

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**Third Quarter Report
31 March 2018**



FIRST DAWOOD INVESTMENT BANK LIMITED

CONTENTS

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

CORPORATE INFORMATION

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

DIRECTORS' REPORT

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

Dear Shareholders,

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

Your company during the third quarter of the financial year 2017-18, has reported after-tax profit of Rs. 138.66 million as compared to profit of Rs.10.76 million during corresponding period last year. The augmentation in profit is primarily due to recognition of additional deferred tax assets and reversal of a liability which is no longer payable and recovery of nonperforming loans. Despite high inflationary trend, the management has kept tight cost controls, the administrative expenses slightly increased due to increase in legal charges, while financial cost has decreased from Rs.5.48 million to nil for the period under review in comparison to the corresponding period last year. The earning per share as of March 31, 2018 is 0.93.

The Company has applied for renewal of Investment Finance Services license which is pending with NBFC department of SECP and it expects a favourable response.

April 30, 2018
Karachi.

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

Asad Hussain Bokhari
Chairman

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 مارچ 2018ء کی تیسرے سہ ماہی غیر اڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ ادارے نے تیسرے سہ ماہی 31 مارچ 2018ء کے مالیاتی گوشوارے منافع بعد ٹیکس 138.66 ملین روپے اور پچھلے مالیاتی سال کے تیسری سہ ماہی کا منافع 10.76 ملین روپے منافع میں اضافہ کی بنیادی وجہ ڈیفنڈ ٹیکس اثاثوں میں اضافہ اور قابل ادائیگی مارک اپ کی ادائیگی سے مبرا ہونا ہے۔ حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متنا سب رکھنے میں کامیاب ہوا اور سود کی رقم میں بھی ۵.۴۸ ملین روپے سے کم ہو کر 0.0 روپے ہو گئی ہے۔ 31 مارچ 2018ء کو منافع فی شیئر 0.93 روپے ہے پینک مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔

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

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

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

تاریخ: April 30, 2018
کراچی

بورڈ آف ڈائریکٹرز کی طرف سے

اسد حسین بخاری
چیئرمین

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

	<i>Note</i>	<i>Unaudited MARCH 31, 2018 Rupees</i>	<i>Audited JUNE 30, 2017 Rupees</i>
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	368,190	730,135
Intangible Asset		908,538	983,578
Investment properties		29,777,000	27,070,000
Net investment in lease finance	7	-	-
Long-term investments	8	159,765,307	203,180,826
Long-term finances	9	-	-
Long-term deposits		4,139,822	4,139,822
Deferred tax asset	10	428,969,705	381,210,328
		623,928,562	617,314,689
CURRENT ASSETS			
Current portion of non-current assets	11	211,732,991	171,976,537
Short-term investments	12	31,838,525	79,246,555
Available for Sale investment held with Nazir SHC		64,224,683	-
Placements and finances	13	38,495,992	42,025,413
Loans , advances and prepayments		33,199,261	44,511,706
Mark-up accrued		77,205	152,869
Assets classified as held for sale	14	25,103,000	93,295,960
Other receivables		5,985,000	6,000,000
Cash and bank balances		42,854,855	4,084,279
		453,511,512	441,293,319
		<u>1,077,440,074</u>	<u>1,058,608,008</u>
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		435,100,336	435,100,336
Accumulated loss		(1,379,380,590)	(1,518,045,423)
		539,619,976	400,955,143
Surplus / (Deficit) on revaluation of investments		13,354,298	8,497,989
		552,974,274	409,453,132
NON CURRENT LIABILITIES			
Long-term loans	15	68,140,000	125,740,000
Long term deposits	16	-	-
		68,140,000	125,740,000
CURRENT LIABILITIES			
Current portion of long-term liabilities	16	361,991,538	361,991,536
Mark-up accrued		33,028,644	95,520,993
Short term borrowings	16.2	56,266,346	56,266,346
Accrued and other liabilities		4,773,577	8,756,384
Taxation		265,695	879,617
		456,325,800	523,414,876
CONTINGENCIES AND COMMITMENTS			
	17	<u>1,077,440,074</u>	<u>1,058,608,008</u>

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	<i>Nine Months Ended</i> <i>March 31,</i>		<i>Quarter Ended</i> <i>March 31,</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i><-----Rupees-----></i>			
INCOME				
Lease income	1,553,332	1,274,471	-	294
Return on deposits and investments	2,968,477	15,942,020	665,998	4,553,000
Gain on sale of securities	5,579,043	4,183,273	693,368	1,082,278
Income from long-term finances	66,665	4,658,497	21,846	3,051,527
Other income	422,371	154,126	247,221	1,161,279
	<u>10,589,888</u>	<u>26,212,387</u>	<u>1,628,433</u>	<u>9,848,378</u>
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	53,644,641	4,987,770	8,150,000	25,010
Surplus/(Deficit) on Revaluation of Property	2,707,000	-	-	-
Provision for impairment	(10,592,960)	5,460,000	-	5,460,000
Deficit / Surplus on remeasurement of held for trading securities	1,591,777	6,188,097	2,397,279	-
Liabilities Written back	62,492,349	-	-	-
	<u>109,842,807</u>	<u>16,635,867</u>	<u>10,547,279</u>	<u>5,485,010</u>
	<u>120,432,695</u>	<u>42,848,254</u>	<u>12,175,712</u>	<u>15,333,388</u>
EXPENDITURES				
Administrative expenses	(28,199,666)	(26,500,226)	(9,713,003)	(8,213,056)
Finance cost	-	(8,160,548)	-	(2,677,178)
	<u>(28,199,666)</u>	<u>(34,660,774)</u>	<u>(9,713,003)</u>	<u>(10,890,234)</u>
Share of Profit from Associates	4,884,943	2,753,261	-	-
(LOSS) / PROFIT BEFORE TAXATION	<u>97,117,972</u>	<u>8,187,480</u>	<u>2,462,709</u>	<u>4,443,154</u>
TAXATION				
Current	41,546,861	(183,720)	8,644,224	289,755
	<u>41,546,861</u>	<u>(183,720)</u>	<u>8,644,224</u>	<u>289,755</u>
PROFIT/ (LOSS) AFTER TAXATION	<u>138,664,833</u>	<u>10,757,021</u>	<u>11,106,933</u>	<u>4,732,909</u>
Earning per share - basic	0.93	0.07	0.07	0.03
Earning per share - diluted	0.93	0.07	0.07	0.03

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018

	<i>Nine Months Ended</i>		<i>Quarter Ended</i>	
	<i>March 31,</i>	<i>March 31,</i>	<i>March 31</i>	<i>March 31</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<----- Rupees ----->			
(Loss) / profit after taxation	138,664,833	10,757,021	11,106,932	1,850,909
Other comprehensive income				
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	14,679,069	6,188,097	1,591,777	6,188,097
Share of associates' on reversal of unrealised loss on remeasurement of investments	(9,822,760)	-	-	-
	<u>4,856,309</u>	<u>6,188,097</u>	<u>1,591,777</u>	<u>6,188,097</u>
Total comprehensive (loss) / income for the period	<u>143,521,142</u>	<u>16,945,118</u>	<u>12,698,709</u>	<u>8,039,006</u>

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	Share Capital		Capital Reserve			Revenue Reserve		Total
	Ordinary Shares	Preference Shares	Statutory Reserve	Premium on Right Issue	Capital Reserve on Acquisition	Deficit on Revaluation of Investments	Accumulated Losses	
Balance at July 1, 2016	1,483,900,230	-	379,076,942	53,426,910	2,596,484	(9,531,115)	(1,233,406,419)	676,063,032
Total comprehensive income for the period								
- Profit for the period	-	-	-	-	-	-	(284,639,004)	(284,639,004)
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	18,029,104	-	18,029,104
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	1,483,900,230	-	379,076,942	53,426,910	2,596,484	8,497,989	(1,518,045,423)	409,453,132
Balance at July 1, 2017	1,483,900,230	-	379,076,942	53,426,910	2,596,484	8,497,989	(1,518,045,423)	409,453,132
Total comprehensive income for the period								
- Profit for the period	-	-	-	-	-	-	138,664,833	138,664,833
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	4,856,309	-	4,856,309
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	1,483,900,230	-	379,076,942	53,426,910	2,596,484	13,354,298	(1,379,380,590)	552,974,274

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	<i>Nine Months Ended</i>	
	<i>March 31,</i>	
	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	97,117,972	10,940,741
Adjustments:		
Depreciation	451,944	538,282
Impairment on assets held for sale	10,592,960	-
Revaluation of property	(2,707,000)	-
Gain on sale of investments	(5,579,043)	(4,183,273)
Share of Loss on Investment in Associates	(4,884,943)	-
Liabilities Written Back	(62,492,349)	-
Amortization	75,040	74,673
Finance cost	-	8,160,548
Gain / Loss on sale of property and equipment	-	(5,460,000)
Provision / (reversal of provision potential lease	(53,644,641)	(4,987,770)
Deficit / Surplus on remeasurement of held for trading securities	(1,591,777)	(6,188,097)
Other income	(422,371)	(154,126)
	<u>(120,202,180)</u>	<u>(12,199,763)</u>
	(23,084,208)	(1,259,022)
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	7,092,572	17,933,590
Long-term finances	375,615	20,993,174
Assets Classified Held For Sale	68,192,960	-
Placements and finances	3,930,000	3,000,000
Advances and prepayments	11,312,445	(15,557,768)
Mark up accrued	75,664	(24,328)
	<u>90,979,256</u>	<u>26,344,668</u>
	67,895,048	25,085,646
<i>Increase / (decrease) in operating liabilities</i>		
Short term borrowings	-	(5,358,897)
Accrued and other liabilities	(3,982,807)	(7,960,447)
	<u>(3,982,807)</u>	<u>(13,319,344)</u>
Tax paid	(521,584)	(1,770,634)
Net cash (used)/generated from operating activities	<u>63,390,657</u>	<u>9,995,668</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(90,000)	-
Proceed from sale of property and equipment	175,150	1,641,500
Long-term investments	14,435,117	-
Long-term deposits	-	-
Short-term investments	18,459,652	(7,152,701)
Net cash (used)/generated from investing activities	<u>32,979,919</u>	<u>(5,511,201)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(57,600,000)	(5,358,897)
Net cash (used in) from financing activities	<u>(57,600,000)</u>	<u>(5,358,897)</u>
Net increase / (decrease) in cash and cash equivalents	38,770,576	(874,430)
Cash and cash equivalents at beginning of the period	4,084,279	6,101,941
Cash and cash equivalents at end of the period	<u>42,854,855</u>	<u>5,227,511</u>

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

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1** First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the 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 and Pak Hy-Oils Limited. The value of assets under trustee as at March 31, 2018 amounted to Rs. 9.17 billion (June 30, 2017: Rs. 9.40 billion).

2. BASIS OF PREPARATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and method of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2017.
- 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, 2017.

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, 2017.

	March 31, 2018	June 30, 2017
	Rupees	Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE		
Furniture & fixtures	47,185	60,024
Equipment and appliances	44,292	58,087
Vehicles	276,713	612,024
Intangible asset	908,538	983,578
	<u>1,276,728</u>	<u>1,713,713</u>
6.1 Acquisition of assets - at cost		
<i>Equipment and appliances</i>	-	-
<i>Vehicles</i>	90,000	-
	<u>-</u>	<u>-</u>
6.2 Disposal of assets - at 10% of cost		
<i>Equipment and appliances</i>		
<i>Vehicles</i>	316,400	4,150
	<u>316,400</u>	<u>4,150</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

		March 31, 2018	June 30, 2017
	Note	Rupees	Rupees
7. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	7.1	506,127,610	513,220,182
Provision for potential lease losses		(402,925,041)	(418,783,376)
Current portion		<u>(103,202,569)</u>	<u>(94,436,806)</u>
		<u>-</u>	<u>-</u>
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		556,292,970	564,938,874
Residual value of leased assets		<u>61,167,875</u>	<u>61,167,875</u>
		617,460,845	626,106,749
Unearned finance income			
Markup held in Suspense		<u>(111,333,235)</u>	<u>(112,886,567)</u>
Net investment in lease finance		<u>506,127,610</u>	<u>513,220,182</u>
7.1.1			
The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (March 31, 2018): 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.			
		March 31, 2018	June 30, 2017
	Note	Rupees	Rupees
7.2 Provision for potential lease losses			
Opening balance		418,783,376	397,330,918
(Reversal) / charge for the period - net		(15,858,335)	21,452,458
Written off during the period		-	-
Closing balance		<u>402,925,041</u>	<u>418,783,376</u>
7.3 Current portion of lease finance			
Maturing within one year		506,127,610	513,220,182
Provision for potential lease losses		<u>(402,925,041)</u>	<u>(418,783,376)</u>
		<u>103,202,569</u>	<u>94,436,806</u>
8. LONG TERM INVESTMENTS			
Investment in associates	8.1	159,432,632	202,865,262
Saving Certificates		332,675	315,564
		<u>159,765,307</u>	<u>203,180,826</u>
8.1 Investment in associates			
Opening balance		202,865,262	174,076,054
Share of reversal of deficit on revaluation of investments recognised in other income		-	-
Share of (loss) / gain		(9,822,760)	4,884,943
Disposal of Investment		(9,514,411)	12,930,057
Transfer to short term investment held with Nazir SHC		<u>(28,980,402)</u>	<u>-</u>
		<u>159,432,632</u>	<u>202,865,262</u>
9. LONG-TERM FINANCES			
Term finance facilities		254,658,727	255,034,342
Provision for doubtful finances		(146,128,305)	(177,494,611)
		108,530,422	77,539,731
Current portion	11	<u>(108,530,422)</u>	<u>(77,539,731)</u>
		<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

		March 31, 2018	June 30, 2017
		Rupees	Rupees
9.1 Particulars of provision for doubtful finances			
Opening balance		177,494,611	158,643,283
(Reversal) / charge for the period - net		(31,366,306)	46,712,828
Provision during the period		-	(27,861,500)
Closing balance		<u>146,128,305</u>	<u>177,494,611</u>
10. DEFERRED TAX ASSET			
Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realizability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and deferred tax amounting to Rs. 428.97 million will be realised in the future.			
10.1 TAXATION	Notes	March 31, 2018	June 30, 2017
		Rupees	Rupees
Current Year		(6,212,516)	(879,617)
Deferred Tax		47,759,377	(298,487,672)
Prior Year		-	3,006,499
		<u>41,546,861</u>	<u>(296,360,790)</u>
11. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7	103,202,569	94,436,806
Long-term finances		108,530,422	77,539,731
Long-term loans		-	-
		<u>211,732,991</u>	<u>171,976,537</u>
12. SHORT TERM INVESTMENTS			
Held-for-trading			
Listed ordinary shares		22,676,667	46,590,781
Available-for-sale			
Term finance certificates / sukuk bonds		9,539,526	12,468,230
Unquoted securities		35,244,281	20,565,212
		44,783,807	33,033,442
Less: provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC agianst HBFC Case		(35,244,281)	-
		<u>31,838,525</u>	<u>79,246,555</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	Note	March 31, 2018 Rupees	June 30, 2017 Rupees
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		-	3,000,000
Provision for doubtful finances		-	-
		-	3,000,000
Financing against shares		155,185,305	155,823,260
Provision for doubtful finances		(155,185,305)	(155,823,260)
		-	-
Short-term finance - secured		11,300,000	11,300,000
Provision for doubtful finances		(11,300,000)	(11,300,000)
		-	-
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances		86,684,717	87,614,717
Provision for doubtful finances		(48,188,725)	(48,589,304)
		38,495,992	39,025,413
		38,495,992	42,025,413
14. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS			
This represents a property (repossessed asset) having values of Rs. 25.103 million acquired by the Company in settlement of its term finance and lease financing.			
The Company intends to utilize the property for settlement of its liabilities.			
15. LONG TERM LOANS			
Secured			
Commercial Banks	16	369,213,673	426,813,673
		369,213,673	426,813,673
Current portion		(301,073,673)	(301,073,673)
		68,140,000	125,740,000
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	15	301,073,673	301,073,673
Lease deposits		60,917,865	60,917,865
		361,991,538	361,991,538
16.1	The markup has been reversed based on legal opinion sought and no markup is shown in the external confirmation circulated by the external auditor.		
16.2 SHORT TERM BORROWINGS			
Unsecured			
Call borrowing - commercial bank		-	-
Development Financial Institution		56,266,346	56,266,346
		56,266,346	56,266,346

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

- 16.3 Since the pro-rata release of securities explained in note 13, therefore the company was compelled to adjust the cash & securities held by the Nazir of High court to repay the remaining monthly installments, after the first two installments, which were promptly paid in cash along with markup at rate determined by JCR-VIS credit rating agency i.e. 4.70%. The management is of the opinion that repayments were appropriately made by the company under the situation and that HBFC would not have any additional claim, once the 12-month period awarded by Honorable Supreme Court of Pakistan comes to an end and the repayments, whether in cash or in form of securities (to be released by nazir SHC) are timely made by the company.

March 31,	June 30,
2018	2017
Rupees	Rupees

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingent liabilities

Letters of comfort / guarantee

<u>1,088,000,000</u>	<u>1,088,000,000</u>
----------------------	----------------------

The guarantees worth Rs. 1,088 million (June 30, 2017: 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 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.
- 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.
- A guarantee of Rs 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as the guarantee never became operational due to default on the part of trustee of the sukuk issue.
- A guarantee of Rs. 128 million against the bridge finance facility was called as the party in favour of which guarantee was issued defaulted in making payment to the beneficiary bank. The beneficiary has filed winding up petition and suit for recovery in the SHC, which is pending adjudication. According to the Company's legal advisor, the Company has good merits to defend both the recovery case and the winding up petition 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, 2018		June 30, 2017	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
	----- Rupees -----			
Investment in associate				
Balance at beginning of the period / year	-	202,865,262	-	174,076,054
Share of Loss from Associate	-	4,884,944	-	15,859,151
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	(9,822,760)	-	12,930,057
Balance at end of the period / year	<u>-</u>	<u>197,927,446</u>	<u>-</u>	<u>202,865,262</u>
Long term finances / loans				
Short term Loan	-	-	-	-
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	9,161,858	-	12,468,230
Disposal of Fixed Asset Cost	-	-	-	-
	<u>-</u>	<u>9,161,858</u>	<u>-</u>	<u>12,468,230</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	March 31, 2018		June 30, 2017	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
Charge to profit and loss account				
Common expenses paid	-	111,510	-	204,788
Share of (loss) / profit from associate	-	4,884,944	-	15,859,151
Share of common expenses received	-	30,950	-	-
Service charges on staff loan	-	-	-	-
Rental income	-	-	-	1,086,000
Rental expense	-	613,800	-	818,400
Takaful expense	-	-	-	68,813
	-	5,641,204	-	18,037,152

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 30, 2018 by the Board of Directors of the Company.

20. GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Chief Financial Officer

Director

www.jamapunji.pk



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

Learn about investing at
www.jamapunji.pk

Key features:

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



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

jamapunji.pk [@jamapunji_pk](https://twitter.com/jamapunji_pk)

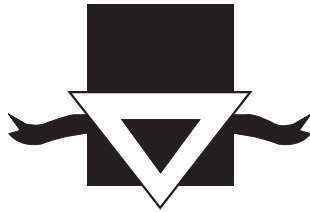
*Mobile apps are also available for download for android and ios devices

BOOK POST



If undelivered, Please return to:

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



FIRST DAWOOD INVESTMENT BANK LIMITED

Head Office:

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