

**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Half Yearly Report**  
**31 December 2015**



FIRST DAWOOD INVESTMENT BANK LIMITED

## CONTENTS

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Corporate Information	2
Directors' Report	3
Auditors' Report to the Members on Review of Interim Financial Information	4
Condensed Interim Balance Sheet (Unaudited)	6
Condensed Interim Profit & Loss Account (Unaudited)	7
Condensed Interim Statement of Comprehensive Income (Unaudited)	8
Condensed Interim Statement of Changes in Equity (Unaudited)	9
Condensed Interim Cash Flow Statement (Unaudited)	10
Notes to the Financial Statement (Unaudited)	12

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## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Rafique Dawood Mr. Abu Khurshed M. Ariff Mr. Ayaz Dawood Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair	Chairman Director & CEO (Not assumed charge as CEO) Director Director Director
<b>Audit Committee</b>	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khurshed M. Ariff	Chairman Member Member
<b>HR&amp;R Committee</b>	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khurshed M. Ariff	Chairman Member Member
<b>Chief Financial Officer</b>	Mr. Syed Musharaf Ali	
<b>Company Secretary</b>	Mr. Naveed Ahmed	
<b>Auditors</b>	Haroon Zakaria & Company Chartered Accountants	
<b>Legal Advisor</b>	Nishtar & Zafar	
<b>Legal counsels</b>	A.Q. Abbasi & Associates Ansari AG Legal Kabiraji & Talibuddin Kamal Azfar & Associates Khalil Asif Ejaz & Co. Mohsin Tayebaly & Co. Minto & Mirza S & B Durrani Law Associates	
<b>Bankers</b>	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Ltd. Standard Chartered Bank Ltd. United Bank Ltd.	
<b>Registered Office Head Office</b>	18 <sup>th</sup> 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	
<b>Share Registrar</b>	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	

\* Application for the prior approval of Directors is pending with SECP. Status-quo has been granted by the Honorable Islamabad High Court vide order dated 03-02-2014. Where the legality of the approval process has been challenged. As per advice of legal Counsel till approval is granted the newly elected directors cannot assume charge hence, the previous directors will continue to hold office.

## 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 reviewed interim financial statements of the Company for the period ended December 31, 2015.

Your company during the 1st half for financial year 2015-16, has reported after-tax profit of Rs.22.11 million as compared to profit of Rs.15.65 million during corresponding period last year. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses slightly increased from Rs.22.20 million to Rs.22.57 million for the period under review in comparison to the corresponding period last year due to fee paid to Central Depository Company (CDC) & Pakistan Stock Exchange Ltd for conversion of Preference Shares into Ordinary Shares, which alone amounted for Rs.2.25 million.

The Company is managing its affairs by internal cash generation through the recoveries and the management is focusing its priority on reduction in non performing portfolio. Our Special Assets and Legal Departments are making efforts to reduce non-performing loans which are pursued through negotiations and settlements which in the present scenario is the backbone to let the company sustain its present state of affairs.

During the quarter 7,898 shares of the company has been entitled by Mr. Rafique Dawood on account of his mother's account against succession certificate.

The new NBFC rules and regulation has been approved by the regulator and as per these rules and regulations your company is now equity compliant.

The Board of Directors acknowledges and appreciates the efforts and contribution of all staff and the management in these hard times.

February 25, 2016  
Karachi.

On behalf of the Board of Directors  
First Dawood Investment Bank Ltd  
Rafique Dawood  
Chairman



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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

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### Introduction

We have reviewed the accompanying condensed interim balance sheet of First Dawood Investment Bank Limited ("the company") as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial information") for the six month period ended December 31, 2015. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

### Scope of Review

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

### Basis for Qualified Conclusion

- a) As at December 31, 2015 the company has recognized deferred tax asset of Rs. 198.89 million in respect of unabsorbed tax depreciation on leases, carry forward of unused tax losses and deductible temporary differences. As stated in note 10 to the condensed interim financial information, 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 were not provided adequate supporting documentation / bases for the assumptions used in preparation of those projections and consequently, we were unable to determine whether any adjustment in the amount of deferred tax asset was necessary;

### Qualified Conclusion

Based on our review, with the exception of the matter described in paragraphs (a) above, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2015 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of matter

We draw attention to the following:

- i. note 1.3 to the condensed interim financial information which describes that the Company is facing financial problems, its accumulated losses as at December 31, 2015 are Rs. 1,611.509 million, and as of that date, the Company's current liabilities exceeds its current assets by Rs. 267.081 million, its licenses to carryout business are not renewed and is not being able to meet minimum equity requirements. These conditions along with other matters as stated in note 1.3 and unfunded exposures as described in note 8.4 indicates the existence of uncertainties which may cast significant doubt about the company's ability to continue as a going concern and company may not be able to realize its assets and discharge its liabilities at stated amounts.
- ii. Note 20 to the condensed interim financial information gives details of contingencies, the ultimate outcome in this regard cannot presently be ascertained; and



**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL  
INFORMATION TO THE MEMBERS**

- iii. The company is not in compliance with certain requirements of NBFC Regulations. Further, as stated in note 1.2 to the condensed interim financial information 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.
- iv. Note 14 to the financial statements which explains the reason for non- transfer of asset classified as held-for-sale and carried at lower of carrying value or of recoverable amount.
- v. Note 8.2 of the financial statements which indicates that that license of associate is not renewed.

Our conclusion is not qualified in these matters.

**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi  
**Dated:**

**Engagement Partner:**  
**Farhan Ahmed Memon**



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
AS AT DECEMBER 31, 2015

		<i>Unaudited</i>	<i>Audited</i>
		<i>December 31</i>	<i>June 30</i>
		<i>2015</i>	<i>2015</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	6.	1,779,090	2,289,456
Intangibles asset		1,133,653	1,183,678
Investment properties		89,848,960	89,848,960
Net investment in lease finance	7.	-	185,434
Long-term investments	8.	181,805,978	187,477,585
Long-term finances	9.	-	-
Long-term deposits		4,343,822	4,343,822
Deferred tax asset	10.	198,893,526	198,893,526
		<b>477,805,029</b>	<b>484,222,461</b>
<b>Current Assets</b>			
Current and overdue portion of non-current assets	11.	202,310,247	255,792,044
Short-term investments	12.	87,024,594	57,180,774
Placements and finances	13.	54,806,988	60,443,348
Assets classified as held for sale	14.	28,603,000	28,603,000
Advance against lease commitments	15.	-	-
Loans and advances		7,480,765	8,703,768
Income tax refund		718,236	718,236
Deposits and prepayments		24,798,105	20,977,928
Mark-up accrued		55,811	55,811
Other receivables	16.	-	-
Cash and bank balances		17,870,531	49,162,028
		<b>423,668,277</b>	<b>481,636,937</b>
		<b>901,473,306</b>	<b>965,859,398</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
Ordinary shares		1,483,900,230	1,483,900,230
Capital reserves		335,046,528	335,046,528
Accumulated loss		<b>(1,611,508,819)</b>	<b>(1,633,621,650)</b>
		<b>207,437,939</b>	<b>185,325,108</b>
Share of unrealised loss on remeasurement of associates' investments		11,456,811	4,835,378
Unrealised gain on remeasurement of available-for-sale investments		<b>(8,189,489)</b>	<b>(8,133,037)</b>
		<b>210,705,261</b>	<b>182,027,449</b>
<b>Non-Current Liabilities</b>			
Long-term loans	17.	-	-
Long term deposits		18,905	18,905
		<b>18,905</b>	<b>18,905</b>
<b>Current Liabilities</b>			
Current portion of long-term liabilities	18.	497,279,414	515,006,962
Mark-up accrued		89,261,478	153,297,443
Short term borrowings	19.	80,348,516	81,418,220
Accrued and other liabilities		16,010,941	33,017,267
Taxation		7,848,791	1,073,152
		<b>690,749,140</b>	<b>783,813,044</b>
<b>Contingencies and Commitments</b>			
	20.	<b>901,473,306</b>	<b>965,859,398</b>

The annexed notes from 1 to 26. form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.9 to this condensed interim financial information.

DIRECTOR

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Note</i>	<i>----- Rupees -----</i>			
<b>INCOME</b>				
Lease income	508,805	-	494,410	-
Return on placement, finance deposits and investments	10,503,304	2,620,222	9,239,530	27,263
Gain on sale of securities	3,359,905	1,615,062	2,853,940	1,434,053
Income from long-term finances	177,669	1,072,660	125,397	1,033,321
Other income	5,528,266	6,123,925	5,008,616	3,936,106
	<b>20,077,949</b>	<b>11,431,869</b>	<b>17,721,893</b>	<b>6,430,743</b>
<b>PROVISION / CHANGES IN FAIR VALUE</b>				
(Provision)/Reversal of provision for potential lease losses and other loan losses - net	21. (18,211,919)	15,016,119	(18,311,919)	11,547,257
(Deficit) / surplus on remeasurement at fair value through profit and loss	(2,427,434)	961,389	(717,476)	1,254,387
Surplus on revaluation of investment property	-	18,323,960	-	18,323,960
Surplus on revaluation of non-current asset held for sale	-	5,194,000	-	-
Liabilities written Back	77,724,930	-	510,183	-
	<b>57,085,577</b>	<b>39,495,468</b>	<b>(18,519,212)</b>	<b>31,125,604</b>
	<b>77,163,526</b>	<b>50,927,337</b>	<b>(797,319)</b>	<b>37,556,347</b>
<b>EXPENDITURES</b>				
Administrative expenses	(22,566,486)	(22,208,118)	(12,736,611)	(10,445,622)
Finance cost	(13,181,537)	(19,553,050)	(5,472,664)	(16,583,461)
	<b>(35,748,023)</b>	<b>(41,761,168)</b>	<b>(18,209,275)</b>	<b>(27,029,083)</b>
Share of (loss) / Profit from associates	(12,527,033)	7,219,341	(12,527,033)	7,219,341
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>28,888,470</b>	<b>16,385,510</b>	<b>(31,533,627)</b>	<b>17,746,605</b>
<b>TAXATION</b>				
Current	22. (6,775,639)	(732,047)	3,534,249	(732,047)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>22,112,831</b>	<b>15,653,463</b>	<b>(27,999,378)</b>	<b>(732,047)</b>
Earnings/(loss) per share - basic	<b>0.15</b>	<b>0.03</b>	<b>(0.19)</b>	<b>0.16</b>
Earnings/(loss) per share - diluted	<b>0.15</b>	<b>0.11</b>	<b>(0.19)</b>	<b>0.01</b>

The annexed notes from 1 to 26. form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.9 to this condensed interim financial information.

DIRECTOR

DIRECTOR





FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>----- Rupees -----</i>			
Profit/(loss) after taxation	22,112,831	(36,856,984)	(27,999,378)	(23,744,256)
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Share of associates on reversal of unrealised loss on remeasurement of investments	6,621,433	5,838,055	12,895,527	5,838,055
Unrealised gain on remeasurement of investments classified as available-for-sale	(56,452)	581,490	(56,452)	581,490
	<b>6,564,981</b>	6,419,545	<b>12,839,075</b>	6,419,545
Total comprehensive income for the period	<b>28,677,812</b>	(30,437,439)	<b>(15,160,303)</b>	(17,324,711)

The annexed notes from 1 to 26. form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.9 to this condensed interim financial information.

DIRECTOR

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	Share Capital		Capital Reserves					Accumulated loss	Total
	Ordinary shares	Preference shares	Statutory reserve	Premium on issue of Right shares	Capital reserve on acquisition	Company's share of unrealised loss on remeasurement of associates' investments	Unrealised gain/(loss) on remeasurement of available for sale investments		
Balance at July 01, 2014	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	650,190	(7,632,669)	(1,613,488,445)	55,600,305
<b>Total comprehensive income for the period</b>									
- Loss for the period	-	-	-	-	-	-	-	15,653,463	15,653,463
<b>Other comprehensive income</b>									
- Conversion of preference Shares into ordinary Shares	57,947,102	(49,677,500)	-	-	-	-	-	-	8,269,602
- Share of associates on reversal of unrealised loss on remeasurement of investments	-	-	-	-	-	(4,533,223)	-	-	(4,533,223)
- Unrealised loss on remeasurement of available for sale investments	-	-	-	-	-	-	(500,368)	-	(500,368)
	57,947,102	(49,677,500)	-	-	-	(4,533,223)	(500,368)	15,653,463	18,889,474
Dividend on preference shares @ 4%	-	-	-	-	-	-	-	(13,432,626)	(13,432,626)
<b>Balance at December 31, 2014</b>	<b>684,440,002</b>	<b>666,156,040</b>	<b>277,721,395</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>(3,883,033)</b>	<b>(8,133,037)</b>	<b>(1,611,267,608)</b>	<b>61,057,153</b>
<b>Total comprehensive income for the period</b>									
- Loss for the period	-	-	-	-	-	-	-	(9,144,770)	(9,144,770)
<b>Other comprehensive income</b>									
- Conversion of preference Shares into ordinary Shares	799,460,228	(666,156,040)	-	-	-	-	-	-	133,304,188
- Share of associates on reversal of unrealised loss on remeasurement of investments	-	-	-	-	-	8,718,411	-	-	8,718,411
- Unrealised loss on remeasurement of available for sale investments	-	-	-	-	-	-	-	-	-
	799,460,228	(666,156,040)	-	-	-	8,718,411	-	(9,144,770)	132,877,829
Transferred to statutory reserves	-	-	1,301,739	-	-	-	-	(1,301,739)	-
Dividend on preference shares @ 4%	-	-	-	-	-	-	-	(11,907,533)	(11,907,533)
<b>Balance at June 30, 2015</b>	<b>1,483,900,230</b>	<b>-</b>	<b>279,023,134</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>4,835,378</b>	<b>(8,133,037)</b>	<b>(1,633,621,650)</b>	<b>182,027,449</b>
<b>Total comprehensive income for the period</b>									
- loss for the period	-	-	-	-	-	-	-	22,112,831	22,112,831
<b>Other comprehensive income</b>									
- Conversion of preference Shares into ordinary Shares	-	-	-	-	-	-	-	-	-
- Share of associates on unrealised loss on remeasurement of investments	-	-	-	-	-	-	-	-	-
- Unrealised loss on remeasurement of available for sale investments	-	-	-	-	-	6,621,433	(56,452)	-	6,564,981
	-	-	-	-	-	6,621,433	(56,452)	22,112,831	28,677,812
Dividend on preference shares @ 4%	-	-	-	-	-	-	-	-	-
Balance at December 31, 2015	<b>1,483,900,230</b>	<b>-</b>	<b>279,023,134</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>11,456,811</b>	<b>(8,189,489)</b>	<b>(1,611,508,819)</b>	<b>210,705,261</b>

The annexed notes from 1 to 26, form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.9 to this condensed interim financial information.

DIRECTOR

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>Six months ended December 31 2015 Rupees</i>	<i>Six months ended December 31 2014 Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	28,888,470	16,385,510
<b>Adjustments for:</b>		
Depreciation	472,966	998,074
Amortization	50,025	266,752
Gain on sale of securities	(3,359,905)	(1,615,062)
Share of loss on investment in associates	12,527,033	(7,219,341)
Liabilities written Back	(77,724,930)	-
Finance cost	13,181,537	19,553,050
Gain on sale of property and equipment	(575,600)	(1,339,497)
Provision/(Reversal) of provision for potential lease losses and other loan losses - net	18,211,919	(15,016,119)
Surplus on revaluation of investment property	-	(18,323,960)
Surplus on revaluation of non-current asset held for sale	-	(5,194,000)
Exchange gain	(295,234)	-
Unrelaised (gain)/ loss on remeasurement of held for trading securities	2,427,434	(961,389)
Other income	-	(1,500,000)
	<b>(35,084,755)</b>	<b>(30,351,492)</b>
	<b>(6,196,285)</b>	<b>(13,965,982)</b>
<b>Changes in operating assets and liabilities (Increase) / decrease in operating assets</b>		
Net investment in lease finance	6,097,733	10,460,615
Long-term finances	8,580,031	1,111,828
Placements and finances	8,636,360	15,920,000
Assets classified as held for sale	-	4,500,000
Deposits and prepayments	(3,820,177)	11,085,744
Mark up accrued	-	75,692
Other receivables	50,000	-
Loans and advances	2,414,454	-
	<b>21,958,401</b>	<b>43,153,879</b>
	<b>15,762,116</b>	<b>29,187,897</b>
<b>Increase / (decrease) in operating liabilities</b>		
Certificates of investment	-	(4,500,000)
Long term deposits	-	(3,644,895)
Accrued and other liabilities	(16,496,143)	3,997,533
	<b>(16,496,143)</b>	<b>(4,147,362)</b>
Financial cost paid	(2,755)	(244,427)
Tax paid	(1,191,451)	-
<b>Net cash generated from operating activities</b>	<b>(1,928,233)</b>	<b>24,796,108</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(92,000)	(163,000)
Proceeds from disposal of property and equipment	705,000	2,123,714
Short-term investments made - net	(28,967,801)	(3,339,637)
<b>Net cash used in investing activities</b>	<b>(28,354,801)</b>	<b>(1,378,923)</b>



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>Six months ended December 31 2015</i>	<i>Six months ended December 31 2014</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loans	-	(10,880,107)
Short term Borrowings	<b>(1,069,704)</b>	-
<b>Net cash used in financing activities</b>	<b>(1,069,704)</b>	<b>(10,880,107)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(31,352,738)</b>	12,537,078
Foreign currency translation	61,241	-
<b>Cash and cash equivalents at beginning of the period</b>	<b>49,162,028</b>	25,979,252
<b>Cash and cash equivalents at end of the period</b>	<b>17,870,531</b>	<b>38,516,330</b>

The annexed notes from 1 to 26. form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.9 to this condensed interim financial information.

DIRECTOR

DIRECTOR



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

**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 and Islamabad Stock Exchange. The registered office of the Company is situated in 18th floor B.R.R towers Hassan Ali street office 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 been expired and awaiting renewal.
- 1.2** The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The case is currently pending at Honourable High Court of Sindh, Karachi. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Allied Bank of Pakistan, Escorts Investment Bank Limited, Engro Fertilizers Limited, 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, Pak Hy-Oils Limited, and Flying Board and Paper Products Limited. The value of assets under trustee as at December 31, 2015 amounted to Rs. 12.330 billion (as at June 30, 2015: Rs. 12.330 billion).
- 1.3** The Company earned a net profit of Rs 22.113 million for the period ended Dec 31, 2015, its accumulated losses reached to Rs 1,611.509 million as at Dec 31, 2015 and its current liabilities exceed current assets by Rs 267.081 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 KSE 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, leasing license 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.210.705 million which is below the Minimum Equity Requirement (MER) of Rs 1,700 million as prescribed by the SECP.

Above factors cast 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, however the management of the Company is confident that due to steps / measures / mitigation plan explained in the following paragraphs, the going concern assumption is appropriate and as such, these financial statements have been prepared on a going concern basis.

**1.4 Mitigation plan**

- a. The Company has successfully able to meet over 95% of its financial obligations through recoveries and settlements and has been able to settle Rs.10 billion (approximately) worth of its liabilities and other commitments through its assets in last 5 to 6 years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. around Rs. 500 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 collateralized assets. In this respect, the management has realigned its strategy accordingly.
- e. During the year ended June 30, 2015, the Company made recoveries amounting Rs. 47.930 million which is below the expected recovery amount of Rs. 91.95 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.
- g. During the year, the company has made Conversion of Preference shares into ordinary shares in the following manner so as to reduce preferential payments.



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

Name of the lender	Preference Shares Amount	Outstanding preference dividend	Total Amount along with P.S. Dividend	Total No of Ordinary Shares to be issued
		----- Rupees -----		
Allied Bank Ltd	49,677,500	8,269,600	57,947,100	5,794,710
Allied Bank Ltd	49,677,500	9,940,940	59,618,440	5,961,844
IGI Investment Bank Ltd	20,000,000	4,002,190	24,002,190	2,400,219
National Insurance Company Ltd	60,000,000	12,006,570	72,006,570	7,200,657
Bank Al- Falah Limited	15,000,000	3,001,640	18,001,640	1,800,164
The Bank of Khyber	140,920,000	28,199,440	169,119,440	16,911,944
National Bank of Pakistan	325,114,740	65,058,580	390,173,320	39,017,332
Askari Bank Ltd	25,000,000	5,002,740	30,002,740	3,000,274
KASB Income Fund	30,443,800	6,092,090	36,535,890	3,653,589
	<b>715,833,540</b>	<b>141,573,790</b>	<b>857,407,330</b>	<b>85,740,733</b>

**1.5 Expected NBF sector reforms / regime**

The requirement of minimum equity will be addressed through reversal of provisions by recovering outstanding advances, injection of equity by issuing right shares and conversion of accrued dividend on preference shares in the ensuing years. Further, NBF sector reforms / regime has been issued by the "SECP" in which the minimum capital requirements has been reduced to Rs 150 million ( for investment financial services and leasing licenses) subject to certain conditions. Upon approval, the company is confident that equity would be arranged through (i) issuance of right shares and/or (ii) induction of foreign or local partner and/or (iii) evaluation of option of merger or acquisition, and/or (iv) any other arrangement which will ensure compliance of minimum equity requirement.

**1.6 Future prospects**

A sizeable recovery of non-performing lease and advances portfolio 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 alongwith an opportunity for the existing shareholders to inject additional equity. The management is confident that the Company will be able to resume its operations upon renewal of licenses.

**1.7 Cases under litigation**

**Funded exposure**

As at December 31, 2015, various cases are pending in the court of law and Company has filed appeals in the relevant Courts. In one of the aforementioned case, a counterclaim of Rs 22.3 million has also been made by the Company in the Banking Court at Karachi. Whilst in another case an investor has filed for execution of an out of court settlement agreement in the High Court of Sindh. However compliance of that order has been completed and the execution has been disposed off.

**Unfunded exposure**

Total amount of letters of comfort / guarantees as at December 31, 2015 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 NBF sector of the Country. Management will seek fresh credit rating once the licenses are renewed and normal business functioning of the Company is commenced.

**1.9 Applications for approval of directors elected in the Annual General Meeting of the Company held on October 25, 2013 are still pending with the SECP. Further, the legality of the approval process has been challenged by the Company at the Islamabad High Court which issued directives to maintain status-quo vide order of February 3, 2014, therefore, till the approval of SECP is received, directors elected in Annual General Meeting held on October 25, 2013 cannot assume charge of their office under Clause-2 of Schedule IX of the NBFC Regulations, 2008. Hence, the previous directors shall continue to hold office except Rasheed Y. Chinoy who left the charge of the Chief Executive Officer on October 29, 2013 and subsequently on January 16, 2014 resigned from the Board. As such two directors have signed these financial statements.**



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

1.10 The equity of the company is increased upto Rs 210.705 million from Rs 182.027 million but 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 shall not exceed 30% of the equity of an NBFC (as disclosed in the latest financial statements) provided that maximum outstanding fund based exposure does not exceed 20% of equity of an NBFC". The Company could not meet the said requirements in three cases. Further all contingent liabilities excluding one guarantee exceeds 30% of the equity of the Company.

**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 Companies Ordinance, 1984 (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, 2015.

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 Karachi and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984. The figures for the six months period ended December 31, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

**3. SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2015.

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, 2015.

**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, 2015.

**6. PROPERTY AND EQUIPMENT**

**6.1 Additions - at cost**

	<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Rupees</i>	<i>Rupees</i>
Vehicles	-	141,000
Computer equipments	-	33,000
Furniture & fixtures	-	-
Office equipments	-	-
	<b>92,000</b>	-
	<b>92,000</b>	174,000

**6.2 Disposals - at written down value**

Equipment & appliances	-	-
Vehicles	-	-
	<b>129,400</b>	1,610,165

The above disposals represented vehicles costing Rs. 0.936 million (June 30, 2015: Vehicle Rs.4.79 million) which were disposed off for Rs. 0.705 million (June 30, 2015: Vehicle: Rs. 3.40 million).



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>Note</i>	<i>December 31, 2015 Rupees</i>	<i>June 30, 2015 Rupees</i>
<b>7. NET INVESTMENT IN LEASE FINANCE</b>			
Net investment in lease finance	7.1	<b>535,466,634</b>	559,291,915
Provision for lease losses	7.2	<b>(428,227,990)</b>	(410,238,033)
		<b>107,238,644</b>	149,053,882
Current and overdue portion of net investment in lease finance	7.3 & 11	<b>(107,238,644)</b>	(148,868,448)
		<b>-</b>	185,434
<b>7.1 Particulars of net investment in lease finance</b>			
Minimum lease payments receivable		<b>581,921,114</b>	588,527,652
Residual value of leased assets		<b>75,529,058</b>	93,256,606
		<b>657,450,172</b>	681,784,258
Unearned finance income		<b>(23,373)</b>	(52,163)
Mark-up held in suspense		<b>(121,960,165)</b>	(122,440,180)
<b>Net investment in lease finance</b>		<b>535,466,634</b>	559,291,915
7.1.1 As at December 31, 2015, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounts to Rs. 459.496 million (June 30, 2015 : Rs.452.772 million). The forced sale value benefit considered against these non-performing lease portfolio amounting to Rs 39.20 million (June 30, 2015 : Rs 45.823 million).			
7.1.2 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2015: 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.			
<b>7.2 Provision for lease losses</b>			
Balance at beginning of the period / year		<b>410,238,033</b>	452,992,042
Charge / (reversal) during the period / year - net		<b>17,989,957</b>	(42,754,009)
Written off during the period / year		<b>-</b>	-
Balance at end of the period / year		<b>428,227,990</b>	410,238,033
<b>7.3 Current portion of lease finance</b>			
Maturing within one year		<b>535,466,634</b>	559,106,481
Provision for potential lease losses		<b>(428,227,990)</b>	(410,238,033)
		<b>107,238,644</b>	148,868,448
<b>8. LONG TERM INVESTMENTS</b>			
Investment in:			
- associates - equity method	8.1 - 8.4	<b>173,752,622</b>	179,658,222
- USD bond - available for sale	8.6	<b>8,053,356</b>	7,819,363
		<b>181,805,978</b>	187,477,585
<b>8.1 Investment in associates</b>			
Balance at beginning of the period / year		<b>179,658,222</b>	180,560,426
Share of (loss)		<b>(12,527,033)</b>	(5,087,392)
Share of reversal of deficit on revaluation of investments recognized in other comprehensive income		<b>6,621,433</b>	4,185,188
Balance at end of the period / year	8.5	<b>173,752,622</b>	179,658,222





FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

- 8.2 The license of the one of the company i.e. Dawood Capital Management Limited for carrying out assets management services has not been renewed.
- 8.3 It includes 6,466,010 shares of Dawood Family Takaful Limited which have been pledged with Nazir, High Court of Sindh in pursuant to the litigation with one of the lender of the Company.
- 8.4 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, 2015, the Company holds 41.63% shares of B.R.R. Investments (Private) Limited and 26.70% 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.
- 8.5 This amount include investmnet in Dawood Family Takaful Limited which is based on unaudited financial statements as on September 30, 2015 due to the annual audit is in progress. Further associates also includes BRR investements (Pvt) Ltd of which value is based on equity method applied for the year ended June 30,2015 and changes till December 31, 2015 are not reflected being its status of Private limited company.
- 8.6 This represents investment in a USD bond amounting to USD 75,000. It is perpetual preference security which entitles holders to receive preferential cash distributions on quarterly basis at the rate of 6.85% (June 30, 2015: 6.85%) per annum. These securities are listed at Luxembourg Stock Exchange.

		<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>9. LONG-TERM FINANCES</b>			
Term finance facilities	9.1 & 9.2	<b>267,825,660</b>	276,405,691
Provision for doubtful finances	9.3	<b>(172,754,057)</b>	(169,482,095)
		<b>95,071,603</b>	106,923,596
Current portion	11.	<b>(95,071,603)</b>	(106,923,596)
		<b>-</b>	<b>-</b>

9.1 The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2015: 13.5% to 15.1%) per annum subject to change in SBP discount rate and KIBOR. These are secured against mortgage of immovable properties.

9.2 As at December 31, 2015, long term finance of Rs. 260.2 million (June 30, 2015 : Rs. 224.008 million) which have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounting to Rs. 75.893 million (June 30, 2015 54.61 million).

	<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>9.3 Particulars of provision for doubtful finances</b>		
Balance at beginning of the period / year	<b>169,482,095</b>	148,392,809
Net charge during the period / year	<b>3,271,962</b>	21,089,286
Written off during the period / year	-	-
Balance at end of the period / year	<b>172,754,057</b>	169,482,095

9.1 The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2015: 13.5% to 15.1%) per annum subject to change in SBP discount rate and KIBOR. These are secured against mortgage of immovable properties.

9.2 As at December 31, 2015, long term finance of Rs. 260.2 million (June 30, 2015 : Rs. 224.008 million) which have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounting to Rs. 75.893 million (June 30, 2015 54.61 million).

**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 consequently it is expected that out of the total deferred tax asset of Rs.757.581 million, the deferred tax asset up to Rs. 198.89 million (including deferred tax asset of Rs 190.97 million on unabsorbed depreciation) will be realized in the near future. The Company has not recognized deferred tax assets of Rs. 558.687 million in respect of remaining carry forward losses and deductible temporary differences.



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>Note</i>	<i>December 31, 2015 Rupees</i>	<i>June 30, 2015 Rupees</i>
<b>11. CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS</b>			
Net investment in lease finance	7.	107,238,644	148,868,448
Long-term finances	9.	95,071,603	106,923,596
		<u>202,310,247</u>	<u>255,792,044</u>
<b>12. SHORT TERM INVESTMENTS</b>			
<b>Available-for-sale- at cost</b>			
Term finance certificates / sukuk bonds		29,926,083	-
Unquoted shares	12.1	14,275,742	14,332,194
Preference shares	12.2	377,668	377,668
		<u>44,579,493</u>	<u>14,709,862</u>
Less: provision for impairment in preference shares		<u>(377,668)</u>	<u>(377,668)</u>
		44,201,825	14,332,194
<b>At fair value through profit or loss - held-for-trading</b>			
Quoted equity securities	12.3	42,822,769	42,848,580
		<u>87,024,594</u>	<u>57,180,774</u>
<b>12.1</b> These shares have been pledged with Nazir, High Court of Sindh in pursuant to the litigation with one of the lender of the Company. The above amounts are based on unaudited financial statements as on September 30,2015.			
<b>12.2</b> These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (June 30, 2015: 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.			
<b>12.3</b> These include shares having a market value aggregating to Rs. 3.223 million (June 2015: Rs. 7.757 million) which have been pledged with National Clearing Company of Pakistan Limited in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.			
<b>13. PLACEMENTS AND FINANCES</b>			
Placement and finance- unsecured	13.1	6,000,000	9,000,000
Provision for doubtful finance	13.1.1	<u>(6,000,000)</u>	<u>(9,000,000)</u>
		-	-
Financing against shares	13.2	306,756,172	306,756,172
Provision for doubtful finance	13.2.1	<u>(306,756,172)</u>	<u>(306,756,172)</u>
		-	-
Short-term finance - secured	13.3	27,081,575	32,717,935
Provision for doubtful finance		<u>(11,300,000)</u>	<u>(11,300,000)</u>
		15,781,575	21,417,935
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finance		<u>(5,000,000)</u>	<u>(5,000,000)</u>
		-	-
Morabaha / musharika finances	13.4	87,624,717	87,624,717
Provision for doubtful finance		<u>(48,599,304)</u>	<u>(48,599,304)</u>
		39,025,413	39,025,413
		<u>54,806,988</u>	<u>60,443,348</u>
<b>13.1</b> The said facility has been restructured in October 2013. As per the restructuring terms, the customer / borrower paid Rs 2.5 million in October 2013 and agreed to repay the balance principal amount of Rs 12 million in four equal annual installments of Rs 3 million with zero mark up. This facility is secured by way of registered hypothecation charge of present and future receivables of the customer.			



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>13.1.1 Movement in provision for doubtful placement</b>		
Balance at beginning of the period / year	9,000,000	12,000,000
Reversal of provision	(3,000,000)	(3,000,000)
	<u>6,000,000</u>	<u>9,000,000</u>
<b>13.2</b> These financing were made to a company and individuals in the normal course of business and matured on June 30, 2009.		
	<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>13.2.1 Movement in provision for doubtful financing against shares</b>		
Balance at beginning of the period / year	306,756,172	306,756,172
Written off during the period / year	-	-
Balance at end of the period / year	<u>306,756,172</u>	<u>306,756,172</u>
<b>13.3</b> These are secured by mortgage of properties and ranking charge over hypothecation of stock and matured on June 30, 2009. During the current period payment of Rs 5.636 million was received from two customers as per agreed restructuring terms.		
<b>13.4</b> 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.		
<b>13.5</b> As at December 31, 2015, an amount of Rs 438.055 million (June 30, 2015: Rs 432.095 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. 60.44 million (June 30, 2015 : Rs. 60.44 million).		
<b>14. ASSETS CLASSIFIED AS HELD FOR SALE</b>		
These represent repossessed assets consisting of land and buildings previously held as collateral against lease and other finances. The Company intends either to dispose of these assets to recover the outstanding amount of respective leases and other finances or to settle its liabilities against these assets. Balance of Rs. 28.603 million represent Land for which Honourable Lahore High Court has ordered to transfer the ownership in name of company and buyer is also identified but sale is pending owing to peaceful transfer of possession for which buyer has written to the Company to take steps.		
	<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>15. ADVANCE AGAINST LEASE COMMITMENTS</b>		
Considered doubtful	35,696,247	35,696,247
Less: Provision for doubtful advances	(35,696,247)	(35,696,247)
	<u>-</u>	<u>-</u>
<b>16. OTHER RECEIVABLES</b>		
<b>Considered doubtful</b>		
Decreetal amount receivable	16.1 37,302,430	37,302,430
TFC proceed receivable from Bankers Equity Limited	12,365,100	12,365,100
Receivable against lease termination	72,553,040	72,603,040
Receivable against KSE card transaction-net	16.2 45,515,114	45,515,114
Accounts receivables-others	5,295,096	5,295,096
Brokerage receivable	636,660	636,660
	<u>173,667,440</u>	<u>173,717,440</u>
Less : Provision for doubtful receivables	16.3 (173,667,440)	(173,717,440)
	<u>-</u>	<u>-</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

16.1 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. However, as a matter of prudence the Company has made provision in this regard.

16.2 The Company had purchased Pakistan Stock Exchange formerly named Karachi Stock Exchange (Guarantee) Limited (KSE) 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. Currently the membership card is under litigation due to a case filed against the KSE member from whom that card was purchased. The Company has made provision against this receivable as a matter of prudence.

	<i>Note</i>	<i>December 31, 2015 Rupees</i>	<i>June 30, 2015 Rupees</i>
<b>16.3 Movement of provision is as under:</b>			
Balance at beginning of the period / year		173,717,440	175,162,440
Charge / (reversal) during the period / year		<b>(50,000)</b>	(1,445,000)
Balance at end of the period / year		<b>173,667,440</b>	173,717,440

**17. LONG TERM LOANS**

**Secured**

Commercial Banks	17.1	432,573,673	432,573,673
Current and overdue portion	18.	<b>(432,573,673)</b>	(432,573,673)
		<b>-</b>	-

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% (2015: 0% to 5%) per annum payable on quarterly / half yearly basis.

	<i>Note</i>	<i>December 31, 2015 Rupees</i>	<i>June 30, 2015 Rupees</i>
<b>18. CURRENT AND OVERDUE PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	17.1	432,573,673	432,573,673
Long term deposits		<b>64,705,741</b>	82,433,289
		<b>497,279,414</b>	515,006,962

**19. SHORT TERM BORROWINGS**

**Unsecured**

Call borrowing - commercial bank		5,348,516	6,418,220
Development Financial Institution		<b>75,000,000</b>	75,000,000
		<b>80,348,516</b>	81,418,220

19.1 A commercial bank filed a legal suit against the Company and obtained decree in its favour. The Company filed an appeal in the High Court of Sindh (SHC) on the ground that, the issue of maintainability raised by the Company in its leave to defend application was not given any consideration and the judgment of the Banking Court at Karachi is without lawful jurisdiction. However the SHC dismissed the Company's appeal. The Company approached Honourable Supreme Court of Pakistan challenging the maintainability of suit, the same has been dismissed, however, review petition filled by the company which is pending.

19.2 The facility was expired on June 30, 2009. The development financial institutions has obtained a decree on Rs.75 million plus cost of fund at the rate of 14.33% per annum. As per the order of Honourable Sindh High Court, shares and debt instruments having face value of Rs.108 million have been attached in favour of Nazir of High Court. The Company has filed appeal against the said order of SHC in the Supreme Court of Pakistan (SCP) which is pending adjudication.

	<i>2015 Rupees</i>	<i>2015 Rupees</i>
<b>20. CONTINGENCIES AND COMMITMENTS</b>		
Letters of comfort / guarantees	<b>1,088,000,000</b>	1,098,000,000



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

- 20.1** The guarantees worth Rs. 1,088 million (June 30, 2015: Rs. 1,098 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:
- 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.
- 20.2** 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.
- 20.3** Suit for Rs 1.972 million is filed against the company by the customer for which dismissal is expected
- 20.4** Suit for recovery of Rs 7.825 million is pending for which disposal in near future is expected.
- 20.5** Various other cases which are at hearing stage are also pending for which outcome could not be determined.

		<i>December 31, 2015</i>	<i>June 30, 2015</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>21. REVERSAL OF PROVISION FOR LEASE LOSSES AND DOUBTFUL RECOVERIES - NET</b>			
Net investment in lease finance	7.2	<b>17,989,957</b>	(42,754,009)
Long term finances	9.3	<b>3,271,962</b>	21,089,286
Placements	13.1.1	<b>(3,000,000)</b>	(15,311,227)
Short term investment		-	-
		<b><u>18,211,919</u></b>	<b><u>(36,975,950)</u></b>

**22. TAXATION**

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

**23. 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:



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

	December 31, 2015		June 30, 2015	
	Key management personnel / executives	Associates/ related parties	Key management personnel / executives	Associates/ related parties
----- Rupees -----				
<b>Investment in associate</b>				
Share of loss from associate	-	(12,527,033)	-	(5,087,392)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	6,621,433	-	4,185,188
Balance at end of the period / year	-	173,752,622	-	179,658,222
<b>Long term finances / loans</b>				
Advance rent	-	897,295	-	1,307,416
Long term finance	-	-	-	-
Disposal of fixed assets - cost	-	-	-	-
	593,865	897,295	3,523,500	1,307,416

	December 31, 2015		June 30, 2015	
	Key management personnel / executives	Associates/ related parties	Key management personnel / executives	Associates/ related parties
----- Rupees -----				
<b>Settlement transactions</b>				
Common expenses paid	-	662,996	-	2,166,612
Share of (profit) / loss from associate	-	12,527,033	-	5,087,392
Share of common expenses received	-	-	-	-
Service charges on staff loan	-	-	-	-
Rental income	-	(2,449,260)	-	(4,898,508)
Rental expense	-	508,111	-	836,100
Takaful expense	-	31,406	-	77,496
	-	11,280,286	-	3,269,092

**24 SEGMENT ANALYSIS**

Segment information for the six months period ended December 31, 2015 is as follows: -

	Leasing	Investments	Long term finances	Placements & finances	Fee, commission & other income	Total
----- Rupees -----						
External operating revenue	508,805	13,863,209	177,669	-	5,528,266	20,077,949
Segment results	560,372	15,268,233	195,676	-	6,088,551	22,112,831
Segment assets	107,238,644	268,830,572	95,071,603	54,806,988	-	525,947,807
Unallocated assets	-	-	-	-	-	375,525,499
Total assets	-	-	-	-	-	901,473,306
Segment liabilities	192,372,379	319,992,978	113,165,125	65,237,563	-	690,768,045



FIRST DAWOOD INVESTMENT BANK LIMITED

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2015

Segment information for the six months period ended December 31, 2014 is as follows: -

	<i>Leasing</i>	<i>Investments</i>	<i>Long term finances</i>	<i>Placements &amp; finances</i>	<i>Fee, Commission &amp; other income</i>	<i>Total</i>
	<-----Rupees----->					
External operating revenue	-	4,235,284	1,072,660	-	6,123,925	<u>11,431,869</u>
Segment results	-	(5,799,302)	(1,468,775)	-	(8,385,386)	<u>(15,653,463)</u>
Segment assets	128,042,778	252,368,818	130,412,948	56,035,753	-	566,860,297
Unallocated assets	-	-	-	-	-	446,385,294
Total assets						<u>1,013,245,591</u>
Segment liabilities	285,844,665	383,221,688	198,031,874	85,090,211	-	<u>952,188,438</u>

This condensed interim financial information was authorized for issue on **25 February 2016** by the Board of Directors of the Company. Figures have been rounded off to the nearest Rupee.

**DIRECTOR**

**DIRECTOR**

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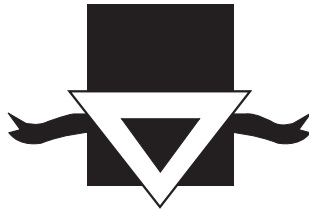
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