

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**Third Quarter Report
31 March 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 Director & CEO (Not assumed charge as CEO) Director 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	Mr. Syed Musharaf Ali	
Company Secretary	Mr. Naveed Ahmed	
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	

* 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 March 31, 2016.

Your company during the period under review for financial year 2015-16, has reported after-tax profit of Rs.7.76 million as compared to profit of Rs.3.55 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.29.72 million to Rs.31.16 million. Financial charges reduced from Rs. 26.03 million to Rs. 21.31 million as compared to corresponding period.

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.

We are aware of the challenges ahead and we look forward to the future with confidence and expect that your company will witness growth in the business activities as well as revenue generation capacity through diversified business lines gradually upon accumulating its cash reserve from recoveries.

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.

April 26, 2016
Karachi.

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

Rafique Dawood
Chairman

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2016

	Note	Unaudited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	1,600,948	2,289,456
Intangible Asset		1,108,731	1,183,678
Investment properties		89,848,960	89,848,960
Net investment in lease finance	7	142,249	185,434
Long-term investments	8	173,752,622	187,477,585
Long-term finances	9	-	-
Long-term loans		-	-
Long-term deposits		4,338,822	4,343,822
Deferred tax asset	10	198,893,526	198,893,526
		469,685,858	484,222,461
CURRENT ASSETS			
Current portion of non-current assets	11	196,506,135	255,792,044
Short-term investments	12	61,568,406	57,180,774
Placements and finances	13	54,806,988	60,443,348
Advance against lease commitments		-	-
Loans , advances and prepayments		39,605,842	30,399,931
Mark-up accrued		45,130	55,811
Assets classified as held for sale	14	28,603,000	28,603,000
Other receivables		-	-
Cash and bank balances		38,044,740	49,162,028
		419,180,241	481,636,937
		<u>888,866,099</u>	<u>965,859,398</u>
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Preference shares		-	-
		1,483,900,230	1,483,900,230
Reserves		335,046,528	335,046,528
Accumulated loss		(1,625,861,884)	(1,633,621,650)
		193,084,874	185,325,108
Deficit on revaluation of investments		3,267,322	(3,297,659)
		196,352,196	182,027,449
NON CURRENT LIABILITIES			
Long-term loans	15	-	-
Long term deposits		18,905	18,905
		18,905	18,905
CURRENT LIABILITIES			
Current portion of long-term liabilities	16	497,279,412	515,006,962
Mark-up accrued		97,397,804	153,297,443
Short term borrowings		78,743,963	81,418,223
Deferred Income		-	-
Accrued and other liabilities		12,008,402	33,017,267
Taxation		7,065,417	1,073,152
		692,494,998	783,813,044
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>888,866,099</u>	<u>965,859,398</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

DIRECTOR

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	Nine Months Ended March 31		Quarter ended March 31	
	2016	2015	2016	2015
INCOME				
Lease income	523,200	-	14,395	-
Return on deposits and investments	12,548,162	5,744,886	2,044,858	3,124,664
Gain on sale of securities	5,742,650	3,106,848	2,382,745	1,491,785
Income from long-term finances	204,941	1,364,102	27,272	291,442
Other income	2,996,157	2,964,740	(2,532,109)	(3,159,185)
	22,015,110	13,180,576	1,937,161	1,748,706
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	17 (17,161,919)	15,161,119	1,050,000	145,000
Deficit / Surplus on remeasurement of held for trading securities	(3,030,657)	961,389	(603,223)	-
Liability no Longer Payable	77,724,930	-	-	-
Deficit on remeasurement of held for trading securities	-	5,194,000	-	-
Surplus/(Deficit) on revaluation of investment property	-	18,323,960	-	-
	57,532,354	39,640,468	446,777	145,000
	79,547,464	52,821,044	2,383,938	1,893,706
EXPENDITURES				
Administrative expenses	(31,167,162)	(29,725,340)	(8,600,676)	(7,517,222)
Finance cost	(21,317,864)	(26,028,392)	(8,136,327)	(6,475,342)
	(52,485,026)	(55,753,732)	(16,737,003)	(13,992,564)
Share of (loss) / profit of associates	(12,527,033)	7,219,341	-	-
(LOSS) / PROFIT BEFORE TAXATION	14,535,405	4,286,653	(14,353,065)	(12,098,858)
TAXATION				
Current	(6,775,639)	(732,047)	-	-
Prior year	-	-	-	-
Deferred	-	-	-	-
	(6,775,639)	(732,047)	-	-
PROFIT/ (LOSS) AFTER TAXATION	7,759,766	3,554,606	(14,353,065)	(12,098,858)
Earning per share - basic	0.05	0.34	(0.10)	0.03
Earning per share - diluted	0.05	0.03	(0.10)	0.09

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements

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DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	<i>Nine Months Ended</i>		<i>Quarter</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	2016	2015	2016	2015
	----- Rupees -----			
(Loss) / profit after taxation	7,759,766	3,554,606	(14,353,065)	(12,098,857)
Other comprehensive income				
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	(8,189,488)	(12,016,070)	(8,133,036)	-
Share of associates' surplus on remeasurement of investments	-	-	-	-
Share of associates' on reversal of unrealised loss on remeasurement of investments	-	-	6,621,433	-
	<u>(8,189,488)</u>	<u>(12,016,070)</u>	<u>(1,511,603)</u>	<u>-</u>
Total comprehensive (loss) / income for the period	<u>(429,722)</u>	<u>(8,461,464)</u>	<u>(15,864,668)</u>	<u>(12,098,857)</u>

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DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	Share Capital		Capital Reserve		Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Deficit on Revaluation of Investments	Accumulated Losses	
Balance as at July 01, 2014	626,492,900	715,833,540	277,721,395	53,426,910	(6,982,479)	(1,613,488,445)	55,600,305
Conversion of Preference Shares into Ordinary Shares	57,947,102	(49,677,500)	-	-	-	-	8,269,602
Total Comprehensive income for the quarter	-	-	-	-	-	-	3,554,606
- Other comprehensive income	-	-	-	-	(5,033,591)	3,554,606	(5,033,591)
Dividend on preference shares @ 4% for the quarter	-	-	-	-	-	(20,002,931)	(20,002,931)
Balance as at March 31, 2015	684,440,002	666,156,040	277,721,395	53,426,910	(12,016,070)	(1,629,936,770)	42,387,991
Total comprehensive income for the period	-	-	-	-	-	-	133,304,188
- Conversion of Preference Shares in to Ordinary Shares	799,460,228	(666,156,040)	-	-	-	-	1,672,498
- Loss for the Period	-	-	-	-	8,718,411	2,554,087	-
- Other comprehensive income	-	-	-	-	-	-	-
Transferred to Statutory Reserve	-	-	1,301,739	-	-	(1,301,739)	-
Dividend on Preference Shares @ 4%	-	-	-	-	-	(5,337,228)	(5,337,228)
Balance as at June 30, 2015	1,483,900,230	-	279,023,134	53,426,910	(3,297,659)	(1,633,621,650)	182,027,449
Total comprehensive income for the period	-	-	-	-	-	-	7,759,766
- Profit for the period	-	-	-	-	-	7,759,766	-
- Other comprehensive income	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates' investment	-	-	-	-	-	-	-
Unrealised gain on remeasurement of available for sale investments	-	-	-	-	6,564,981	-	6,564,981
Transfer to Statutory Reserve	-	-	-	-	-	-	-
Balance as at March 31, 2016	1,483,900,230	-	279,023,134	53,426,910	3,267,322	(1,625,861,884)	196,352,196

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements

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DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016

	<i>Nine Months Ended</i>	
	<i>March 31</i>	
	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	14,535,405	4,286,653
Adjustments:		
Depreciation	651,108	1,398,090
Gain on sale of investments	(5,742,650)	(3,106,848)
Amortization	74,947	(7,219,341)
Finance cost	21,317,864	26,028,392
Gain / Loss on sale of property and equipment	(569,850)	(1,725,799)
Provision / (reversal of provision potential lease	17,161,919	(15,161,119)
Surplus on revaluation of investment property	-	(23,517,960)
Deficit / Surplus on remeasurement of held for trading securities	3,030,657	(961,389)
Gain / Loss on restructuring / settlement of Liabilities	(77,724,930)	-
Other income	(2,996,157)	(3,331,248)
	<u>(44,797,092)</u>	<u>(27,597,222)</u>
	(30,261,687)	(23,310,569)
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	29,107,011	9,706,047
Long-term financies	10,010,164	3,446,769
Long-term loans	-	-
Placements and financies	8,636,360	18,188,905
Assets classified as held for sale	-	84,000,000
Advances and prepayments	(9,205,911)	21,118,959
Mark up accrued	10,681	118,288
Other receivables	-	-
	<u>38,558,305</u>	<u>136,578,968</u>
	8,296,618	113,268,399
<i>Increase / (decrease) in operating liabilities</i>		
Certificates of investment	-	(88,500,000)
Long term deposits	-	(3,663,801)
Short term borrowings	(2,674,260)	-
Accrued and other liabilities	(21,008,865)	8,912,143
	<u>(23,683,125)</u>	<u>(83,251,658)</u>
Financial cost paid	-	(341,360)
Tax paid	(564,483)	-
Net cash (used)/generated from operating activities	<u>(15,950,990)</u>	<u>29,675,381</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,709,679)	(420,930)
Proceed from sale of property and equipment	842,000	2,152,580
Long-term investments	8,053,356	-
Long-term deposits	5,000	-
Short-term investments	(1,356,975)	(6,953,556)
Net cash (used)/generated from investing activities	<u>4,833,702</u>	<u>(5,221,906)</u>

	<i>Nine Months Ended</i>	
	<i>March 31</i>	
	<i>2016</i>	<i>2015</i>
	<i>Rupees</i>	<i>Rupees</i>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	-	(10,880,107)
Long-term loans obtained	-	-
Net cash (used in) from financing activities	-	(10,880,107)
Net increase / (decrease) in cash and cash equivalents	(11,117,288)	13,573,368
Cash and cash equivalents at beginning of the period	49,162,028	25,979,253
Cash and cash equivalents at end of the period	<u>38,044,740</u>	<u>39,552,621</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.3 to this condensed interim financial information.

DIRECTOR

DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 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 Karachi Stock Exchange. The registered office of the Company is situated in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which have been expired.
- 1.2** The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited, Pak Hy-Oils Limited, and Flying Board and Paper Products Limited. The value of assets under trustee as at March 31, 2015 amounted to Rs. 12.330 billion (2014: Rs. 16.89 billion).
- 1.3** 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.

2. BASIS OF PREPARATION

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

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.

	<i>Note</i>	March 31, 2016 Rupees	June 30, 2015 Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE			
Furniture & fixtures		81,429	94,272
Equipment and appliances		153,084	225,777
Vehicles		1,366,435	1,969,407
Intangible asset		1,108,731	1,183,678
6.1 Acquisition of assets - at cost		2,709,679	3,473,134
<i>Equipment and appliances</i>		-	33,000
<i>Vehicles</i>		-	141,000
		-	174,000
6.2 Disposal of assets - at cost			
Equipment and appliances			
Vehicles		936,000	4,794,140
		936,000	4,968,140
7. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	7.1	530,184,904	559,291,915
Provision for potential lease losses		(427,177,990)	(410,238,033)
Current portion		(102,864,665)	(148,868,448)
		142,249	185,434
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		576,624,991	588,527,652
Residual value of leased assets		75,529,056	93,256,606
		652,154,047	681,784,258
Unearned finance income		(8,978)	(52,163)
Markup held in Suspense		(121,960,165)	(122,440,180)
Net investment in lease finance		530,184,904	559,291,915
7.1.1 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.			
		March 31, 2016 Rupees	June 30, 2015 Rupees
7.2 Provision for potential lease losses			
Opening balance		410,238,033	452,992,042
(Reversal) / charge for the period - net		16,939,957	(42,754,009)
Written off during the period		-	-
Closing balance		427,177,990	410,238,033
7.3 Current portion of lease finance			
Maturing within one year		530,042,655	559,106,481
Provision for potential lease losses		(427,177,990)	(410,238,033)
		102,864,665	148,868,448

		March 31, 2016	June 30, 2015
	Note	Rupees	Rupees
8. LONG TERM INVESTMENTS			
Investment in associates	8.1	173,752,622	179,658,222
US Dollar bonds		-	7,819,363
		<u>173,752,622</u>	<u>187,477,585</u>
8.1 Investment in associates			
Opening balance		179,658,222	180,560,426
Increase in interest of associates		-	-
Share of (loss) / gain		(12,527,033)	(902,204)
Share of surplus on revaluation of investments		6,621,433	-
Transfer from available-for-sale investment		-	-
		<u>173,752,622</u>	<u>179,658,222</u>
8.2			
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, 2014: 6.85%) per annum. These securities are listed at Luxembourg Stock Exchange.			
9. LONG-TERM FINANCES			
Term finance facilities		266,395,527	276,405,691
Provision for doubtful finances		(172,754,057)	(169,482,095)
		93,641,470	106,923,596
Current portion	11	<u>(93,641,470)</u>	<u>(106,923,596)</u>
		-	-
9.1 Particulars of provision for doubtful finances			
Opening balance		169,482,095	148,392,809
(Reversal) / charge for the period - net		3,271,962	(21,391,636)
Provision during the period		-	42,480,922
Closing balance		<u>172,754,057</u>	<u>169,482,095</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 out of the total deferred tax asset of Rs.913.19 million has calculated in earlier years, 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.			
		March 31, 2016	June 30, 2015
	Notes	Rupees	Rupees
11. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7	102,864,665	148,868,448
Long-term finances		93,641,470	106,923,596
Long-term loans		-	-
		<u>196,506,135</u>	<u>255,792,044</u>

	<i>Note</i>	<i>March 31, 2016 Rupees</i>	<i>June 30, 2015 Rupees</i>
12. SHORT TERM INVESTMENTS			
<i>Held-for-trading</i>			
Listed ordinary shares		17,366,581	42,848,580
<i>Available-for-sale</i>			
Term finance certificates / sukuk bonds		30,303,751	-
Unquoted securities		14,275,742	14,709,862
		<u>44,579,493</u>	<u>14,709,862</u>
Less: provision for impairment in preference shares		(377,668)	(377,668)
		<u>61,568,406</u>	<u>57,180,774</u>

13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		6,000,000	9,000,000
Provision for doubtful finances		(6,000,000)	(9,000,000)
		-	-
Financing against shares		306,756,172	306,756,172
Provision for doubtful finances		(306,756,172)	(306,756,172)
		-	-
Short-term finance - secured		27,081,575	32,717,935
Provision for doubtful finances		(11,300,000)	(11,300,000)
		15,781,575	21,417,935
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances		87,624,717	87,624,717
Provision for doubtful finances		(48,599,304)	(48,599,304)
		39,025,413	39,025,413
		<u>54,806,988</u>	<u>60,443,348</u>

14. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS

These represents two properties (repossessed assets) having values of Rs. 25.10 million and Rs. 3.5 million respectively acquired by the Company in settlement of its term finance and lease financing.

The Company intends to utilize these properties for settlement of its liabilities.

	<i>Note</i>	<i>March 31, 2016 Rupees</i>	<i>June 30, 2015 Rupees</i>
15. LONG TERM LOANS			
Secured			
Commercial Banks	16	432,573,673	432,573,673
		432,573,673	432,573,673
Current portion		(432,573,673)	(432,573,673)
		-	-

		March 31, 2016 Rupees	June 30, 2015 Rupees
16. CURRENT PORTION OF LONG TERM LIABILITIES	Note		
Long term loans	15	432,573,673	432,573,673
Lease deposits		<u>64,705,739</u>	<u>95,056,785</u>
		<u>497,279,412</u>	<u>527,630,458</u>
16.2 SHORT TERM BORROWINGS			
Unsecured			
Call borrowing - commercial bank		5,348,516	6,418,220
Development Financial Institution		<u>75,000,000</u>	<u>75,000,000</u>
		<u>80,348,516</u>	<u>81,418,220</u>
17 CONTINGENCIES AND COMMITMENTS			
17.1 Contingent liabilities			
Letters of comfort / guarantee		<u>1,088,000,000</u>	<u>1,098,000,000</u>

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:

- i. A guarantee of Rs. 245 million was given against a Letter of Commitment and not against a guarantee which is currently in litigation. The beneficiary has restructured its facilities to the customer. Hence the beneficiary can not claim the same amount from two parties, thus the amount is disputed. The beneficiary has filed a recovery case and winding up petition against the Company in the Sindh High Court (SHC). According to the Company's legal advisors, the Company has good merits to defend both recovery case and winding up petition.
- ii. A guarantee of Rs. 250 million against the repayment of sukuk was called as the principal debtor defaulted in payment of installments of the said sukuk. The Trustee of the sukuk has filed a recovery suit against the Company in the SHC, which is pending adjudication. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational on technical grounds.
- iii. A guarantee of Rs 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of trustee of the sukuk issue.
- IV. A guarantee of Rs. 128 million against the bridge finance facility was called as the party in favour of which guarantee was issued defaulted in making payment to the beneficiary bank. The beneficiary has filed winding up petition and suit for recovery in the SHC, which is pending adjudication. According to the Company's legal advisor, the Company has good merits to defend both the recovery case and the winding up petition as "FDIBL" had issued a guarantee against a "bridge finance" and not a "term loan".

18 TRANSACTIONS WITH RELATED PARTIES

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

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

	March 31, 2016		June 30, 2015	
	Key management personnel	Associates/related parties	Key management personnel	Associates/related parties
	----- Rupees -----			
Investment in associate				
Balance at beginning of the period / year	-	179,658,222	-	180,560,426
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	-	<u>173,752,622</u>	-	<u>179,658,222</u>
Long term finances / loans				
Short term Loan	-	-	3,523,500	-
Unearned rent	-	2,121,924	-	1,307,416
Long term finance	-	-	-	-
Land Transferred	-	-	-	62,005,166
Disposal of Fixed Asset Cost	-	-	1,479,000	-
	-	<u>2,121,924</u>	<u>5,002,500</u>	<u>63,312,582</u>
	March 31, 2016		June 30, 2015	
	Key management personnel	Associates/related parties	Key management personnel	Associates/related parties
Charge to profit and loss account				
Common expenses paid	-	117,819	-	2,166,612
Share of (loss) / profit from associate	-	-	-	(5,087,392)
Share of common expenses received	-	-	-	643,005
Service charges on staff loan	-	-	-	-
Rental income	-	3,673,890	-	4,898,508
Rental expense	-	204,600	-	836,100
Takaful expense	-	47,108	-	77,496
	-	<u>3,925,598</u>	-	<u>3,534,329</u>

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **April 26, 2016** by the Board of Directors of the Company.

20. 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 1.3 to this condensed interim financial information.

DIRECTOR

DIRECTOR

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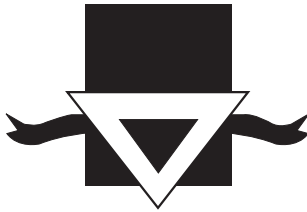
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