

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

Half Yearly Report
31 December 2016



FIRST DAWOOD INVESTMENT BANK LIMITED

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CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Abu Khurshed M. Ariff Mr. Ayaz Dawood Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair	Chairman (Nominee B.R.R. Investments (Pvt) Ltd.) Director & CEO (Not assumed charge as CEO) Director (Nominee B.R.R. Investments (Pvt) Ltd.) Director Director
Audit Committee	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khurshed M. Ariff	Chairman Member Member
HR&R Committee	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khurshed M. Ariff	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Syed Musharaf Ali	
Auditors	Haroon Zakaria & Company Chartered Accountants	
Legal Advisor	Nishtar & Zafar	
Legal counsels	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	
Bankers	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.	
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 Fax : +92 (21)3227-1912 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 reviewed interim financial statements of the Company for the period ended December 31, 2016.

Your company during the first half of the financial year 2016-17, has reported after-tax profit of Rs.8.91 million as compared to profit of Rs.22.11 million during corresponding period last year. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.22.57 million to Rs.18.29 million and finance cost also decreased from Rs. 13.18 million from Rs. 5.48 million for the period under review in comparison to the corresponding period last year.

The management of FDIBL is continuing its efforts for recoveries and focusing its priority on reduction in non-performing portfolio and managing cash reserve. Correspondingly, the costs are also being controlled and overhead are being restricted. For the same reasons, we have restructured the operations and finance departments to ensure that the costs do not exceed the expected benefits. 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.

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 and has applied for renewal of Investment Finance Services which is pending with NBFC department of SECP and a favourable response is expected.

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

February 27, 2017
Karachi.

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

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 دسمبر 2016ء کی ششماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتا ہے۔ ادارے نے دوسرے سہ ماہی 31 دسمبر 2016ء کے مالیاتی گوشوارے منافع بعد ٹیکس 8.91 ملین روپے اور پچھلے مالیاتی سال کے دوسری سہ ماہی کا منافع 22.11 ملین روپے تھا۔ حالانکہ بینکنگ کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات میں بھی کمی ہوئی ہے جو 22.57 ملین روپے سے 18.29 ملین روپے ہے اور سود کی رقم میں بھی کمی ہوئی ہے جو 13.18 ملین روپے سے 5.48 ملین روپے ہے۔ بینک مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔ کمپنی اپنے اخراجات نان فارمنگ قرضہ جات کی واپسی کے ذریعے کر رہی ہے۔ اور اسی پر توجہ مرکوز ہے۔ ہمارا خاصا اثاثہ جات اور قانونی محکمے مسلسل اسی کوشش میں ہیں کہ وصولیاتی کے ذریعے نان فارمنگ قرضہ جات کے مد میں خاطر خواہ کمی کی جاسکے کہ ایک ریزرو کی بڑی کمی کی حیثیت رکھتی ہے اور اس ادارے کے لئے:

ہم اچھی طرح مستقبل کے چیلنجز سے آگاہ ہیں اور ہم پر اقباضا دینے کے لیے ادارہ کاروباری سرگرمیوں میں آگے کی طرف بڑھے گا اور قرضہ جات کی وصولی کے ذریعے اپنی مالیاتی حیثیت کو بہتر کرے گا۔

نئے NBFIs رولز کے تحت جو کہ گلوبل سے منظور شدہ ہیں اور ان نئے رولز کے تحت یہ ادارہ MCR شرائط کو پورا کرتا ہے اور انویسٹمنٹ فنانس سروسز کے لائسنس کی تجدید کیلئے درخواست ایس ای سی پی کو جمع کرائی ہے جو کا پینڈیدہ رد عمل متوقع ہے۔

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

February 27, 2017
Karachi.

بورڈ آف ڈائریکٹرز کی طرف سے

محمد عیوب



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Dawood Investment Bank Limited** ("the company") as at December 31, 2016 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, 2016. 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, 2016 and 2015 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

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) The company has recognized deferred tax asset of Rs.679.69 million in respect of unabsorbed tax depreciation on leases, carry forward of unused tax losses including one year's expired 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 paragraph (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, 2016 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 licenses to carryout business are not renewed. These conditions along with other matters as stated in note 1.3 and investment exposures exceeding threshold 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
- 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.



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

- 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 license of associate is not renewed.

Our conclusion is not qualified in respect of 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, 2016

	<i>Unaudited</i>	<i>Audited</i>
	<i>December 31</i>	<i>June 30</i>
	<i>2016</i>	<i>2016</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<u>ASSETS</u>		
Non-Current Assets		
Property and equipment	6. 1,080,663	1,445,909
Intangibles asset	1,033,603	1,083,628
Investment properties	89,848,960	89,848,960
Net investment in lease finance	7. -	-
Long-term investments	8. 188,502,127	174,360,744
Long-term finances	9. -	-
Long-term deposits	4,139,822	4,139,822
Deferred tax asset	10. 679,698,000	679,698,000
	964,303,175	950,577,063
Current Assets		
Current and overdue portion of non-current assets	11. 208,881,814	227,207,474
Short-term investments	12. 83,165,711	85,518,562
Placements and finances	13. 10,915,413	13,915,413
Assets classified as held for sale	14. 27,103,000	27,103,000
Advance against lease commitments	15. -	-
Loans and advances	7,960,959	7,235,090
Income tax refund	718,236	718,236
Deposits and prepayments	28,897,841	25,283,025
Mark-up accrued	14,825	-
Other receivables	16. 6,000,000	-
Cash and bank balances	26,435,178	6,101,941
	400,092,977	393,082,741
	1,364,396,152	1,343,659,804
<u>EQUITY AND LIABILITIES</u>		
Share Capital and Reserves		
Ordinary shares	1,483,900,230	1,483,900,230
Capital reserves	435,100,336	435,100,336
Accumulated loss	(1,224,500,307)	(1,233,406,419)
	694,500,259	685,594,147
Share of unrealised gain / (loss) on remeasurement of associates' investments	11,325,893	(46,791)
Unrealised loss on remeasurement of available-for-sale investments	(5,606,271)	(9,484,324)
	700,219,881	676,063,032
Non-Current Liabilities		
Long-term loans	17. -	-
Current Liabilities		
Current portion of long-term liabilities	18. 493,510,443	493,510,443
Mark-up accrued	100,999,723	95,520,993
Short term borrowings	19. 57,380,507	61,625,243
Accrued and other liabilities	8,805,624	13,933,594
Taxation	3,479,974	3,006,499
	664,176,271	667,596,772
Contingencies and Commitments		
	20. 1,364,396,152	1,343,659,804

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, 2016

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
<i>Note</i>	<i>----- Rupees -----</i>			
INCOME				
Lease income	1,274,177	508,805	1,269,035	494,410
Return on placement, finance deposits and investments	11,389,020	10,503,304	1,255,378	9,239,530
Gain on sale of securities	3,100,995	3,359,905	1,531,101	2,853,940
Income from long-term finances	1,606,970	177,669	1,579,698	125,397
Other income	1,874,847	5,528,266	(632,253)	5,008,616
	19,246,009	20,077,949	5,002,959	17,721,893
PROVISION / CHANGES IN FAIR VALUE				
Reversal / (provision) for potential lease losses and other loan losses - net	21. 4,962,760	(18,211,919)	4,762,760	(18,311,919)
Surplus / (deficit) on remeasurement at fair value through profit and loss	6,188,097	(2,427,434)	3,749,654	(717,476)
Gain on settlement of liabilities	-	77,724,930	-	510,183
	11,150,857	57,085,577	8,512,414	(18,519,212)
	30,396,866	77,163,526	13,515,373	(797,319)
EXPENDITURES				
Administrative expenses	(18,287,170)	(22,566,486)	(9,065,294)	(12,736,611)
Finance cost	(5,483,370)	(13,181,537)	3,769	(5,472,664)
	(23,770,540)	(35,748,023)	(9,061,525)	(18,209,275)
Share of profit / (loss) from associates	2,753,261	(12,527,033)	2,753,261	(12,527,033)
PROFIT/(LOSS) BEFORE TAXATION	9,379,587	28,888,470	7,207,109	(31,533,627)
TAXATION				
Current	22. (473,475)	(6,775,639)	(360,581)	3,534,249
PROFIT AFTER TAXATION	8,906,112	22,112,831	6,846,528	3,534,249
Earnings/(loss) per share - basic	0.06	0.15	0.05	(0.19)
Earnings/(loss) per share - diluted	0.06	0.15	0.05	(0.19)

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, 2016

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>----- Rupees -----</i>			
Profit after taxation	8,906,112	22,112,831	6,846,528	3,534,249
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Share of associates on unrealised gain on remeasurement of investments	11,372,684	5,838,055	17,646,778	5,838,055
Unrealised gain on remeasurement of investments classified as available-for-sale	3,878,053	581,490	3,878,053	581,490
	15,250,737	6,419,545	21,524,831	6,419,545
Total comprehensive income for the period	24,156,849	28,532,376	28,371,359	9,953,794

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 ENDED DECEMBER 31, 2016

	Share Capital					Capital Reserves					Total
	Ordinary shares	Preference shares	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Company's share of unrealised gain/(loss) on remeasurement of associates'	Unrealised gain/(loss) on remeasurement of available for sale investments	Accumulated loss			
Balance at July 01, 2015	1,483,900,230	-	279,023,134	53,426,910	2,596,484	4,835,378	(8,133,037)	(1,633,021,650)	182,027,449		
Total comprehensive income for the period											
- Profit for the period	-	-	-	-	-	-	-	22,112,831	22,112,831		
Other comprehensive income											
- Share of associates on unrealised gain on remeasurement of investments	-	-	-	-	-	6,621,433	-	-	6,621,433		
- Unrealized loss on remeasurement of available for sale investments	-	-	-	-	-	-	(56,452)	-	(56,452)		
Dividend on preference shares @ 4%	-	-	-	-	-	6,621,433	(56,452)	22,112,831	28,677,812		
Balance at December 31, 2015	1,483,900,230	-	279,023,134	53,426,910	2,596,484	11,456,811	(8,189,489)	(1,611,508,819)	210,705,261		
Total comprehensive income for the period											
- Profit for the period	-	-	-	-	-	-	-	478,156,208	478,156,208		
Other comprehensive income											
- Share of associates on unrealised loss on remeasurement of investments	-	-	-	-	-	(11,503,602)	-	-	(11,503,602)		
- Unrealized loss on remeasurement of available for sale investments	-	-	-	-	-	-	(1,294,835)	-	(1,294,835)		
Transferred to statutory reserves	-	-	100,053,808	-	-	-	-	478,156,208	478,156,208		
Dividend on preference shares @ 4%	-	-	-	-	-	-	-	(100,053,808)	-		
Balance at June 30, 2016	1,483,900,230	-	379,076,942	53,426,910	2,596,484	(46,791)	(9,484,324)	(1,233,406,419)	676,063,032		
Total comprehensive income for the period											
- Profit for the period	-	-	-	-	-	-	-	8,906,112	8,906,112		
Other comprehensive income											
- Share of associates on unrealised gain on remeasurement of investments	-	-	-	-	-	11,372,684	-	-	11,372,684		
- Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	-	3,878,453	-	3,878,453		
Dividend on preference shares @ 4%	-	-	-	-	-	11,372,684	3,878,453	8,906,112	24,156,849		
Balance at December 31, 2016	1,483,900,230	-	379,076,942	53,426,910	2,596,484	11,325,893	(5,606,271)	(1,224,506,307)	700,219,881		

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 ENDED DECEMBER 31, 2016

	<i>Six months ended December 31, 2016 Rupees</i>	<i>Six months ended December 31, 2015 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,379,587	28,888,470
Adjustments for:		
Depreciation	361,096	472,966
Amortization	50,025	50,025
Gain on sale of securities	(3,100,995)	(3,359,905)
Share of loss on investment in associates	(2,753,261)	12,527,033
Gain on settlement of liabilities	-	(77,724,930)
Finance cost	5,483,370	13,181,537
Gain on sale of property and equipment	(5,350)	(575,600)
Provision/(Reversal) of provision for potential lease other loan losses - net	587,240	-
Exchange (gain)/ loss	393	18,211,919
Unrelaised (gain)/ loss on remeasurement of held for trading securities	(6,188,097)	2,427,434
	<u>(5,565,579)</u>	<u>(35,084,755)</u>
	3,814,008	(6,196,285)
Changes in operating assets and liabilities (Increase) / decrease in operating assets		
Net investment in lease finance	4,011,361	6,097,733
Long-term finances	9,670,685	8,580,031
Placements and finances	3,637,955	8,636,360
Deposits and prepayments	(3,614,816)	(3,820,177)
Mark up accrued	(14,825)	-
Other receivables	(5,582,500)	50,000
Loans and advances	3,790,510	2,414,454
	<u>11,898,370</u>	<u>21,958,401</u>
	15,712,378	15,762,116
Increase / (decrease) in operating liabilities		
Accrued and other liabilities	(5,127,970)	(16,496,143)
	<u>(5,127,970)</u>	<u>(16,496,143)</u>
Financial cost paid	(4,640)	(2,755)
Tax paid	(1,515,459)	(1,191,451)
Net cash generated from / (used in) operating activities	<u>9,064,309</u>	<u>(1,928,233)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(92,000)
Proceeds from disposal of property and equipment	9,500	705,000
Long and Short-term investments made - net	15,504,558	(28,967,801)
Net cash generated from / (used in) investing activities	<u>15,514,058</u>	<u>(28,354,801)</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	<i>Six months ended December 31, 2016 Rupees</i>	<i>Six months ended December 31, 2015 Rupees</i>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term Borrowings	<u>(4,244,736)</u>	<u>(1,069,704)</u>
Net cash used in financing activities	<u>(4,244,736)</u>	<u>(1,069,704)</u>
Net increase / (decrease) in cash and cash equivalents	20,333,631	(31,352,738)
Foreign currency translation	(393)	61,241
Cash and cash equivalents at beginning of the period	6,101,941	49,162,028
Cash and cash equivalents at end of the period	<u>26,435,178</u>	<u>17,870,531</u>

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 ENDED DECEMBER 31, 2016

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 Pakistan 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 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, 2016: Rs. 9.40 billion as at June 30, 2016: Rs. 9.40 billion).

1.3 The Company earned a net profit of Rs 8.91 million for the period ended Dec 31, 2016, its accumulated losses reached to Rs 1,224.50 million as at Dec 31, 2016 and its current liabilities exceed current assets by Rs 264.08 million. The Company started facing financial difficulties from financial year 2008-09 as a result of unwarranted liquidity crunch in the financial sector mainly due to closure of PSX for all practical purpose for 109 days and erosion of values in the stock market by approximately 60% which resulted in withdrawal of money market lines of NBFC sector. The clean money market lines of the Company of over Rs. 5 billion from the banking sector were abruptly withdrawn and hence Company was unable to meet its commitments on time due to liquidity crunch. Since, the Company was unable to repay as per schedule of payment, certain banks and financial institutions filed cases and / or served legal notices against the Company. These unprecedented conditions resulted in down grading of credit rating and non compliance of requirements of NBFC Regulations regarding minimum capital. Further, 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. 700.22 million. Above factors indicate existence of uncertainties which may cast doubts on company's ability to continue as going concern and accordingly company may not be able to realize its assets & discharge its liabilities at stated amount but the company through innovative means has been able to settle various liabilities and also covering all expenditures. Similarly and going forward, the management of the company is confident that it will continue the mitigation plan, as explained in the following paragraphs, which will also ensure that the company continues as a going concern owing to these factors financial statements are prepared on going concern basis.

1.4 Mitigation plan

- a. The Company has successfully able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. around Rs. 652 million.
- b. The Company has been able to restructure a major portion of its liabilities at zero percent mark up and now settlement of the same against its assets is underway.
- c. The Company is meeting all of its expenses since the financial turmoil of 2008-09 without any external financial support or a bail out package. Further, the Company has adequate liquid assets in the form of bank balances and short term investments to meet its obligations / expenses in the next twelve months and more.
- d. The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collateral assets. In this respect, the management has realigned its strategy accordingly.
- e. During the year period ended December 31, 2016 the Company made recoveries amounting Rs. 37.67 million which is below the expected recovery amount of Rs. 75.24 million. Major reason for the difference was slow litigation system in the country. The management is expecting to recover the amount either through auction of the collateralized assets or transfer of title of the collateralized asset through the Court order or out of court settlement.
- f. The Company expects recovery of approximately Rs. 100 to 130 million in the next three financial years.

1.5 Expected NBF sector reforms / regime

The requirement of minimum equity is expected to be resolved with increase in deferred tax assets and company may apply on the same basis for renewal of license. It is pertinent to mention that as per new rules of NBF sector; 'SECP' has reduced minimum capital requirements to Rs 150 million (for investment financial services and leasing licenses). Upon renewal of license, the company will be able to fulfill a procedural formality. The management is confident that renewal of the license an induction of foreign or local partner will be possible and / or the company may also evaluate the option of merger or acquisition. Presently, the net equity stands at Rs.700.22 which exceeding the MCR by Rs. 550.22 millions.

1.6 Future prospects

During the period recovery of Rs.16.548 million has been made against non-performing lease and advances portfolio and further recovery is also expected which will provide cash flow cushion within next two - three years. The management is confident that it will manage to continue writing back provisions as a result of expected recoveries which will result in better cash flows. Administrative expenses have been curtailed and departments have been restructured and rationalized / right sized to reduce the payroll cost and overhead expenses.



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The proposed reduction in financing cost through restructuring / settlements with the lenders will assist in further reducing the losses and improving the equity. This will make the Company attractive for equity participation / merger along with an opportunity for the existing shareholders to inject additional equity. The sponsoring directors are committed to subscribe their portion of right issue. The management is confident that the Company will be able to resume its operations upon renewal of licenses and take advantage of deferred tax by writing new lease facilities.

1.7 Cases under litigation

Funded exposure

As at December 31, 2016, only one case is pending in the court of law. The financial institution has filed a recovery suit aggregated to Rs. 78.01 million in Honourable High Court.

Unfunded exposure

Total amount of letters of comfort / guarantees as at December 31, 2016 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 NBF1 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 The Board has appointed Mr. Abu Khurshed M. Arif as Chief Executive Officer. However, application for approval of Chief Executive Officer is pending with SECP, therefore, Mr. Abu Khurshed M. Arif not assumed charge as CEO, As such two directors have signed these financial statements.

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

2. BASIS OF PREPARATION

2.1 This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, the 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, 2016.

2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

2.4 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchanges and section 245 of the Companies Ordinance, 1984. The figures for the six months period ended December 31, 2016 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, 2016.

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, 2016.



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5. ACCOUNTING ESTIMATES AND JUDGMENT

The basis for accounting estimates and judgment adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2016.

	<i>December 31, 2016</i>	<i>June 30, 2016</i>
	<i>Rupees</i>	<i>Rupees</i>
6. PROPERTY AND EQUIPMENT		
6.1 Additions - at cost		
Vehicles	-	34,000
Office equipments	-	92,000
	<u>-</u>	<u>126,000</u>
6.2 Disposals - at written down value		
Vehicles	<u>4,150</u>	<u>1,763,000</u>

The above disposals represented vehicles costing Rs. 0.042 million (June 30, 2016: Vehicle Rs.1.76 million) which were disposed off for Rs. 0.0095 million (June 30, 2016: Vehicle: Rs. 0.912 million).

	<i>Note</i>	<i>December 31, 2016</i>	<i>June 30, 2016</i>
		<i>Rupees</i>	<i>Rupees</i>
7. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	7.1	514,009,131	518,020,492
Provision for lease losses	7.2	(402,377,533)	(397,330,918)
		<u>111,631,598</u>	120,689,574
Current and overdue portion of net investment in lease finance	7.3 & 11	(111,631,598)	(120,689,574)
		<u>-</u>	<u>-</u>
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		568,799,812	574,085,350
Residual value of leased assets		61,186,782	61,186,782
		<u>629,986,594</u>	635,272,132
Unearned finance income		(294)	(8,051)
Mark-up held in suspense		(115,977,169)	(117,243,589)
Net investment in lease finance		<u>514,009,131</u>	<u>518,020,492</u>

7.1.1 As at December 31, 2016, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounts to Rs. 453.08 million (June 30, 2016 : Rs.444.03 million). The forced sale value benefit considered against these non-performing lease portfolio amounting to Rs 50.701 million (June 30, 2016 : Rs 46.70 million).

7.1.2 The lease finances carry mark up ranging from 6 months KIBOR plus spread of 2% to 5% (June 30, 2016: 6 months KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.

	<i>Note</i>	<i>December 31, 2016</i>	<i>June 30, 2016</i>
		<i>Rupees</i>	<i>Rupees</i>
7.2 Provision for lease losses			
Balance at beginning of the period / year		397,330,918	410,238,033
Charge / (reversal) during the period / year - net		5,046,615	(75,292)
Written off during the period / year		-	(12,831,823)
Balance at end of the period / year		<u>402,377,533</u>	<u>397,330,918</u>



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	<i>Note</i>	<i>December 31, 2016 Rupees</i>	<i>June 30, 2016 Rupees</i>
7.3 Current portion of lease finance			
Maturing within one year		514,009,131	518,020,492
Provision for potential lease losses		(402,377,533)	(397,330,918)
		<u>111,631,598</u>	<u>120,689,574</u>
8. LONG TERM INVESTMENTS			
Investment in:			
- associates - equity method	8.1 - 8.4	188,201,999	174,076,054
- Defence Saving Certificates- Held to maturity		300,128	284,690
		<u>188,502,127</u>	<u>174,360,744</u>
8.1 Investment in associates			
Balance at beginning of the period / year		174,076,054	179,658,222
Share of (loss)		2,753,261	(699,999)
Share of reversal of deficit on revaluation of investments recognized in other comprehensive income		11,372,684	(4,882,169)
Balance at end of the period / year	8.5	<u>188,201,999</u>	<u>174,076,054</u>
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, 2016, the Company holds 41.63% shares of B.R.R. Investments (Private) Limited and 26.57% 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 investment in Dawood Family Takaful Limited which is based on unaudited financial statements as on September 30, 2016 due to the annual audit is in progress. Further associates also includes BRR Investments (Pvt) Ltd of which value is based on equity method applied for the half yearly December 31, 2016.			
		<i>December 31, 2016 Rupees</i>	<i>June 30, 2016 Rupees</i>
9. LONG-TERM FINANCES			
Term finance facilities	9.1 & 9.2	255,490,499	265,161,183
Provision for doubtful finances	9.3	(158,240,283)	(158,643,283)
		<u>97,250,216</u>	<u>106,517,900</u>
Current portion	11.	<u>(97,250,216)</u>	<u>(106,517,900)</u>
		-	-
9.1			
The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (June 30, 2016: 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, 2016, long term finance of Rs. 242.73 million (June 30, 2016 : Rs. 253.26 million) which have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounting to Rs. 84.49 million (June 30, 2016 94.61 million).			



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	<i>December 31, 2016</i>	<i>June 30, 2016</i>
	<i>Rupees</i>	<i>Rupees</i>
9.3 Particulars of provision for doubtful finances		
Balance at beginning of the period / year	158,643,283	169,482,095
charge during the period / year	-	4,291,041
Reversal for the year	(403,000)	(15,129,853)
Balance at end of the period / year	<u>158,240,283</u>	<u>158,643,283</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 consequently it is expected that the deferred tax amounting to Rs.679.69 million will be realized in near future.

	Note	December 31, 2016	<i>June 30, 2016</i>
		Rupees	<i>Rupees</i>
11. CURRENT AND OVERDUE PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7.	111,631,598	120,689,574
Long-term finances	9.	97,250,216	106,517,900
		<u>208,881,814</u>	<u>227,207,474</u>
12. SHORT TERM INVESTMENTS			
Available-for-sale- at cost			
Term finance certificates / sukuk bonds		17,816,412	29,926,083
Unquoted shares	12.1	16,858,960	12,980,907
Preference shares	12.2	377,668	377,668
		<u>35,053,040</u>	<u>43,284,658</u>
Less: provision for impairment in preference shares		<u>(377,668)</u>	<u>(377,668)</u>
		<u>34,675,372</u>	<u>42,906,990</u>
At fair value through profit or loss - held-for-trading			
Quoted equity securities	12.3	23,292,076	17,381,027
Quoted equity securities -Sold in future		25,198,263	25,230,545
		<u>83,165,711</u>	<u>85,518,562</u>

12.1 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 June 30, 2016.

12.2 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (June 30, 2016: 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.

12.3 These include shares having a market value aggregating to Rs. 2.702 million (June 2016: Rs. 3.223 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.



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	<i>Note</i>	<i>December 31, 2016 Rupees</i>	<i>June 30, 2016 Rupees</i>
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured	13.1	3,000,000	6,000,000
Provision for doubtful finance	13.1.1	-	-
		3,000,000	6,000,000
Financing against shares	13.2	155,185,305	155,823,260
Provision for doubtful finance	13.2.1	(155,185,305)	(155,823,260)
		-	-
Short-term finance - secured	13.3	11,300,000	11,300,000
Provision for doubtful finance		(11,300,000)	(11,300,000)
		-	-
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finance		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances	13.4	87,624,717	87,624,717
Provision for doubtful finance		(79,709,304)	(79,709,304)
		7,915,413	7,915,413
		10,915,413	13,915,413

13.1 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.

	<i>December 31, 2016 Rupees</i>	<i>June 30, 2016 Rupees</i>
13.1.1 Movement in provision for doubtful placement		
Balance at beginning of the period / year	-	9,000,000
Reversal of provision	(637,955)	(9,000,000)
	(637,955)	-

13.2 These financing were made to a company and individuals in the normal course of business and matured on June 30, 2009.

13.2.1 Movement in provision for doubtful financing against shares

Balance at beginning of the period / year	155,823,260	306,756,172
Written off/ Reversal during the period / year	(637,955)	(150,932,912)
Balance at end of the period / year	155,185,305	155,823,260

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

13.4 These are secured by way of mortgage of properties, hypothecation of all present and future stocks, receivables, demand promissory note and personal guarantee of directors and borrowers. These facilities matured on June 30, 2009.

13.5 As at December 31, 2016, an amount of Rs 259.11 million (June 30, 2016: Rs 259.75 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. 7.92 million (June 30, 2016 : Rs. 7.92 million).

14. ASSETS CLASSIFIED AS HELD FOR SALE

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. 27.103 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.



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	<i>Note</i>	<i>December 31, 2016 Rupees</i>	<i>June 30, 2016 Rupees</i>
15. ADVANCE AGAINST LEASE COMMITMENTS			
Considered doubtful		35,696,247	35,696,247
Less: Provision for doubtful advances		<u>(35,696,247)</u>	<u>(35,696,247)</u>
		<u>-</u>	<u>-</u>
16. OTHER RECEIVABLES			
<i>Considered good</i>			
Receivable from Nazir SHC	16.1	6,000,000	-
<i>Considered doubtful</i>			
Decretal amount receivable	16.2	37,302,430	37,302,430
TFC proceed receivable from Bankers Equity Limited		12,365,100	12,365,100
Receivable against lease termination		70,985,540	71,403,040
Receivable against KSE card transaction-net	16.3	45,515,114	45,515,114
Accounts receivables-others		5,295,096	5,295,096
Brokerage receivable		636,660	636,660
		<u>172,099,940</u>	<u>172,517,440</u>
Less : Provision for doubtful receivables	16.4	<u>(172,099,940)</u>	<u>(172,517,440)</u>
		<u>6,000,000</u>	<u>-</u>
16.1 This represents amount receivable from Nazir high court Sindh against TFCs of Gharibwal cement limited pledged with nazir SHC against a loan from HBFC. Gharibwal cement limited has confirmed to pay Rs 6,000,000 in respect of TFCs having book value of Rs, 5,550,000 by a letter dated October 13, 2015. Owing to the aforementioned factors company has derecognized investment & reversed provision on the TFCs accordingly the difference between the amount confirmed & book value has been transferred to profit & Loss.			
16.2 This relates to decree of recovery for Rs. 64.412 million which was awarded by the Banking Court under the Banking Companies (Recovery of Loans, Advances, Credits and Finance), Act of 1997. The Company has the possession of assets, the forced sale value of which is fairly higher than the carrying value. Further, the Company also holds additional security by way of equitable mortgage on factory land and building, the possession of which is in the Company's hands. A partial amount was received by the Bank and PICL on sale of machinery of Regent Dyeing. Sale of land and building has yet to be accomplished by FDIBL and PICL, which is under process. However, as a matter of prudence the Company has made provision in this regard.			
16.3 The Company had purchased Pakistan Stock Exchange Limited (PSX) membership card on behalf of one of its customer amounting to Rs.149.7 million. The customer paid an advance amounting Rs.104.2 million to the Company for this purchase which is netted off against this receivable. Currently the membership card is under litigation due to a case filed against the PSX member from whom that card was purchased. The Company has made provision against this receivable as a matter of prudence. As at June 30, there was no change in the status of case as it was fixed for hearing of application.			
16.4 Movement of provision is as under:			
	<i>Note</i>	<i>December 31, 2016 Rupees</i>	<i>June 30, 2016 Rupees</i>
Balance at beginning of the period / year		172,517,440	173,717,440
Charge / (reversal) during the period / year		<u>(417,500)</u>	<u>(1,200,000)</u>
Balance at end of the period / year		<u>172,099,940</u>	<u>172,517,440</u>
17. LONG TERM LOANS			
Secured			
Commercial Banks	17.1	432,573,673	432,573,673
Current and overdue portion	18.	<u>(432,573,673)</u>	<u>(432,573,673)</u>
		<u>-</u>	<u>-</u>



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17.1 These are secured against hypothecation of assets including book debts of the Company ranking pari passu, with the charge created in favour of other lenders to secure short term borrowings. These are subject to mark-up rate ranging from 0% to 5% (2016: 0% to 5%) per annum payable on quarterly / half yearly basis.

		December 31, 2016 Rupees	June 30, 2016 Rupees
18. CURRENT AND OVERDUE PORTION OF LONG TERM LIABILITIES			
Long term loans	17.1	432,573,673	432,573,673
Long term deposits		<u>60,936,770</u>	<u>60,936,770</u>
		<u>493,510,443</u>	<u>493,510,443</u>
19. SHORT TERM BORROWINGS			
Unsecured			
Call borrowing - commercial bank	19.1	-	6,418,220
Development Financial Institution	19.2	<u>57,380,507</u>	<u>75,000,000</u>
		<u>57,380,507</u>	<u>81,418,220</u>

19.1 The facility was expired on June 30, 2009. The development financial institutions has obtained a decree on Rs.75 million plus cost of fund. 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.

19.2 Since the pro-rata release of securities has not taken place for one reason or the other, 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. 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-kind are timely made by the company.

		December 31, 2016 Rupees	June 30, 2016 Rupees
20. CONTINGENCIES AND COMMITMENTS			
20.1 Letters of comfort / guarantees		<u>1,088,000,000</u>	<u>1,088,000,000</u>

The guarantees worth Rs. 1,088 million (June 30, 2016: 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:

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

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



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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.

		December 31, 2016	June 30, 2016
	Note	Rupees	Rupees
21. REVERSAL OF PROVISION FOR LEASE LOSSES AND DOUBTFUL RECOVERIES - NET			
Net investment in lease finance	7.2	(5,046,615)	(75,292)
Long term finances	9.3	403,000	(10,838,812)
Placement and finances	13.1.1	637,955	37,891,575
Accrued markup		-	57,823
Loans and advances		3,000,920	-
Other receivable	16.4	417,500	(1,200,000)
Short term investment-Available for sale-gharibwal cement Ltd (TFC)		5,550,000	-
		<u>4,962,760</u>	<u>25,835,294</u>

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:

	December 31, 2016		June 30, 2016	
	Key management personnel /	Associates/ related parties	Key management personnel / executives	Associates/ related parties
	----- Rupees -----			
Investment in associate				
Balance at beginning of the period / year	-	174,076,054	-	179,658,222
Share of profit / (loss) from associate	-	2,753,261	-	(699,999)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	11,372,684	-	(4,882,169)
Balance at end of the period / year	-	<u>188,201,999</u>	-	<u>174,076,054</u>
Long term finances / loans / short term investment				
Short term loan	93,500	4,580,000	-	9,080,000
Advance rent	-	1,555,926	-	-
Term finance certificates/ sukuk bond	-	-	-	29,926,083
	<u>93,500</u>	<u>6,135,926</u>	<u>-</u>	<u>39,006,083</u>



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	December 31, 2016		June 30, 2016	
	Key management personnel /	Associates/ related parties	Key management personnel / executives	Associates/ related parties
	----- Rupees -----			
Settlement transactions				
Common expenses paid	-	116,359	-	580,025
Share of profit / (loss) from associate	-	2,753,261	-	(699,999)
Rental income	-	1,770,501	-	1,086,000
Rental expense	-	409,200	-	818,400
Takaful expense	-	36,130	-	68,420
	-	5,085,451	-	1,852,846

24 SEGMENT ANALYSIS

Segment information for the six months period ended December 31, 2016 is as follows: -

	Leasing	Investments	Long term finances	Placements & finances	Fee, commission & other income	Total
	----- Rupees -----					
External operating revenue	1,274,177	14,490,015	1,606,970	-	1,874,847	19,246,009
Segment results	589,627	6,705,270	743,627	-	867,588	8,906,112
Segment assets	111,631,598	271,667,838	97,250,216	10,915,413	-	491,465,065
Unallocated assets	-	-	-	-	-	872,931,088
Total assets						1,364,396,152
Segment liabilities	197,956,864	333,453,551	119,367,938	13,397,917	-	664,176,271

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	22,112,832
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

25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **February 27, 2017** by the Board of Directors of the Company.

26. GENERAL

Figures have been rounded off to the nearest Rupee.

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

BOOK POST

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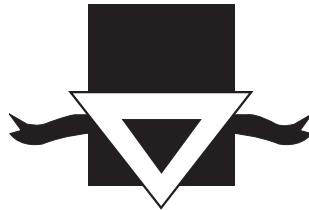
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