706	-	3,074,706
Transfer to Statutory Reserve	-	-	20,325,165	-	-	-	(20,325,165)	-
Balance as at June 30, 2018	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(4,601,740)	(1,436,744,765)	497,979,226
Balance at July 1, 2018	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(4,601,740)	(1,436,744,765)	497,979,226
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	(16,316,768)	(16,316,768)
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	(1,091,689)	-	(1,091,689)
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(5,693,429)	(1,453,061,533)	480,570,769

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	<i>Nine Months Ended March 31,</i>	
	2019	2018
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	4,473,381	97,117,972
Adjustments:		
Depreciation	90,780	451,944
Impairment on assets held for sale	-	10,592,960
Revaluation of property	-	(2,707,000)
Gain on sale of investments	(5,979,338)	(5,579,043)
Share of Loss on Investment in Associates	5,375,726	-488,494
Amortization	75,040	(62,492,349)
Finance cost	-	75,040
Provision / (reversal of provision potential lease	(24,929,679)	(53,644,641)
Deficit / Surplus on remeasurement of held for trading securities	2,746,963	(1,591,777)
Other income	(92,142)	(422,371)
	<u>(22,712,650)</u>	<u>(120,202,180)</u>
	(18,239,269)	(23,084,208)
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	5,899,497	7,092,572
Long-term finances	478,748	375,615
Assets Classified Held For Sale	-	68,192,960
Placements and finances	276,496	3,930,000
Advances and prepayments	(621,887)	11,312,445
Mark up accrued	(15,101)	75,664
	<u>6,017,753</u>	<u>90,979,256</u>
	(12,221,516)	67,895,048
<i>Increase / (decrease) in operating liabilities</i>		
Short term borrowings	(6,000,000)	-
Accrued and other liabilities	(1,717,572)	(3,982,807)
	<u>(7,717,572)</u>	<u>(3,982,807)</u>
Tax paid	(987,336)	(521,584)
Net cash (used)/generated from operating activities	<u>(20,926,424)</u>	<u>63,390,657</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(90,000)
Proceed from sale of property and equipment	-	175,150
Long-term investments	6,103,728	14,435,117
Long-term deposits	2,500,000	-
Short-term investments	<u>8,392,933</u>	<u>18,459,652</u>
Net cash (used)/generated from investing activities	<u>16,996,661</u>	<u>32,979,919</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(8,140,000)	(57,600,000)
Net cash (used in) from financing activities	<u>(8,140,000)</u>	<u>(57,600,000)</u>
Net increase / (decrease) in cash and cash equivalents	(12,069,763)	38,770,576
Cash and cash equivalents at beginning of the period	90,515,101	4,084,279
Cash and cash equivalents at end of the period	<u>78,445,338</u>	<u>42,854,855</u>

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

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2019

1. STATUS AND NATURE OF BUSINESS

- 1.1 First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The registered office of the Company is situated in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which have been expired and Company has filed an appeal in SECP Appellate Bench for renewal of License.
- 1.2 The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited and Pak Hy-Oils Limited. The value of assets under trustee as at March 31, 2019 amounted to Rs. 9.04 billion (June 30, 2018: Rs. 9.04 billion).

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), The Companies Act, 2017 (the Ordinance) and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2 This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2018.
- 2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.
- 2.4 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 245 of The Companies Act, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2018.
- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company and therefore not stated in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

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

5. ACCOUNTING ESTIMATES AND JUDGEMENT

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

	Note	March 31, 2019 Rupees	June 30, 2018 Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE			
Furniture & fixtures		30,065	42,906
Equipment and appliances		60,896	74,691
Vehicles		157,092	221,238
Intangible asset		808,488	883,528
		<u>1,056,541</u>	<u>1,222,363</u>
		-	-
6.1 Disposal of assets - at 10% of cost			
Vehicles		-	3,164,000
		-	<u>3,164,000</u>

7. NET INVESTMENT IN LEASE FINANCE

Net investment in lease finance	7.1	499,724,184	505,623,681
Provision for potential lease losses		(363,548,986)	(381,074,829)
Current portion		<u>(121,020,491)</u>	<u>(107,159,244)</u>
		<u>15,154,707</u>	<u>17,389,608</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2019

		March 31, 2019 Rupees	June 30, 2018 Rupees
7.1	Particulars of net investment in lease finance		
	Minimum lease payments receivable	548,627,102	547,622,184
	Residual value of leased assets	51,167,875	61,167,875
		<u>599,794,977</u>	<u>608,790,059</u>
	Unearned finance income	-	-
	Markup held in Suspense	(110,070,793)	(110,555,986)
	Net investment in lease finance	<u>489,724,184</u>	<u>498,234,073</u>
7.1.1	The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (March 31, 2018): 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.		
7.2	Provision for potential lease losses		
	Opening balance	381,074,829	418,783,376
	(Reversal) / charge for the period - net	(17,525,843)	(37,708,547)
	Written off during the period	-	-
	Closing balance	<u>363,548,986</u>	<u>381,074,829</u>
7.3	Current portion of lease finance		
	Maturing within one year	489,724,184	513,220,182
	Provision for potential lease losses	(363,548,986)	(418,783,376)
	More Than One Year & Less Than Five Years	(5,154,707)	-
		<u>121,020,491</u>	<u>94,436,806</u>
8.	LONG TERM INVESTMENTS		
	Investment in associates	8.1 145,460,767	151,564,495
	Saving Certificates	349,786	349,786
		<u>145,810,553</u>	<u>151,914,281</u>
8.1	Investment in associates		
	Opening balance	151,564,495	202,865,262
	Share of reversal of deficit on revaluation of investments recognised in other income	(5,375,726)	6,140,443
	Share of (loss) / gain	-	(6,708,340)
	Disposal of Investment	(537,032)	(19,471,444)
	Transfer to short term investment held with Nazir SHC	-	(31,261,426)
		<u>145,651,737</u>	<u>151,564,495</u>
9.	LONG-TERM FINANCES		
	Term finance facilities	254,026,392	254,505,140
	Provision for doubtful finances	(155,509,369)	(162,879,805)
		98,517,023	91,625,335
	Current portion	11 <u>(98,517,023)</u>	<u>(91,625,335)</u>
		-	-

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2019

	March 31, 2019 Rupees	June 30, 2018 Rupees
9.1 Particulars of provision for doubtful finances		
Opening balance	162,879,805	177,494,611
(Reversal) / charge for the period - net	(7,370,436)	(44,154,000)
Provision during the period	-	29,539,194
Closing balance	<u>155,509,369</u>	<u>162,879,805</u>

10. DEFERRED TAX ASSET

Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realizability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and deferred tax amounting to Rs. 376.61 million will be realised in the future.

10.1 TAXATION	Notes	March 31, 2019 Rupees	June 30, 2018 Rupees
Current Year		(144,198)	(14,902,684)
Deferred Tax		(20,645,951)	13,053,538
Prior Year		-	0
		<u>(20,790,149)</u>	<u>(1,849,146)</u>

11. CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in lease finance	7	121,020,491	107,159,244
Long-term finances		98,517,023	91,625,335
Long-term loans		-	-
		<u>219,537,514</u>	<u>198,784,579</u>

12. SHORT TERM INVESTMENTS**Held-for-trading**

Listed ordinary shares	14,533,075	17,569,141
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Available-for-sale

Term finance certificates / sukuk bonds	-	1,771,862
Unquoted securities	11,307,321	25,328,157
	<u>11,307,321</u>	<u>27,100,019</u>
Less: provision for impairment in preference shares	(377,668)	(377,668)
Held with Nazir of SHC against HBFC Case	<u>(11,307,321)</u>	<u>(24,950,489)</u>
	<u>14,155,407</u>	<u>19,341,003</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2019

	<i>Note</i>	<i>March 31, 2019 Rupees</i>	<i>June 30, 2018 Rupees</i>
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		-	-
Provision for doubtful finances		-	-
		-	-
Financing against shares		155,185,305	155,185,305
Provision for doubtful finances		(155,185,305)	(155,185,305)
		-	-
Short-term finance - secured		11,300,000	11,300,000
Provision for doubtful finances		(11,300,000)	(11,300,000)
		-	-
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances		86,684,717	86,684,717
Provision for doubtful finances		(47,935,800)	(47,659,304)
		38,748,917	39,025,413
		38,748,917	39,025,413
		<i>March 31, 2019 Rupees</i>	<i>June 30, 2018 Rupees</i>
14 LONG TERM LOANS			
Secured			
Commercial Banks	15	361,073,673	369,213,673
		361,073,673	369,213,673
Current portion		(304,073,673)	(310,073,673)
		57,000,000	59,140,000
		<i>March 31, 2019 Rupees</i>	<i>June 30, 2018 Rupees</i>
15 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	14	304,073,673	310,073,673
Lease deposits		50,917,865	50,917,863
		354,991,538	360,991,536

15.1 The markup has been reversed based on legal opinion sought and no markup is shown in the external confirmation circulated by the external auditor.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

15.2 SHORT TERM BORROWINGS**Unsecured**

Call borrowing - commercial bank	-	-
Development Financial Institution	<u>56,266,346</u>	<u>56,266,346</u>
	<u>56,266,346</u>	<u>56,266,346</u>

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

<i>Note</i>	<i>March 31, 2019 Rupees</i>	<i>June 30, 2018 Rupees</i>
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16 CONTINGENCIES AND COMMITMENTS**16.1 Contingent liabilities**

Letters of comfort / guarantee	<u>1,088,000,000</u>	<u>1,088,000,000</u>
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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:

- i. 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 beneficiary can not claim the same amount from two parties, thus 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.
- ii. 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.
- iii. A guarantee of Rs. 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of trustee of the sukuk issue.
- IV. A guarantee of Rs. 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 as "FDIBL" had issued a guarantee against a "bridge finance" and not a "term loan".

17 TRANSACTIONS WITH RELATED PARTIES

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

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

	March 31, 2019		June 30, 2018	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
	Rupees-----			
<i>Investment in associate</i>				
Balance at beginning of the period / year	-	182,825,921	-	202,865,262
Share of Loss from Associate	-	-	-	6,140,443
Disposal of Investment in DFTL		-		(19,471,444)
Investment in Dawood Income Fund		82,000,000		72,000,000
Disposal of Investment in Dawood Income Fund		(82,000,000)		(72,000,000)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	-	-	(6,708,340)
Balance at end of the period / year	-	182,825,921	-	182,825,921

Long term finances / loans

Short term Loan	1,134,999	-	965,250	-
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	-	-	1,771,862
Disposal of Fixed Asset Cost	-	-	3,079,000	-
	1,134,999	-	4,044,250	1,771,862

	March 31, 2019		June 30, 2018	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
Charge to profit and loss account				
Common expenses paid	-	49,882	-	168,326
Share of (loss) / profit from associate	-	-	-	6,140,443
Share of common expenses received	-	-	-	-
Rental income	-	-	-	840,000
Rental expense	-	205,200	-	818,400
Takaful expense	-	26,618	-	96,651
	-	281,700	-	8,063,820

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 29, 2019 by the Board of Directors of the Company.

19 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Chief Financial Officer

Director

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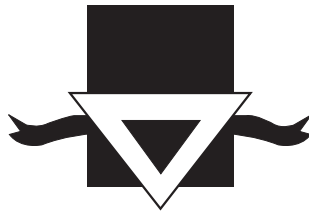
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